



ANNUAL REPORT 2023

Inspiring Quebecers' pride



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The English-language version of the SAQ Annual Report 2023 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 years ended March 25, 2023, and March 26, 2022
(in millions of Canadian dollars and in millions of litres for volume sales)

	2023	2022 ¹	Change (%)
Financial results			
Sales	4,047.5	3,854.1	5.0
Gross margin	2,039.6	1,934.0	5.5
Net expenses ²	613.5	584.0	5.1
Profit	1,426.1	1,350.0	5.6
Comprehensive income	1,425.7	1,349.9	5.6
Financial position			
Total assets	1,437.4	1,442.9	(0.4)
Property, plant and equipment and intangible assets	212.4	201.4	5.5
Net working capital ³	(182.9)	(175.6)	(4.2)
Long-term liabilities	300.0	293.5	2.2
Shareholder's equity	38.1	38.5	(1.0)
Sales by network			
Stores and specialized centres	3,683.5	3,507.7	5.0
Wholesale grocers	364.0	346.4	5.1
Total	4,047.5	3,854.1	5.0
Net sales by product category			
Wines	2,767.4	2,674.2	3.5
	172.1 L	172.9 L	(0.5)
Spirits	1,125.5	1,037.4	8.5
	31.7 L	30.2 L	5.0
Beers, ciders and coolers ⁴	154.6	142.5	8.5
	24.4 L	23.1 L	5.6
Total	4,047.5	3,854.1	5.0
	228.2 L	226.2 L	0.9
Additional financial data			
Government revenue ⁵	2,696.5	2,581.0	4.5

1. In fiscal 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 net expenses.
2. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include net financial (income) expenses.
3. Current assets less current liabilities.
4. Also known as RTDs (ready-to-drinks), FABs (flavoured alcoholic beverages) and cocktails.
5. 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



The end of our 2022–2023 fiscal year coincided with that of our Strategic Plan 2021–2023. During the last three years, despite the COVID–19, the Société des alcools du Québec continued to improve its performance, allowing it to remit a total dividend of nearly \$4 billion to the benefit of all Quebecers.

Among the SAQ's achievements under its last strategic plan, the truly inspiring results in occupational health and safety, the maintaining of customer satisfaction levels despite the ongoing pandemic and the fast evolution of information technology, particularly cybersecurity, are all acknowledged by the members of its Board of Directors.

The SAQ's involvement in the community is also a major source of pride. As recent years have again confirmed the importance of having a strong and responsible SAQ close to citizens, this was made a key component of the new SAQ Strategic Plan 2024–2026.

In the coming months, the big SAQ team will move forward with ambitious projects to help it better fulfill its mission and achieve its vision of inspiring Quebecers' pride. In carrying out these projects, all employees will be able to count on the members of the Board of Directors, who will continue to make their knowledge and expertise available to the company.

I want to thank all the members of the Board of Directors for their involvement and enthusiastic participation in the success of the SAQ. Personally and on behalf of the Board members, I also thank Alain Brunet for his contribution to the work of the Board committees and wish welcome to Marc Tremblay, who became a member of the Board of Directors on June 29, 2022. Additionally, I want to recognize the exceptional work done by the Management Committee and all the employees of the Société des alcools du Québec, who, day after day, continue to put their passion and know-how to use in building an SAQ in Quebecers' image.

Lastly, I want to note the retirement of Catherine Dagenais and thank her for her great contribution to the success of the Société des alcools du Québec over 23 years, including the last five as President and Chief Executive Officer. Last fiscal year, the Board of Directors formed a recruitment committee to fill the position that will be vacated by Ms. Dagenais's departure on June 25, 2023. The committee has prepared and approved the expertise and experience profile for the position of President and Chief Executive Officer, which will enable the SAQ to continue its growth and reach the objectives it has set for itself.

A handwritten signature in black ink, appearing to read 'Johanne Brunet'.

Johanne Brunet
Chair of the Board of Directors

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



For the last three years, our ambition has been to inspire Quebecers' pride. Whether they're employees, customers, Quebec citizens or all of the above, we want Quebecers to be proud of their SAQ, of the work we accomplish every day and of our commitment to doing more and better for the community.

Last fiscal year we worked toward that end. We continued training our employees, offering a huge array of quality products for sale in every region of Quebec and operating a network of ever more welcoming stores. We put the customer experience at the centre of our business, and our customers recognized it. Not only did 93% of them express satisfaction with the SAQ, we also ranked seventh in the in-store customer experience category of the 2022 Quebec WOW Index and second in the Canada-wide online customer experience category. Actually, our customers have kept the SAQ in the top ten of these rankings since 2016, an achievement we are extremely proud of.

Last year, we invested considerable time and energy to build a culture in which occupational health and safety are a constant priority. We focused on the mental and physical well-being of our employees, paying special attention to accident prevention. This collaborative approach brought us a 33.6% reduction in the number of time-loss accidental events in fiscal 2022-2023.

In addition, the SAQ is remitting a total of \$2.179 billion to the Quebec treasury for the same fiscal year, 4.5% more than in fiscal 2021-2022, even as the government corporation maintained its ratio of net expenses to sales at 15.2%.

This performance, which we worked so hard to achieve, also enabled us to give back to the community. I'm thinking especially of the \$4.8 million in donations and sponsorships and of our support for food assistance, our corporate cause, to which we channelled \$2.4 million. In collaboration with the Cuisine collective Hochelaga- Maisonneuve (CCHM), we created an urban farm on the grounds of our head office for the benefit of people in the area.

The objectives we have reached and challenges we have taken on demonstrate the power of the *Tous SAQ* concept. Yes, our results say much about our know-how. But it is our passion, collaboration and responsible decisions that have made this possible that make me even more proud. Which goes to show that the journey is as important as the destination.

The end of the fiscal year and of the Strategic Plan 2021-2023 coincide with the end of my term in office. I am confident in the future of the Société des alcools du Québec, which is not only strong and successful but also equipped with skilled teams able to achieve whatever objectives the company sets for itself. I thank my friends, who have helped me grow over the course of my career, as well as the members of the Board of Directors, the members of the Management Committee and all the colleagues, partners and employees who have placed their trust in me.

Success to SAQ!

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 Filion
Vice-President and
Chief Financial Officer



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



Martin Lévesque
Vice-President
Sales Network
Operations

Our Mission

The SAQ's mission is to sell beverage alcohol responsibly throughout Quebec. In fulfilling this mission, the company endeavours to offer a broad range of quality products and provide an unmatched customer experience while also being respectful of communities and the environment and creating value for all Quebecers.

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 full potential;
- By applying the highest standards of management and performance to give the most back to Quebecers, and
- By placing the public good at the centre of 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 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

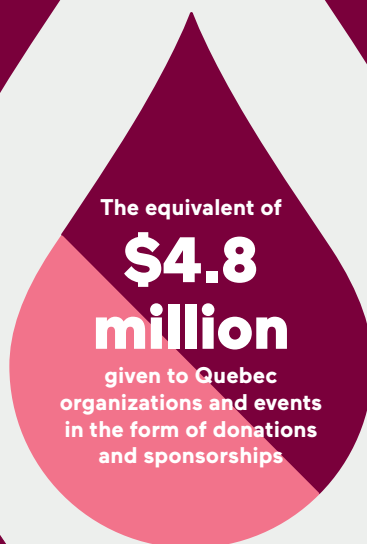
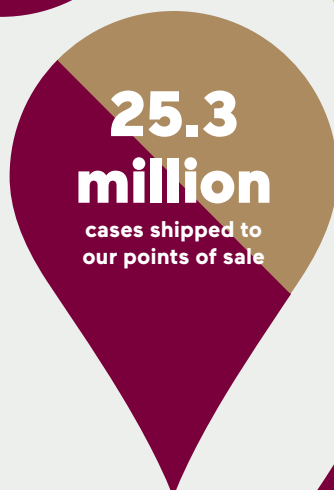
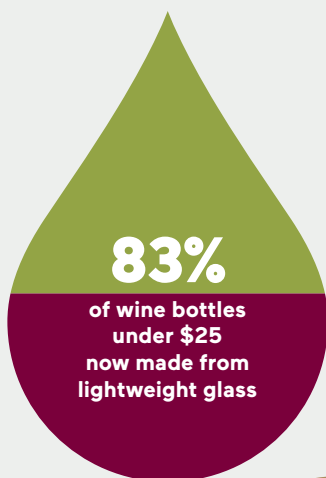
Because alcohol is no ordinary product, we are determined to have a positive impact on the world around us. It is this commitment to contribute to the public good that leads us to make enlightened, sustainable and responsible decisions.

Review of activities



2023

in a few figures



1

Deliver an integrated, omnichannel customer experience



More than
40,300
products



Nearly
3,800
suppliers



77
countries

The right product in the right place at the right price is what we offer customers when they visit our stores and shop for wine and spirits on SAQ.COM. And when our employees' excellent advice helps them discover new favourites, customers are even more satisfied. That is what makes the difference for our customers and what has allowed the SAQ to remain among the companies ranked at the top of the WOW Index of the best in-store customer experiences in Quebec and best online experiences in Canada.

More than 40,300 products to choose from

When it comes to discussing taste, the SAQ has a product catalogue big enough to keep the conversation going for a very long time! With 15,500 wines, beers and spirits on offer in stores and online and another 24,800 products available through the private import channel, customers can take their palate on a trip around the world. Whether they prefer lively, round or fruity wines, they can count on our experienced buyers to track down the best products from our some 3,800 suppliers in 77 countries. The product you're looking for? We've got it!

“Responsible” products are in

Whether they're local, organic, natural or low alcohol, responsible products are proving increasingly popular across our sales network. That is especially true for Origine Québec, Made in Québec and Bottled in Québec products, which have seen their litre sales jump 22.7% over the last three years.¹ In fiscal 2022-2023, these products maintained their appeal, racking up growth of 8.7%. The darlings of the category? Coolers, whose offer exploded with the introduction of 40 new products, a 29% increase from last year.

A major source of pride for the SAQ, Quebec products are now showcased in the Espace Québec section of SAQ.COM dedicated to them. In addition to this exclusive online boutique, specific content exploring and promoting these wines, ciders and spirits has been posted. These include more than 100 articles on Quebec products and 50 profiles of local producers.

To help Quebecers better understand the Origine Québec, Made in Québec and Bottled in Québec identifiers, educational billboards and banners were put up in the provinces' urban centres and online.

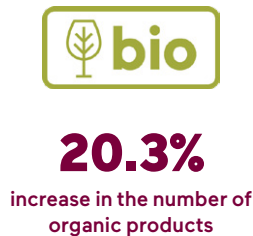
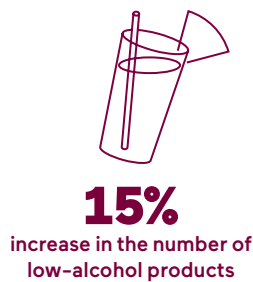
1. Stores and specialized centres.



Whether local, organic, natural or low-alcohol, responsible products are proving increasingly popular across our sales network.



Because our customers are curious and appreciate tasting new things, we offer them a variety of ways to be guided in their explorations.



Organic and natural products continue to be prized by customers, but so do low-alcohol products. With the product offer growing 15%, this latter category maintained its appeal in fiscal 2022-2023. Spirits-based coolers also proved popular with customers, with regular introductions of new flavours allowing them to discover all the latest cocktail trends in a ready-to-drink format.

To help Quebecers looking to try low-alcohol products, we published cocktail recipes featuring them in our Inspire customer newsletter and on SAQ.COM. We also added low-alcohol cocktails to the refreshments menu in the many SAQ Bistros set up at events we sponsor.

Litre sales of organic products continued to rise, registering a 12.8% increase, a direct reflection of customers' sustained interest in sustainably farmed products. Producers have recognized this trend and are converting more and more of their vineyards to the practice, as is shown by the 20.3% increase in our offer of organic products.

More discoveries

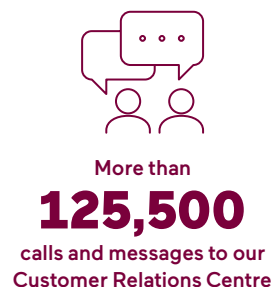
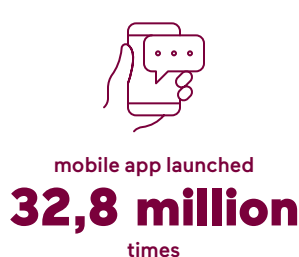
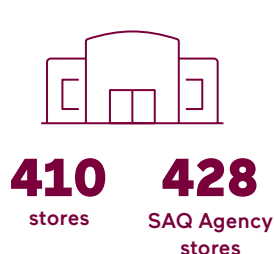
Because our customers are curious and appreciate discovering new flavours, we offer them myriad ways to be guided in their explorations. Whether through their favourite advisor or on SAQ.COM, they can find varied and relevant information about not only the grape varieties involved but also food and wine pairings and the story behind each product.

Last fiscal year, our customers welcomed the return of in-store tastings. Placed on hold during the COVID-19 pandemic, the reintroduced tastings were improved to bring them more into line with customers' expectations. Various types of tastings are now available (led by promotional agents, mobile, on request for certain spirits and at tasting stations), allowing customers to taste an interesting range of products before choosing which to buy.

With 99% of their transactions taking place in stores, our customers showed us they attach great importance to the expertise of our employees. That is why we focused on "importing" this expertise into the online experience, most notably by adding employees' top picks to the SAQ.COM website. To date, 352 SAQ store employees have shared recommendations for nearly 3,300 products. In the comfort of their home, customers of Francisco at the Carrefour St-Hubert SAQ Sélection store—like those of Julien at the Beauport SAQ Sélection store and Alexis at the Shawinigan-Sud SAQ store—can now receive suggestions from people whose opinions they trust.

Always aiming to guide customers in making their choice, we continued to send exclusive targeted offers to the members of our SAQ Inspire program. The quality of these offers has earned them a satisfaction rate of 91%. Incidentally, with the 2.1% increase in the number of active Inspire members compared with last year and overall satisfaction level of 84%, the Inspire experience remains relevant for its some two-million members. The rise in the satisfaction level is not unrelated to our ongoing efforts to enhance the experience for Inspire members. For example, last year, we introduced the Organic, Natural, Orange, Origine Québec and Low-alcohol identifiers in members' purchasing profiles to help them expand their knowledge based on their tastes and preferences in beverage alcohol.

While customers enjoy discovering products in our sales outlets, they're also fans of the Inspire events we organize with them in mind. Last fiscal year, to the great joy of all, these events returned to being in person after two years of virtual-only events. Low-alcohol products and a mocktail zone developed in collaboration with Éduc'alcool were featured on several occasions. Various specific themes, including *Women who make wine shine* and *Pinot Noir in four vineyards*, provided opportunities to feature producers from around the planet, including a number of Quebec artisans. Greatly appreciated, these Inspire events had an overall satisfaction level of 87%. For their part, the 49 Inspire contests, which treated 253 winners to a unique experience, garnered a satisfaction rating of 90%.



A large and accessible store network

At the SAQ, we're committed to continuously improving how we serve customers. Because proximity is a key factor in customer satisfaction, we have developed a Quebec-spanning network of 410 SAQ stores and 428 SAQ Agency stores over the decades. Besides attaching great importance to putting stores in optimal locations, we lavish attention on our store network to ensure it remains welcoming and pleasing to our customers, who enjoy searching the aisles for finds. Last fiscal year, we invested some \$11 million in renovating, relocating and upgrading of our stores.

Accessible from anywhere at any time, our SAQ.COM transactional website is also a point of contact much appreciated by customers. Though they remain popular, online sales actually fell 12.3% from the preceding fiscal year, to \$93.3 million. This result is still almost double that of the pre-pandemic 2019-2020 fiscal year, showing that a sizable number of our customers have maintained the online shopping behaviour they adopted during the lockdown. Many have adopted the habit of checking our website or mobile app before heading to a store. Actually, of the 38.5 million visits to SAQ.COM and 32.8 million launches of our mobile app, no fewer than half involved checking the product inventory for their store. Online customers also greatly appreciate being able to make informed choices by filtering for percentage alcohol or sugar content. A little extra that's proved popular!

Know-how that continues to impress

The year just ended afforded the SAQ many opportunities for pride. In 2022, the company once again ranked seventh in the In-store Customer Experience category of the Quebec WOW Index and second in the Online Customer Experience category of the Canada index. Such recognition shows that the efforts we devote to training employees, maintaining a varied selection of products, modernizing our stores and personalizing our communications are not going unnoticed.

The SAQ's 100th anniversary celebrations earned it the silver prize in the Strategic – Overall Public Relations Program category in the Prix d'excellence competition organized by the Société québécoise des professionnels en relations publiques.

The SAQ also received the bronze Artisan award in the Idea 2022 competition for its *Producteur d'adoption* video, which tells the story of the resilience and pride of Janos Sivo, the talented distiller and Hungarian immigrant who is behind the first Origine Québec whisky.

Got questions? We've got the answers!

More than 125,500—that is how many times our colleagues in the Customer Relations Centre (CRC) were turned to by SAQ customers. Contacted by email and telephone or through various social media accounts, they drew on their knowledge and professionalism to answer the many questions put to them. Whether the subject was the Inspire program, online orders or product information, staff members provided explanations and reassurance and demystified situations to the great satisfaction of customers. At the SAQ, every question deserves an answer!



Luc Humbert, Cashier-Salesclerk | Nelson Araya Zamora, Senior Operations Coordinator

In 2022, the company once again ranked seventh in the In-store Customer Experience category of the Quebec WOW Index and second in the Online Customer Experience category of the Canada index.

2

Improve our performance



\$1.426 billion

remitted to the Quebec government in
fiscal 2022-2023 in the form of a dividend
to the benefit of all Quebecers

At the SAQ, when we carry out our mission effectively, it maximizes the spin-offs from our business for Quebec society. The efficiency of our processes, growth of our sales and maintaining of our ratio of operating expenses to sales despite inflation-driven price increases are proof of the enormous efforts made by our 7,223 employees for Quebecers' benefit.

In fiscal 2022-2023, the SAQ recorded sales of \$4.048 billion, up \$193.4 million or 5% from the preceding fiscal year. Combined with our prudent cost management, the sales increase allowed us to keep our ratio of net expenses to sales at 15.2% and remit to the Quebec government a dividend totalling \$1.426 billion, a 5.6% increase from fiscal 2021-2022. Adding in the amounts paid to the two levels of government, total government revenue of \$2.697 was generated by the operations of the Société des alcools du Québec, a 4.5% increase from last fiscal year. Of this amount, \$2.179 billion will go to the Quebec treasury, the equivalent of \$41.9 million a week, for the good of all Quebecers.

True to their habits, customers once again took advantage of the days just before the holidays to stock up for their celebrations. This year, December 22 was the most lucrative day, with sales in excess of \$44 million.

Turned toward the future

Because modernizing our supply chain is crucial to our success in the coming years, we began work on a new milestone, the project to construct our new automated distribution centre, the Centre automatisé de Montréal (CAM). Certain to have a big impact on how we deal with permit holders and online customers, this high-benefit facility will allow us to keep pace with customers' constantly changing needs. It also opens the door to an SAQ that is even more modern and agile. Last year, we selected the equipment supplier for the automation system and continued to develop the project compatibly with the environment and local communities.

Yan Leblond, Order Clerk



Because modernizing our supply chain is crucial to our success in the coming years, we began work on a new milestone, the project to construct our new automated distribution centre, the Centre automatisé de Montréal (CAM).



**The Société des alcools du Québec
laboratory has been a key success factor
for the company for 102 years.**



ISO 17025
certification
of our laboratory



Nearly
44,000
products analyzed



New checkout system
in our
410
stores

To improve the availability and processing time of SAQ.COM orders, we merge order preparation for online orders and permit holder orders at our Montreal distribution centre. This consolidation of by-the-unit order preparation allowed us to increase our warehouse capacity by 5.4%, the equivalent of slightly more than 3,000 product pallets.

Quality priority

The Société des alcools du Québec laboratory has been a key success factor for the company for 102 years. Flying under most Quebecers' radar but recognized by producers around the globe, the laboratory brooks no compromises regarding the quality of the products we sell. Its international reputation, a source of great pride for us, is attributable to the excellence of our processes, the scope of our know-how and the efforts we make to remain a leader in the field. This year, the SAQ laboratory yet again retained its ISO 17025 certification and its ISO 9001 certification for quality management. In fiscal 2022-2023, the laboratory analyzed nearly 44,000 product samples.

Powerful information technology tools

Because data fluidity is essential to the proper conduct of our business, our information technology (IT) teams ensure our systems evolve to meet newly identified needs on a continuous basis.

To this end, we implemented a new checkout system in our 410 stores, a technology that facilitates store employees' work. We also continued modernizing and simplifying our technology ecosystem, which allowed us to, among other things, facilitate management of employee access to our systems and make a noticeable improvement in the telecommunication network for our administrative centres, distribution centres and stores. Last fiscal year, we continued our shift to migrating file servers and the company's backup site. All these changes improved the SAQ's performance and the robustness of its systems.

In addition, knowing that human beings are significant vector in creating security breaches, cybersecurity training was provided to all our managers and employees, helping to ensure the security of our IT networks and protect the confidential data in our possession.

3

Provide our employees with a rewarding, pride-inspiring experience



7,223

employees, including

5,500

dedicated to customer service



7.1/10

Employees' overall satisfaction
level with their job

Inspiring Quebecers' pride: that is our vision. Achieving it will happen above all by rallying our employees and building on their commitment to offering the best of themselves. As an employer, the SAQ has an important role to play in developing the full potential of its employees. This is why we provide them with a healthy, safe working environment in which they feel valued.

Our employees' experience at work matters to us. To make sure we understand their reality, we ask them about it in an anonymous satisfaction survey carried out independently each year. Last year, employees' overall job satisfaction rate was 7.1 out of 10, a result similar to the average for major corporations, while employees' pride at working for the SAQ reached 7.2 out of 10.

Our employees: our ambassadors

Like most other organizations, the SAQ is affected by the ongoing labour shortage. This means it is essential for the government corporation to remain attractive to potential candidates. Last fiscal year, we created recruitment campaigns that feature our people because they are best positioned to show that the SAQ is a preferred employer. What's more, to ensure our organization is representative of Quebec society, we revisited our procedures and advertised vacant positions on community radio stations,

the better to encourage members of cultural communities to join the big SAQ family. And because our employees are our best ambassadors, we created a hiring referral program allowing them to recommend candidates likely to qualify. Last year, 362 candidates were recruited through this program.

Because our employees are key to our success, we launched our new employer brand: *Tous SAQ*. Besides showcasing around 30 employees for what makes them unique – their personality or background – the campaign reflects the feeling of belonging and the pride that comes with working for the SAQ. A mark of appreciation for the people who form our government corporation, our new employer brand is also an invitation to all Quebecers who want to join our ranks.

As ambassadors, our employees deserve to be informed and know about the company's objectives and progress. In addition to our daily communications sent out using our various tools, we meet with all employees twice a year. In fiscal 2022–2023, the October and March meetings gave us the opportunity to present the priorities for the company and each of its divisions.

Distribution clerk **Manuel Bourque** encounters himself at the Cadillac metro station

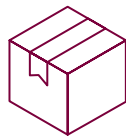


Because our employees are key
to our success, we launched our
new employer brand: *Tous SAQ.*



Rita Paquette (age 76!), Cashier-Salesclerk at the SAQ Sélection store in Chambly

Last fiscal year, concrete action was taken to reduce the risk of accidents, particularly when handling loads, our main cause of injury.



54
lifters



149
high-efficiency
pallet trucks



2,300
employees attending
virtual courses

Occupational health and safety

Because even one accidental event is one too many and because such events can have consequences on an individual's working life and personal life, we—employees, employer and unions—made every effort to ensure that occupational health and safety (OHS) is a key component of our corporate culture. Last fiscal year, concrete action was taken to reduce the risk of accidents, particularly when handling loads, our main cause of injury. We installed a total of 54 lifters in as many stores and 149 high-efficiency pallet trucks, reducing the effort required to move pallets. We also continued to work on just-in-time delivery to reduce case handling. Training courses given to many managers also helped sharpen their OHS reflexes.

At the supply chain level, we worked to reduce the daily load handled by rotating employees' tasks and establishing strategies to limit maximum case weight. In addition, new tools were introduced to facilitate container opening and, as much as possible, reduce overexertion related to this task. We also worked on optimizing the visibility of our mobile equipment in order to improve traffic flow in our distribution centres.

Introduced alongside load-handling training that was provided to several hundreds of employees and managers, these initiatives contributed directly to the implementation of prevention solutions and safe habits in the company. It should also be noted that 30 working groups comprised of managers, employees and the union representatives concerned were set up to encourage discussion, mobilisation and collaboration in the search for OHS solutions. The efforts in this area allowed us to reduce the total number of time-loss accident events by 31% in three years and to avoid recording a work accident in 301 of our stores last year.

The importance of leading a balanced life and cultivating sound mental health is something we recognize. To favour the personal growth of SAQ employees and raise their awareness of the need to take care of themselves, we made available, through PAEF, our assistance program for employees and their families, training, relevant articles and even podcasts on subjects as wide ranging as mental health and physical, social and financial well-being. A working committee comprised employee-members from several unions concerned and the SAQ store managers association was also created to promote healthy lifestyle habits and identify existing psychosocial risk factors. This proactive approach adapted to each work environment will enable the SAQ to move forward with its prevention process focused on maintaining psychological and physical health.

Training for harmonious professional development

Keen on updating their knowledge and improving their skills, our store employees were able to take a range of training sessions to help them advise customers even better. This is why more than 2,300 employees took advantage of two series of virtual classes focusing on product knowledge and on tools useful for making their work easier and improving customer service. Incidentally, 500 of our employees had the good fortune to attend lecture-tastings on Portuguese products provided in partnership with Sopexa in various Quebec towns and cities. Another 56 visited Quebec wineries, orchards and distilleries to meet and speak with artisans during six training days devoted to local products. In addition, 11 employees received training from the Institut de tourisme et d'hôtellerie du Québec to become certified wine advisors.

For their part, managers enjoyed access to many training courses designed to help them grow within the company. As part of the Destination Leadership program, some of them are now better equipped to perform their role, develop the management skills it requires and sharpen their leadership skills. A total of 327 store managers took virtual training on tools designed to improve in-store operations.

Knowing how to say thanks

It's hardly a secret that feeling valued and like one belongs are factors that positively influence employees' satisfaction with their workplace. Because we want employees' accomplishments to be recognized, we hold an annual Millésime activity to spotlight the remarkable passion, positivity, involvement and contribution of our peers. In fiscal 2022-2023, no fewer than 68 SAQ employees were recognized as part of this activity.

4

Place social responsibility at the centre of our activities



Improving
the methodology for calculating
our indirect scope-3 GHG emissions



Collaborating with Scandinavian
liquor monopolies to
minimize
our environmental footprint

Created more than a century ago, the Société des alcools du Québec (SAQ) was founded on a principle of social responsibility: that of selling beverage alcohol responsibly. Over the decades, though the ways we do business have changed, our DNA hasn't. Every day, we work to do more and better for the communities that host us. We like to think that we make a difference in peoples' lives through the causes we support, through our initiatives aimed at minimizing our environmental footprint and through the values we promote.

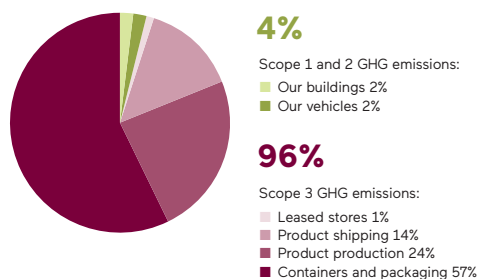
The fight against climate change

The challenges of the fight against climate change are huge, as are our related ambitions. In fiscal 2022-2023, to be able to measure the effect of the initiatives we are taking to minimize our greenhouse gas (GHG) emissions, we worked with a specialized firm to improve the methodology used to calculate our indirect scope 3 emissions (emissions related particularly to the production, packaging and shipping of the products we sell).

Aspiring to be a front-line agent of change in the energy and ecological transition of the beverage alcohol industry, the SAQ, in a presentation made to the Canadian Association of Liquor Jurisdictions, encouraged Canada's other liquor monopolies to join it in finding solutions for minimizing the GHG emissions produced by our value chains. At the same time, we began working more closely with Scandinavian liquor monopolies and becoming involved in a joint process to reduce the industry's environmental footprint.

Our carbon footprint in graph form

(Shares based on the 2019-2020 inventory of greenhouse gas emissions carried out for the SAQ)





Aspiring to be a front-line agent of change in the energy and ecological transition of the beverage alcohol industry, the SAQ encouraged Canada's other liquor monopolies to join it in finding solutions for minimizing the GHG emissions produced by our value chain.



49
LEED certifications

Responsible buildings

Because every gesture counts when it comes to minimizing our environmental footprint, we are continuing to systematically include eco-responsible criteria in all our store design specifications. Whether it's energy-efficient lighting, incorporating glass powder in our infrastructures, reusing existing fixtures and furnishings, using FSC-certified recycled wood or responsibly managing our construction waste, these actions make a difference we are proud of. Last fiscal year, we obtained Leadership in Energy and Environmental Design (LEED) for the 2017 redesign of our La Malbaie store, bringing our number of LEED certifications to 49.

Following in the footsteps of our Quebec City distribution centre (CDQ) in 2022, our Montreal distribution centre (CDM) saw its BOMA BEST Silver certification renewed. BOMA BEST is a national program that establishes common standards, evaluation tools and independent data verifications that allow the energy and environmental efficiency of commercial buildings to be measured. Similarly, we yet again obtained Clé Verte Platinum certification for the CDQ's mechanical shop. This certification confirms our teams' talent for adopting the best practices in environmental safety and equipment maintenance.

Additionally, we began rethinking the number of refrigerators in our stores. In the coming years, only three refrigerators will be found in Sélection stores and only one in SAQ stores; the number in SAQ Express stores will remain unchanged. At the end of its planned 15-year time frame, this initiative, which will be implemented gradually as our points of sale are upgraded, will help lower our energy consumption by around 3 million kWh a year, equivalent to the consumption of 125 houses.



Reuse of nearly
1.7 metric tons
of construction material
for the new mechanical shop

Managing residual materials

Sound residual materials management is one of the keys to building a green and sustainable economy. To minimize the SAQ's impact on the environment and find alternate solutions to some of the company's consumption habits, we prepared a characterization of the residual materials produced by our Montreal distribution centre. This analysis allowed us to determine the main points on which we want to act. We are working to integrate the principles of a circular economy into our practices by prioritizing reduction at source and re-use whenever possible. We are also maintaining our efforts to improve segregation at source to maximize our recycling of residual materials. These efforts earned our Montreal and Quebec City distribution centres certification by RECYC-QUÉBEC's *ICI on recycle+* program in fiscal 2022-2023. Taken together, they will to continuously improve our residual materials management practices and performance.

Knowing that the best way to maximize our management of residual materials is to reduce at source, in February 2022 we signed an agreement with the firm Cupko that will see reusable glasses being used in the SAQ Bistros found at events and festivals we sponsor. This initiative alone will keep some 400,000 single-use glasses out of circulation each year.

In fiscal 2022-2023, to reuse materials as much as possible in our facilities, we took another step forward when building the new mechanical shop at head office. To maximize the reuse of materials in good condition, we took apart the building's exterior cladding. Besides reusing nearly 1.7 metric tons of material for the building's new façade, the project reduced construction waste. The initiative also brought a reduction in the construction costs for exterior cladding by about 7%.



10,600

electronic devices donated for
refurbishment or recycling



83%

of under-\$25 wines now sold
in lightweight glass bottles

We maintained our involvement with the Réseau québécois des Centres de formation en entreprise et récupération (CFER). As is the case every year, we sent them used SAQ uniforms to be given a second life. Last fiscal year alone, more than 1,000 articles of SAQ clothing were recovered through this channel. A project to convert SAQ aprons at the end of their useful life was also launched with this not-for-profit organization.

It is now 10 years that we have partnered with Ordinateurs pour les écoles du Québec (OPEQ), which works with computer refurbishing workshops that provide hands-on work experience to marginalized youth and organizations devoted to the recycling of computer hardware. In fiscal 2022-2023, more than 10,600 electronic devices used in our administrative offices, distribution centres and store network, including 1,372 cash registers, were given to the organization.

Eliminate overpackaging and rethink containers

This year for the first time, we required our partners to eliminate overpackaging¹ from targeted products in our sales network.² Since 2023, orders issued by the SAQ for wines (still, sparkling and other), coolers, sprits and all other beverage alcohol products have been subject to this new directive. Customers will gradually see sleeves, netting, cords, boxes, paper wrapping and accessories removed from the bottles on our shelves.

To continue having a positive influence on the industry in its search for initiatives to minimize our environmental impact, we hired the International Reference Centre for Life Cycle Analysis and Sustainable Transition (CIRAIG) to conduct a sensitivity study complementary to the comparative life cycle analysis for wine containers. The study aimed to specify the impact of integrating recycled materials into the production of glass and plastic wine containers so we can have all the information necessary to make informed decisions and better raise our suppliers' awareness regarding the use of lower-impact containers.

Glass: a constant concern

The glass it puts on the market is a constant concern for the SAQ. In fiscal 2022-2023, we helped fund selective collection to favour the recovery and reuse of glass bottles. We also continued working in close collaboration with our suppliers to reduce their use of glass. Last fiscal year, we tightened our standards applicable to suppliers and now require lightweight glass for all regular products sold in 750 ml to 1.5 L bottles and for continuous replenishment specialty products priced under \$25. As a result, 83% of the targeted wines were sold in thin-walled glass bottles. This eco-design process was recognized by Éco Entreprises Québec, which, based on a sample of products, estimated that our efforts resulted in a potential reduction as high as 27% in the product-to-packaging ratio. We estimated a reduction of more than 6,000 metric tons of greenhouse gases related to the use of lighter-weight glass bottles for regular wines sold by the SAQ. It should also be noted that our fruitful discussions with our partners and their desire to reduce their environmental impact have led to major changes. Some suppliers even replaced their iconic bottles with lighter ones.

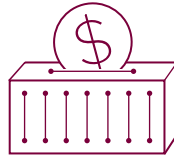
Although we contribute more than \$30 million to selective collection each year, we are also working actively with the AQRCB, the government-designated body mandated to introduce a new deposit-return system in Quebec, to implement this societal project. Last year saw the coming into force of the regulations governing the upgrade to the deposit-return system, enabling us to more accurately assess the project's impact on our business environment and operations, which will help facilitate the transition between the new and old systems. In addition, aware of the importance of pilot projects to the successful rollout of the new systems, SAQ store employees located near the phase 2 pilot projects encouraged their customers to try out the new facilities and adapt to the new recovery process.

1. Overpackaging: any packaging that does not serve a purpose or meet a condition deemed necessary for manufacturing, packaging, shipping or protecting the product or conveying consumer information.
2. Targeted products: All products sold by the SAQ are affected by this directive, except whiskies and products included in the Holiday Gift Packs operation.



\$3.1 million

invested in research and development through the Chaire SAQ de valorisation du verre dans les matériaux at the Université de Sherbrooke since 2004



\$4.8 million

to support 229 organizations and events across Quebec

18+

90.9%

of underage mystery customers were prevented from buying or tasting beverage alcohol products in stores

At the SAQ, we know that the relevance of the deposit-return system for glass bottles depends on what is done with the recovered glass. That is why in fiscal 2022-2023 we maintained our investment in the Chaire SAQ de valorisation du verre dans les matériaux at the Université de Sherbrooke, whose research led to the discovery that adding glass powder to concrete makes it more durable and stronger as well as less polluting. Last fiscal year, we continued integrating this technology into our infrastructure, with more than 220,000 glass bottles being incorporated into concrete slabs for our stores and outdoor areas, resulting in a reduction of the equivalent of some 100,000 metric tons of CO₂ emissions.

Evaluating the sustainability of our projects

Because evaluating the sustainability of our operations is key to our ecological and energy transition, we created a project office to systematize the process for studying our new initiatives. Last fiscal year, the SAQ's Strategic Plan 2024-2026 and Donation and Sponsorship Policy were both evaluated from a sustainability standpoint. The analysis done earlier for the Montreal automated centre project was updated and improved in fiscal 2022-2023.

A partner in Quebecers' celebrations

Because we want to be part of Quebecers' celebrations, we support organizations, fairs and festivals in every region of the province. Last fiscal year, we distributed \$4.8 million to 229 organizations and events. To enhance festivalgoers' experience, we provided free of charge the wines and spirits served in the SAQ Bistros set up on site. All monies generated by alcohol sales at the SAQ Bistros was donated to the events, an important source of income for the organizations concerned. In addition, because promoting Quebec products remains a priority for the SAQ, we showcased them at most of the events we sponsored. The result? They now make up at least 40% of the overall fair and festival offer. We also note that a selection of low-alcohol products was introduced in all SAQ Bistros.

To contribute more to the fight against climate change and be an agent of change in the ecological transition, the SAQ now includes eco-responsibility criteria in its Donation and Sponsorship Policy. The environmental criteria that were added were chosen because they support the transition while also taking industry capacity into account. Meeting these new criteria—such as recovering residual materials, reducing use of single-use items, promoting Quebec products and favouring local producers—will become prerequisites for obtaining a sponsorship for events taking place in or after 2024.

Selling responsibly

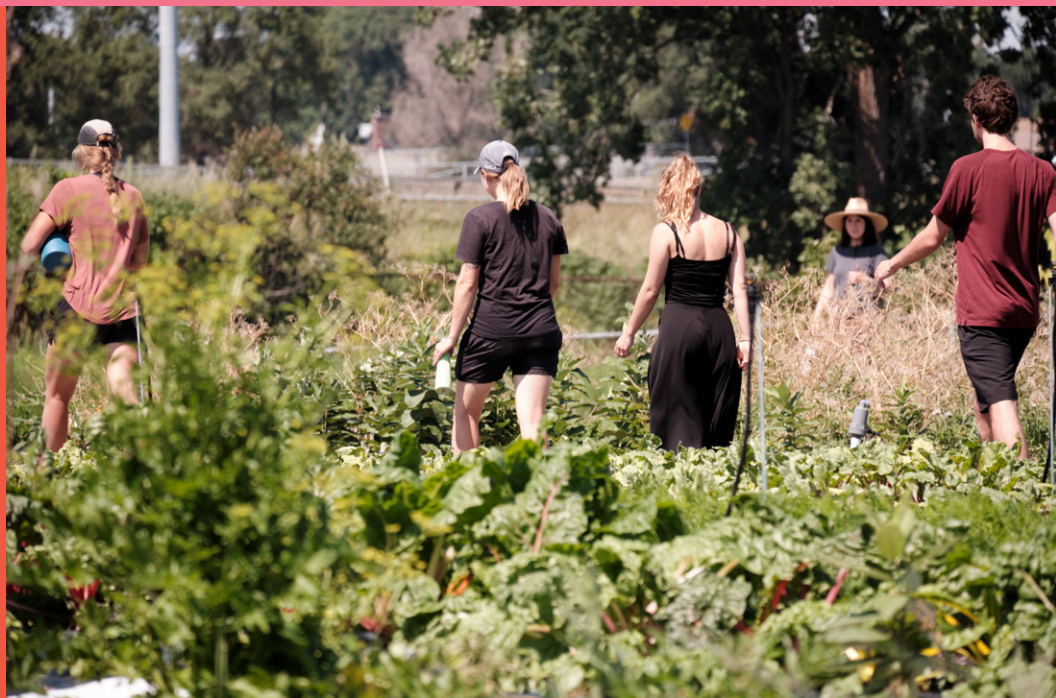
Aware that the products we offer for sale are special and that the SAQ needs to be a model citizen in the community, we make every effort to sell responsibly. This awareness, incumbent on us as a government corporation, leads us to constantly question and review our ways of doing business. Which is why we are careful to promote in a responsible manner the products we sell.

In stores, we apply a strict sales ethic by refusing to sell to minors or persons in an obvious state of inebriation or to anyone attempting to buy on their behalf. To make sure our employees are used to upholding the strictest standards in this area, we train them on hiring and provide refresher sessions in addition to coaching store managers to become good guides to the process. In the fiscal year ended March 25, 2023, the percentage of underage mystery customers who were prevented from buying or tasting beverage alcohol products in stores was 90.9%.

Alcohol is a product unlike any other. We believe it is essential to make young people and adults aware of the importance of making informed and responsible decisions when it comes to consuming alcohol. Keen to help raise this awareness, we collected and paid nearly \$3.8 million to Éduc'alcool in fiscal 2022-2023 in support of its awareness and education activities.



All monies generated by alcohol sales at the SAQ Bistros were donated to the events, an important source of income for the organizations concerned.



The SAQ allowed land alongside its Montreal head office to be used for a huge kitchen garden with a surface area one and a half times bigger than a professional hockey rink and for a greenhouse in which fruits and vegetables are grown 10 months a year.



More than
\$16 M\$
presented to Food Banks
of Quebec since 2009

Food assistance, our corporate cause

For the 14th year running, the SAQ embraced the food assistance cause. Because it affects our employees as well as our customers, this cause has given us the opportunity to rally around a shared objective: eliminating hunger in Quebec. At the end of two of the three fundraising campaigns held in its stores during the fiscal year, the SAQ presented to Food Banks of Quebec the equivalent of one meal for each bottle of Quebec wine sold in additional donations accepted from customers. These fundraising activities enabled the company to contribute \$2.4 million to this mutual assistance network, which supports some 670,000 individuals each month.

Always seeking to contribute more, leftover food from the Montreal distribution centre cafeteria was donated to La Tablée des chefs for redistribution to needy families. A total of 2,203 servings were offered to the community.

Providing crisp vegetables to the neighbourhood

The SAQ's involvement in the food assistance cause extends beyond its association with Food Banks of Quebec and La Tablée des chefs. Last fiscal year, we created a new partnership with the Cuisine collective Hochelaga-Maisonneuve (CCHM). Besides contributing \$50,000 a year over three years in support of the organization, the SAQ allowed land alongside its Montreal head office to be used for a huge kitchen garden with a surface area one and a half times bigger than a professional hockey rink and for a greenhouse in which fruits and vegetables are grown 10 months a year. The new garden, planted and maintained by the CCHM, is mainly devoted to growing fresh fruit, crisp vegetables and tasty herbs for underprivileged locals. The CCHM's urban agriculture activities at the SAQ's head office not only resulted in the harvest of 4.3 metric tons of vegetables for the neighbourhood but also saw SAQ employees getting involved as garden volunteers. Also noteworthy are the 66 fruit trees and 65 berry bushes planted on SAQ land during the fiscal year, always with the aim of feeding locals in need.



4.3 metric tons
of vegetables from our urban kitchen garden
presented to the Hochelaga-Maisonneuve
community in 2022

Supporting succession

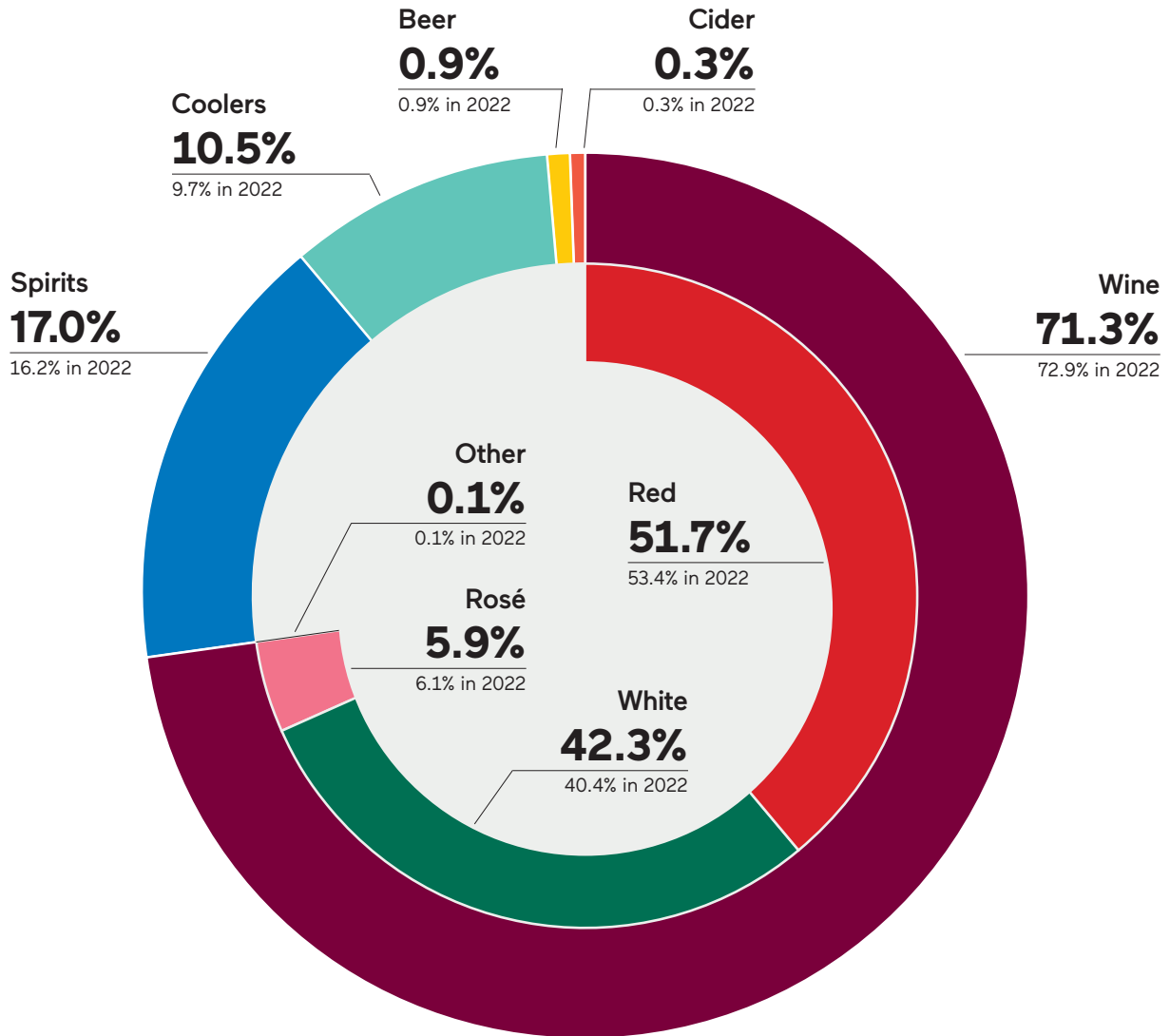
As succession planning in retail management is an important issue for us, the SAQ became an official partner of McGill University's Bensadoun School of Retail Management in fiscal 2022-2023. We also maintained our partnership with HEC Montréal by continuing to be involved in the retailing certificate program offered by its Executive Education division. In addition, we continued collaborating with the Université de Sherbrooke's Usine-école Siboire, an experimental learning and research and development project in microbrewing and microdistillation.

In addition, because discovering and learning about wines and spirits are part of the SAQ's DNA, we provide support for the next generation of wine stewards by contributing to the Canadian Association of Professional Sommeliers and awarding grants to candidates representing Quebec in various competitions related to their profession. We also support the Fondation de l'Institut de tourisme et d'hôtellerie du Québec with donations of products for its various fundraisers and funding for its sommelier training program.

Trends 2023



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



White wines, spirits and coolers continue gaining ground

In 2016, wine made up 79.3% of the SAQ's volume sales. Seven years later, it accounts for only 71.3% of sales. The market share lost by wine during the last fiscal year was picked up by spirits and coolers, which increasingly appeal to Quebecers' palates.

With a 3.7 million litre reduction in sales, red wine was the category most affected by this shift in tastes. For their part, white wine sales grew by nearly 1.5 million litres. Meanwhile, coolers' market share topped 10% for the first time ever.

Quebecers discover tequila

Lovers of spirits, whether served neat, on the rocks or in cocktails, Quebecers are continuing to discover new categories. Though the go-tos (vodka, rum and gin) still have top place in their glasses, customers remain open to trying new products. And what is the main trend pushing the "Other spirits" category to 25.2% growth in litre sales? The popularity of sipping tequilas (tequilas for tasting), which are attracting more and more fans and which chalked up a 44.4% increase in litre sales. And keep an eye out: the flavoured tequilas so popular in the United States may well be conquering our market in the very near future.

Sales by Type of Spirits

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

	Market share	Change in litre sales
Liqueur	23.2%	6.2%
Vodka	21.1%	6.6%
Rhum	19.1%	4.2%
Gin	13.8%	(2.3)%
Whisky	13.0%	6.8%
Brandy	4.7%	(6.1)%
Other spirits	5.1%	25.2%

The impact of climate change is being felt

Hard hit by extreme climate events in recent years (forest fires, drought and floods), United States wineries saw their Quebec market share decrease last fiscal year. The reduced offer created a scarcity effect, which had a direct impact on product prices and thus on the availability of entry-level wines. We also note that the trend toward more lively and lighter white wines has been embraced by Quebecers, who have begun turning away from the big reds redolent of ripe cherry and oak aromas that have often been produced by wineries south of the border.

Despite these shifts, the ranking of countries by litre sales remains unchanged from last year.

Still Wines by Country of Origin

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

	Market share
France	32.8%
Italy	23.2%
Spain	10.2%
United States	7.7%
Portugal	4.9%
Australia	4.4%
Canada	3.7%
Chile	2.8%
South Africa	2.3%
Argentina	2.3%
Other	5.7%

White wines increasingly popular

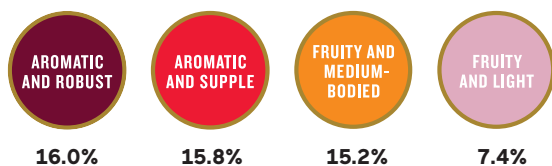
If the growing popularity of white wines is apparent from the preceding tables, it can also be seen in the gradual shift in consumers' preferences among our Taste Tags. Last fiscal year, while red wine Taste Tags remained the most popular overall, only white wine Taste Tags saw their popularity increase. What's more, the Fruity and Vibrant white wine tag rose to third place among the most popular Taste Tags for the first time, coming in ahead of red wines with the Fruity and Medium-bodied tag.

For their part, the order of preference for gin, rum and spirits Taste Tags remained unchanged.

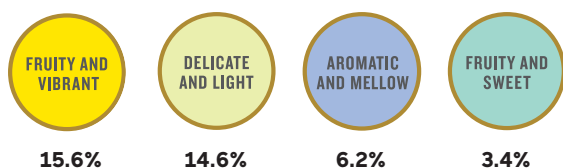
Litre Sales of Still Wines and Spirits by Taste Tag

(stores and specialized centres)

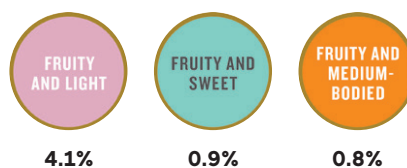
Red wine



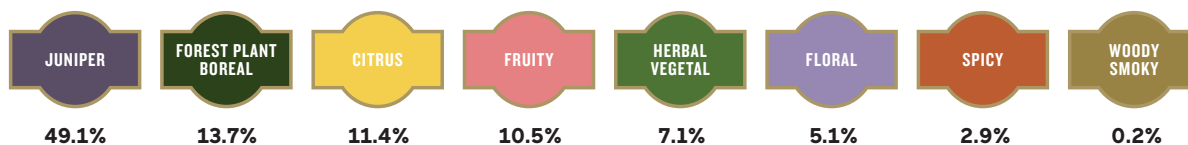
White wine



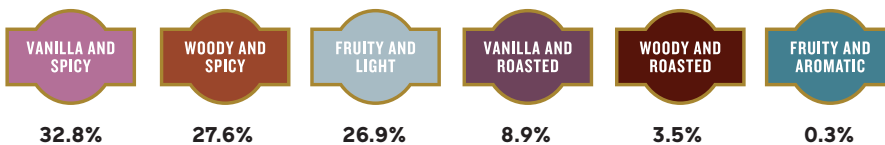
Rosé wine



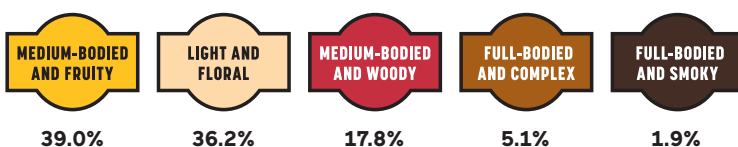
Gin



Rhum



Spirits



Unflagging interest in Quebec products




This year's figures once again prove that local products continue to pique Quebecers' interest. More to the point, Origine Québec, Made in Québec and Bottled in Québec products recorded an 8.7% overall increase in litre sales last fiscal year.

It was Origine Québec wines and spirits, whose litre sales grew 12.8% and 15.2% respectively, along with coolers, especially vodka- and gin-based and Cesar-type coolers, and alcoholic seltzers that drove the category's growth.

For their part, Made in Québec products saw a slight decrease in sales that was largely attributable to the gin category, which appears to have reached maturity.

Litre Sales by Identifier

(thousands of litres)
(percentage growth in litre sales)
(stores and specialized centres)

	Wine	Spirits	Beer, cider and coolers	Total growth per identifier
	683.6 12.8%	191.3 15.2%	543.7 0.8%	8.1%
	N/A	1,539.1 (2.1)%	808.5 1.0%	(1.0)%
	11,265.0 5.9%	11,047.9 6.3%	8,599.7 19.8%	9.6%
Total growth per product category	6.3%	5.3%	16.8%	8.7%

Finance

The SAQ's mission is to sell a wide range of high-quality beverage alcohol products responsibly throughout Quebec. To that end, it imports, stores, distributes, retails and sells a wide variety of quality beverage alcohol products.



Accountability Report

Financial results

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

	2023		2022 ¹		2021 ¹		2020	
	Actual	Forecast	Actual	Forecast ²	Actual	Forecast ²	Actual	Forecast
Sales	4,047.5	3,911.0	3,854.1	3,658.0	3,590.2	3,489.0	3,488.7	3,355.0
Gross margin	2,039.6	1,966.0	1,934.0	1,842.0	1,803.8	1,763.0	1,762.0	1,693.0
Net expenses ³	613.5	606.0	584.0	560.0	584.7	541.0	536.5	534.0
Net income	1,426.1	1,360.0	1,350.0	1,282.0	1,219.1	1,222.0	1,225.5	1,159.0
Comprehensive income	1,425.7	1,360.0	1,349.9	1,282.0	1,217.7	1,222.0	1,225.7	1,159.0

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. 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 fiscal years did not take into account all the impacts of the pandemic.
3. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include net financial (income) charges.

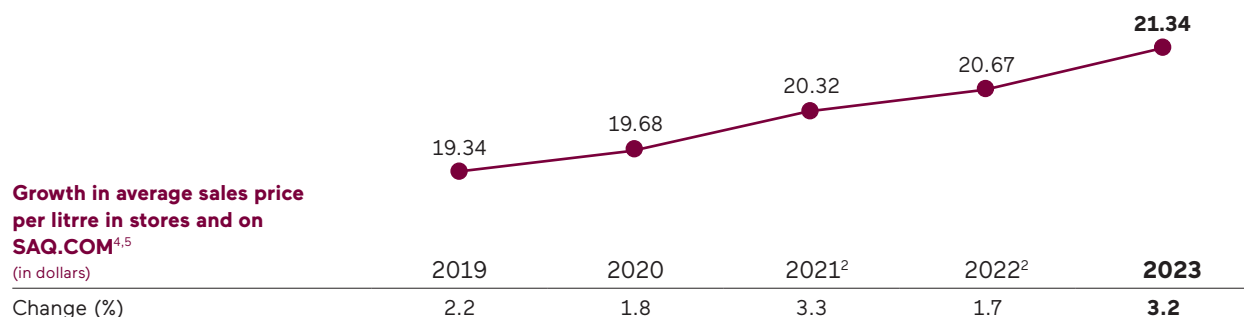
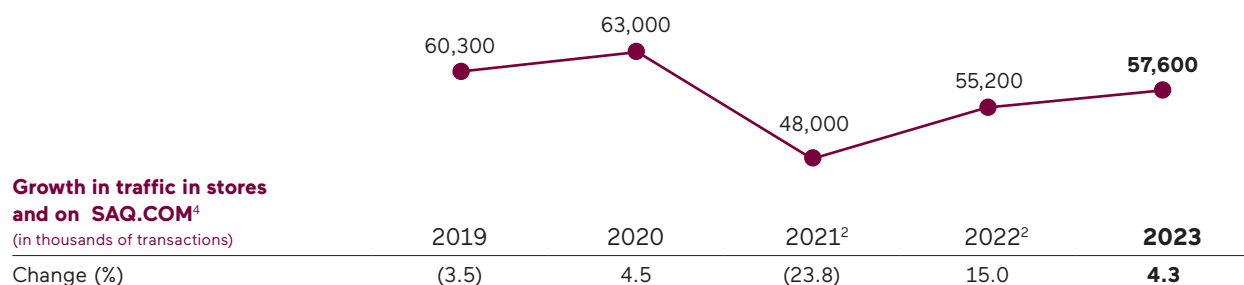
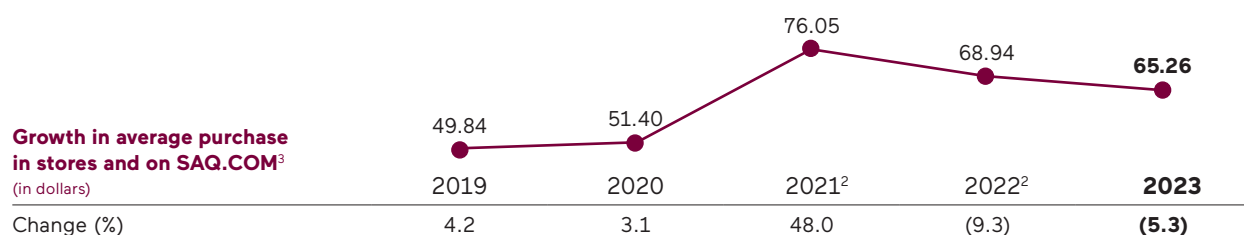
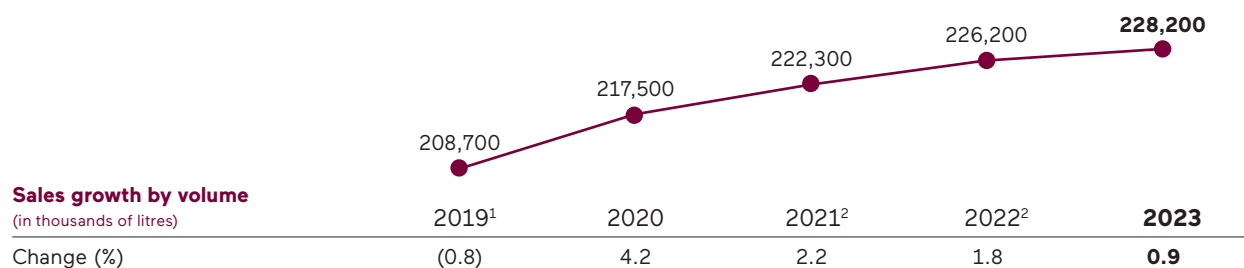
Investments in property, plant and equipment and intangible assets

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

	2023	2022	2021	2020
Capital projects – Distribution and administrative centres	8,015.8	3,378.2	4,074.6	2,663.3
Store network	10,999.5	7,023.1	5,161.3	6,534.3
Information systems development	11,670.1	10,610.7	19,466.7	16,844.0
Rolling stock and mobile equipment	5,294.9	3,574.8	4,289.0	1,983.7
Specific equipment	6,455.9	698.9	596.8	447.7
Total	42,436.2	25,285.7	33,588.4	28,473.0

Commercial Data

Management indicators for the last five fiscal years



1. The decrease is due mainly to fiscal 2019 having one fewer week of sales than fiscal 2018.
2. Operations in the 2021 and 2022 fiscal years were impacted by the COVID-19 pandemic. These impacts had financial repercussion on the breakdown of sales to the various customer segments, on the related gross margin and on net expenses.
3. Average expenditure by consumers (including sales taxes).
4. Consumers.
5. Excluding sales taxes.

Commercial Data

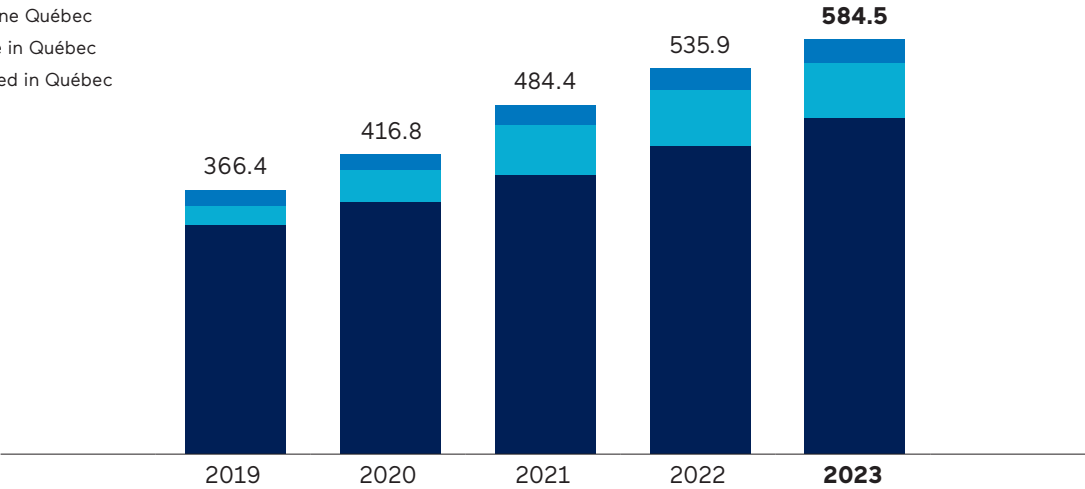
Changes in Quebec product sales



Change in Quebec Product Sales by Identifier

Stores and specialized centres
(in millions of Canadian dollars)

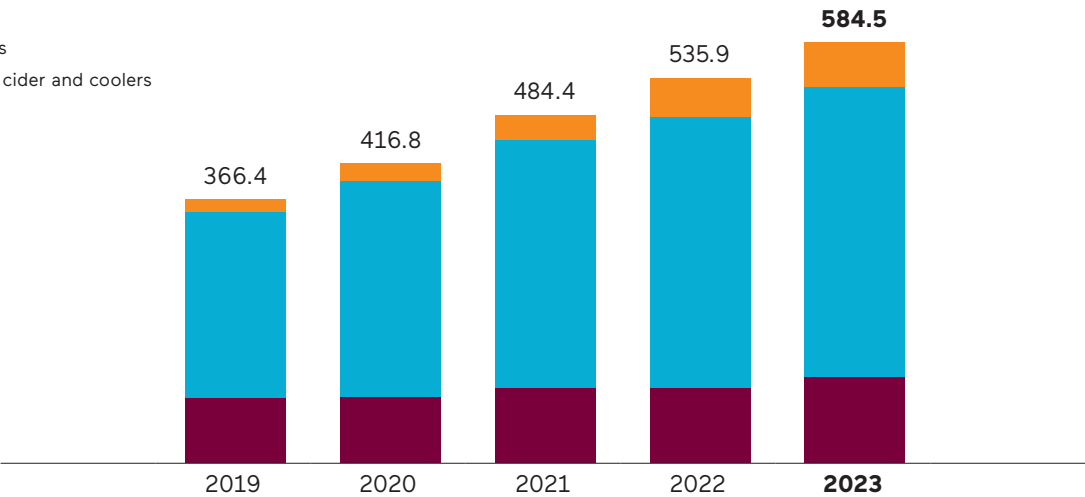
- Origine Québec
- Made in Québec
- Bottled in Québec



Change in Quebec Product Sales by Product Category

Stores and specialized centres
(in millions of Canadian dollars)

- Wine
- Spirits
- Beer, cider and coolers



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 effectiveness and performance.

Fiscal 2022–2023 highlights

The business, operational and social responsibility strategies implemented during the year allowed the SAQ to meet or exceed targets for 12 of the 26 indicators on its dashboard. For several other indicators whose targets were not reached, the differences were small and attributable in part to the pandemic and the worldwide disruption of supply chains.

Five targets among the 12 indicators that involve delivering an integrated omnichannel experience were met or exceeded, most notably the indicators measuring the SAQ’s business performance, such as sales, store and online traffic and average price per bottle sold. The absence of in-store tastings in the first part of the year and the supply and shipping challenges caused by ongoing global perturbations had an impact on the in-store experience that was slightly reflected in the customer appreciation indicators. Quebec product sales growth fell short of target due to a slowdown in Quebec spirits sales after years of record growth. The market share of online sales to consumers was also less than targeted, a result in line with the trend seen across the retail industry, where online sales have grown less quickly as pre-pandemic shopping behaviour makes a gradual return.

Among the indicators measuring an improvement in performance, five of the eight targets were met. The targets relating to financial performance, such as net income growth as well as the ratios of net expenses to sales and of gross margin to sales, were exceeded. Efforts to control expenses succeeded in maintaining the ratio of net expenses to sales at 15.2% despite the inflationary context. This result is better than the target 15.3% and remains an improvement over fiscal 2019–2020, the last fiscal year before the pandemic. The worldwide disruptions of procurement and shipping and summer recruitment challenges, a period of high demand for the hospitality (restaurant and bar) sector, affected the company’s operational performance and is reflected in the supply chain indicators.

The SAQ also seeks to provide its employees with a rewarding, pride-inspiring experience. A core part of this experience is employees’ health and safety, which are a priority for the SAQ. The action plan implemented to reduce work accidents produced remarkable results, with the reduction target set for fiscal 2022–2023 being exceeded. The employee engagement rate ended the fiscal year at a level slightly below that of the preceding year. The target to maintain a low employee turnover rate was met.

Lastly, the targets for two of the three social responsibility indicators were nearly met. Customers’ rate of agreement that the SAQ behaves responsibly came within one percentage point of the target. The underage mystery customer refusal rate exceeded 90% and, despite falling slightly short of target, was an improvement from 2022. The communication and awareness plan aimed at reinforcing store teams’ efforts to apply ethical sales practices will remain ongoing, as responsible sales remain one of the company’s priorities. Falling short of the target for GHG emissions from the internal transportation of goods is due to the slower-than-expected rate of electrification of the SAQ’s truck fleet, the pace of which should pick up next fiscal year.

SAQ Dashboard Indicators

Includes the 17 indicators from the 2021-2023 Strategic Plan

Dashboard	Actual 2022-2023	Target 2022-2023	Actual 2021-2022
Deliver an integrated omnichannel customer experience			
Sales growth ¹	5.0%	3.4%	7.4%
Overall satisfaction rate	93%	92%	90%
Discovery pillar			
Rate of customer agreement with the discovery promise	64%	71%	63%
Accessibility pillar			
Rate of customer agreement with the accessibility promise	78%	81%	79%
Choice pillar			
Rate of customer agreement with the product choice promise	81%	82%	81%
Price pillar			
Rate of customer agreement with the fair-price promise	54%	56%	57%
Growth in sales of Quebec products ²	3.3%	4%	5.9%
Traffic growth ³	4.3%	0.3%	15%
Average purchase per transaction ³	\$65.26	\$67.97	\$68.94
Average price per bottle ³	\$17.25	\$16.55	\$16.88
Sales per square foot	\$2,767	\$2,709	\$2,708
Ratio of SAQ.COM sales to consumer sales	3.1%	3.7%	3.5%
Improve our performance			
Ratio of net expenses to sales ¹	15.2%	15.3%	15.2%
Growth in net income ¹	5.6%	4.3%	10.7%
Ratio of total supply chain costs to sales	3.1%	2.9%	3%
Ratio of bottles sold to in-store hours worked	46.0	41.9	45.1
Ratio of administrative expenses to sales	1.4%	1.3%	1.4%
Cumulative growth of core technology applications upgraded, retired or converted to hybrid cloud	39%	10%	26%
Cases shipped per hour worked in the distribution and delivery centres	24.6	28.1	28.4
Ratio of gross margin to sales ¹	50.4%	50.3%	50.2%
Provide our employees with a rewarding, pride-inspiring experience			
Annual change in the engagement rate	(2.8)%	≥ 1%	1.4%
Cumulative reduction rate in the number of lost-time accidents	(31)%	(11)%	3.9%
Employee turnover rate	3.1%	≤ 5.9%	2.8%
Place social responsibility at the centre of our activities			
Social responsibility pillar			
Rate of customer agreement with the social responsibility promise	69%	70%	78%
Reduction in our direct GHG emissions from internal transportation of goods (versus 2009-2010), prorated to litres sold ⁴	(12)%	(22)%	(15)%
Refusal rate of underage mystery customers (%)	91%	95%	89%

1. 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 2021-2022, four medians were calculated to assess the SAQ's performance in relation to that of its peers:

- Median sales growth: 3.5%
- Median ratio of net expenses to sales: 15.2%
- Median growth in net income: 0.2%
- Median ratio of gross margin to sales: 50.2%.

2. The indicator measures sales growth to consumers and SAQ Agency stores.

3. In-store and SAQ.COM consumers.

4. 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.

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 25, 2023, 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 June 1, 2023.

Overview of results

The SAQ reported net income of \$1.426 billion for the fiscal year ended March 25, 2023, a \$76.1 million or 5.6% 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 \$115.5 million to \$2.697 billion.

Sales

In fiscal 2022-2023, sales rose to \$4.048 billion, compared with \$3.854 billion for the preceding fiscal year, an increase of \$193.4 million or 5%. Volume sales rose 2 million litres or 0.9% to 228.2 million litres from 226.2 million in fiscal 2021-2022.

By sales network

Sales in the store and specialized centre network totalled \$3.684 billion, compared with \$3.508 billion for fiscal 2021-2022, a \$175.8 million or 5% increase. Volume sales for the network grew 0.5 million litres or 0.3% to 186.8 million litres as opposed to 186.3 million litres for the preceding fiscal year. Sales to the hospitality sector rose to \$498 million, compared with \$302.8 million last fiscal year. The strong return of the restaurant and bar trade contributed to this \$195.2 million or 64.5% increase. For their part, online sales totalled \$93.3 million versus \$106.4 million for the preceding fiscal year, a \$13.1 million or 12.3% decrease. They account for 3.1% of consumer sales.

The value of customers' average shopping cart was \$65.26 for fiscal 2022-2023, compared with \$68.94 for fiscal 2021-2022. The 5.3% decrease is mainly due to consumers' return to their former shopping habits, as indicated by the 4.3% increase in store and online traffic. Consumers are visiting SAQ stores and SAQ.COM more often but buying less each visit. Overall, the average per-litre sales price in the store network and online rose 3.2% to \$21.34, compared with \$20.67 for the preceding fiscal year.

Overall sales of Quebec products rose to \$584.5 million, compared with \$535.9 million for the preceding fiscal year, a \$48.6 million or 9.1% increase. They now account for 15.9% of sales in the store and specialized centre network, a performance partly driven by the strategies adopted by the SAQ to showcase Quebec products and by customers' enthusiastic response.

Sales in the wholesale grocer network rose \$17.6 million or 5.1% to \$364 million, compared with \$346.4 million for the preceding fiscal year. Volume sales totalled 41.4 million litres, compared with 39.9 million litres for fiscal 2021-2022, a 1.5 million litre or 3.8% increase.

By product category

Wine sales totalled \$2.767 billion in fiscal 2022-2023 versus \$2.674 billion in the preceding fiscal year, an increase of \$93.2 million or 3.5%. At 172.1 million litres, volume sales for this category were down 0.8 million litres or 0.5% from the 172.9 million litres sold in fiscal 2021-2022. Meanwhile, wine sales in the store and specialized centre network grew \$72.8 million or 3.1% from the preceding fiscal year. Wine volume sales in this network totalled 133.2 million litres, a decrease of 2.6 million litres or 1.9% from fiscal 2021-2022.

Sold only in the store and specialized centre network, spirits had sales of \$1.126 billion, compared with \$1.037 billion in fiscal 2021-2022, an increase of \$88.1 million or 8.5%. The corresponding volume sales rose 1.5 million litres or 5% to 31.7 million litres as opposed to 30.2 million litres in the preceding fiscal year.

Sales of coolers, also known as read-to-drinks or RTDs, were up \$11 million or 9.3% to \$129.4 million from the \$118.4 million for the preceding fiscal year. Volume sales stood at 21.8 million litres versus 20.6 million litres, an increase of 1.2 million litres or 5.8%. These results show that this product category continues to spark interest among consumers.

Lastly, the beer, cider and related products category posted sales of \$25.2 million, compared with \$24.1 million for fiscal 2021-2022, a \$1.1 million or 4.6% increase. Volume sales for the category grew 0.1 million litres or 4% from the preceding year's 2.5 million litres to 2.6 million litres.

Cost of sales and gross margin

The cost of sales includes acquisition costs, freight costs for shipment to distribution centres and various points of sale and the related customs duties and excise taxes. In fiscal 2022–2023, the cost of sales stood at \$2.008 billion, compared with \$1.920 billion for the preceding fiscal year. This resulted in a gross margin of \$2.040 billion, compared with \$1.934 billion, an increase of \$105.6 million or 5.5%. In percentage terms, the gross margin was 50.4%, compared with 50.2% for fiscal 2021–2022.

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 income and charges.

Defined thus, net expenses totalled \$613.5 million, a \$29.5 million or 5.1% increase from the \$584 million of fiscal 2021–2022. Expressed as a percentage of sales, the ratio of net expenses was, at 15.2%, unchanged from the preceding fiscal year despite the inflationary context.

Employee compensation, which is the SAQ's largest net expense category, totalled \$440.8 million, compared with \$413 million in fiscal 2021–2022, a \$27.8 million or 6.7% increase. The marked growth in sales to the hospitality sector in combination with the labour shortage during peak periods in our distribution centres partly explain the increase in this category. Expressed as a percentage of sales, employee compensation was 10.9%, compared with 10.7% for the preceding fiscal year.

Building occupancy expenses constitute the second-largest net expense category. These expenses increased to \$94.6 million from \$94.5 million for fiscal 2021–2022, an increase of \$0.1 million or 0.1%.

Expenses for equipment use and supplies totalled \$44.7 million, compared with \$36.9 million for the preceding fiscal year, a \$7.8 million or 21.1% increase that is largely attributable to increases in depreciation, support and licensing costs for the company's information systems.

Delivery and communications expenses amounted to \$3.7 million, down \$0.3 million from the preceding fiscal year.

Lastly, other expenses totalled \$29.7 million, compared with \$35.6 million for fiscal 2021–2022, a decrease of \$5.9 million or 16.6%. This result is due mainly to an increase in revenue from commercial activities and financial products.

Net income and comprehensive income

For the fiscal year ended March 25, 2023, the SAQ reported net income of \$1.426 billion, compared with \$1.350 billion for the preceding fiscal year, an increase of \$76.1 million or 5.6%. Net income amounted to 35.2% of sales as opposed to 35% in fiscal 2021–2022.

Comprehensive income rose \$75.8 million to reach \$1.426 billion in fiscal 2022–2023.

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 2022–2023, these government revenues totalled \$2.697 billion, compared with \$2.581 billion in fiscal 2021–2022, which corresponds to an increase of \$115.5 million or 4.5%.

Government Revenues from Operations

(in millions of dollars)

	2023	2022
Government of Quebec		
Declared dividend	1,426.1	1,350.0
Provincial sales tax	438.1	421.7
Specific tax	287.5	295.5
Specific permit holder tax	27.4	17.3
	2,179.1	2,084.5
Government of Canada		
Excise taxes and customs duties	297.8	285.2
Goods and services tax	219.6	211.3
	517.4	496.5
Total	2,696.5	2,581.0

Amounts owed to the Quebec treasury totalled \$2.179 billion, an increase of \$94.6 million or 4.5% from the \$2.085 billion from the preceding fiscal year. The increase results mainly from the higher net income earned during the fiscal year and the increased collection of consumption taxes due to higher sales.

Amounts owed to the Government of Canada totalled \$517.4 million, a \$20.9 million or 4.2% 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 \$42.4 million in the latest fiscal year. More specifically, the SAQ invested \$19 million in improvements to its retail and administrative facilities, \$11.7 million in information systems development and \$11.7 million in upgrading rolling stock and equipment.

Financial position

As at March 25, 2023, the SAQ had total assets of \$1.437 billion, compared with \$1.443 billion as at March 26, 2022, a decrease of \$5.5 million. Since the start of the 2022-2023 fiscal year, the cash position has decreased \$142.4 million partly due to a \$75 million investment in a guaranteed investment. Trade and other accounts receivable increased \$2.8 million. The value of inventories and of deposits and prepaid expenses rose \$38.1 million and \$7.7 million respectively. Non-current assets grew \$13.3 million since March 26, 2022.

Current liabilities stood at \$1.099 billion at the end of fiscal 2022-2023, compared with \$1.111 billion at the end of the preceding fiscal year, an \$11.5 million decrease. This change is primarily due to a \$31.2 million decrease in accounts payable offset by an increase of \$9.5 million in reserves, \$8.1 million in the dividend payable, \$1.3 million in taxes and government duties to be paid and \$0.8 million in the current portion of capital lease obligations. Lastly, non-current liabilities rose \$6.4 million attributable to the \$4.4 million in liability for sick leave credits and \$2 million in capital lease obligations.

Cash flows

Cash flows related to operating activities increased \$15.1 million from the preceding fiscal year to reach \$1.445 billion. This increase is due to the net income excluding non-cash items, which was \$85.6 million higher, and to the interest earned on cash assets and investments, which generated an additional \$5.7 million. These items were partly offset by a \$75.7 million decrease in the net change in non-cash working capital items resulting mainly from the decrease in supplier and other accounts payable.

The company's investment activities entailed a cash outflow of \$118.4 million during the fiscal year, \$94.3 million more than in fiscal 2021-2022. This is due to the \$75 million investment in a guaranteed investment.

Financing activities required \$1.469 billion in cash in fiscal 2022-2023, compared with \$1.404 billion in the preceding fiscal year. This difference is mainly attributable to the \$63.9 million increase in the dividend paid to the shareholder.

In fiscal 2022-2023, the SAQ's activities required \$142.4 million in cash and cash equivalents, bringing the cash balance at March 25, 2023, to \$187.2 million, compared with the preceding fiscal year, which generated cash and cash equivalents of \$1.5 million and whose cash balance was \$329.6 million.

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 25, 2023, or at March 26, 2022.

Financing of the SAQ's money market activities resulted in net financial income of \$7.9 million, compared with \$2.2 million for the preceding fiscal year. This change is due to higher interest rates in fiscal 2022-2023.

Interest under lease obligations totalled \$5.3 million as opposed to \$4.6 million in the preceding fiscal year. Net interest related to liabilities and assets arising from employee benefit plans amounted to \$0.9 million in fiscal 2022-2023, compared with \$0.8 million in the preceding fiscal year.

Future standards, amendments and interpretations

Change in accounting, classification and presentation methods

In April 2021, the IFRS Interpretations Committee finalized agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement* (IAS 38 Intangible Assets). On implementation of the decision, the company changed its accounting methods accordingly. Configuration and customization costs in a cloud computing arrangement that do not meet the asset recognition criteria are now expensed. Management has completed its assessment of the decision's impact on the financial statements for the last quarter of the fiscal year ended March 25, 2023. The company concluded that it had no significant impact on the company's financial statements for previously capitalized costs incurred in connection with cloud computing arrangements. The company therefore did not apply this change in accounting method retroactively.

Accounting standards published but not yet in force

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.

Amendment of IAS 1 – Presentation of Financial Statements to be applied to the fiscal year ending March 30, 2024

In February 2021, the International Accounting Standards Board (IASB) amended IAS 1 – *Presentation of Financial Statements* to require that entities now disclose their material accounting policy information instead of their significant accounting policies. These amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023. The company will begin applying the amended standard in the fiscal year ending March 30, 2024, but has not yet assessed the impact of the change on its 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 25, 2023, 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 25, 2023, 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. 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.

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 strategy designed to minimize the risk of stockouts in its stores.

Labour shortage

To carry out its business activities, the SAQ employs more than 7,200 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 remain personnel offer the company a way to mitigate this risk and maintain its service offer.

Product quality control

With a catalogue of more than 15,500 products from 3,800 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 and ISO 17025-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 first year of its new Strategic Plan 2024-2026, whose vision is to inspire Quebecers' pride. The SAQ plans to do this by mobilizing and involving its employees, delivering an even more personalized experience to all its customers and maintaining its commitment to make a lasting and sustainable contribution to society.

Last fiscal year, significant progress was made in occupational health and safety. The initiatives that encouraged this advance will continue in the new year, notably through optimizing management of store and warehouse inventories to reduce load-handling by employees.

Fiscal 2023-2024 will also be marked by the renewal of store employees' collective agreement.

Improving the experience of all our customers will remain a top priority for the organization. Store employees will be equipped with new tools for improving operational processes and making personalized recommendations to customers. On the product offer front, low-alcohol, organic and natural products will continue to be focuses of attention. In addition, the SAQ aims to boost the buy local trend by showcasing Quebec products. To accomplish this, it plans to continue its initiatives and collaboration with local producers. The hospitality industry will also see initiatives aimed at simplifying and improving its experience.

Always seeking to benefit Quebecers by maximizing the spin-offs from its operations, the SAQ will continue improving its performance. Several projects will help achieve this goal, most notably the ongoing expansion of the Montreal distribution centre, which will automate order picking and preparation, and the optimization of our information systems.

Social responsibility and the SAQ's contribution to reducing greenhouse gas (GHG) emissions are key parts of the new Strategic Plan 2024-2026. The SAQ has set itself the target of zero emissions by 2040, and several initiatives toward that end will be launched next fiscal year. Notable among these will be decarbonizing buildings and electrifying our fleet of vehicles. In collaboration with its industry partners, it will move forward with its efforts to reduce the environmental impact of the products it sells, specifically by encouraging the use of smaller-footprint containers such as lightweight glass bottles. To this can be added the rollout of the expanded deposit-return system, a major project that will mark a significant environmental turning point across Quebec, in collaboration with the Quebec government and the industry, which will be one of the SAQ's top priorities in fiscal 2023-2024. The SAQ will also continue its initiatives to encourage and value diversity in its teams and reinforce employees' application of the sales ethic.

Sales by network

(in millions of Canadian dollars)

	2023	2022 ¹	2021 ¹	2020	2019
Stores and specialized centres	3 683,5	3 507,7	3 197,9	3 137,2	2 947,0
Wholesale grocers	364,0	346,4	392,3	351,5	346,9
Total	4 047,5	3 854,1	3 590,2	3 488,7	3 293,9

Sales by product category

(in millions of Canadian dollars)

	2023	2022 ¹	2021 ¹	2020	2019
Wine	2,767.4	2,674.2	2,535.7	2,503.8	2,393.8
Spirits	1,125.5	1,037.4	949.3	890.8	816.6
Beer, cider and coolers	154.6	142.5	105.2	94.1	83.5
Total	4,047.5	3,854.1	3,590.2	3,488.7	3,293.9

Financial results

(in millions of Canadian dollars)

	2023	2022 ¹	2021 ¹	2020	2019
Sales	4,047.5	3,854.1	3,590.2	3,488.7	3,293.9
Cost of sales	2,007.9	1,920.1	1,786.4	1,726.7	1,623.1
Net expenses ^{2,3}	613.5	584.0	584.7	536.5	524.9
Net income ³	1,426.1	1,350.0	1,219.1	1,225.5	1,145.9
Comprehensive income	1,425.7	1,349.9	1,217.7	1,225.7	1,144.5

Government revenues from operations

(in millions of Canadian dollars)

	2023	2022 ¹	2021 ¹	2020	2019
Declared dividend	1,426.1	1,350.0	1,219.1	1,225.5	1,145.9
Taxes and duties paid to governments	1,270.4	1,231.0	1,186.8	1,147.1	1,088.2
Total	2,696.5	2,581.0	2,405.9	2,372.6	2,234.1

Asset mix

(in millions of Canadian dollars)

	2023	2022 ¹	2021 ¹	2020	2019
Inventories	579.2	541.1	473.9	387.6	417.0
Property, plant and equipment and intangible assets	212.4	201.4	204.3	196.0	193.8
Other assets ³	645.8	700.4	684.2	700.1	303.0
Total	1,437.4	1,442.9	1,362.4	1,283.7	913.8

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

3. Reflects the adoption of IFRS 16 – Leases on March 31, 2019.

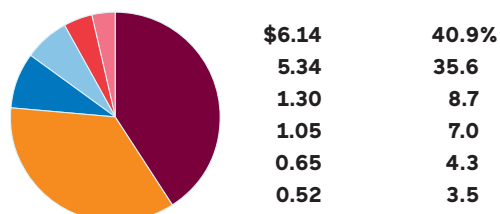
Breakdown of the Sales Price

Imported wine¹, 750 ml format

(in dollars and percentages)

March 25, 2023

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



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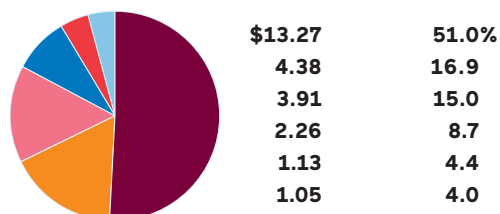
1. Continuous replenishment products.
2. The markup covers selling, merchandising, distribution and administrative expenses and generates net income.

Local spirits, 750 ml format

(in dollars and percentages)

March 25, 2023

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



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

Quarterly Results

Fiscal years ended March 25, 2023 and March 26, 2022
(unaudited figures)

	2023				
	Fiscal year 52	Q4 12	Q3 16	Q2 12	Q1 12

Financial results

(in millions of Canadian dollars)

Sales	4,047.5	755.7	1,427.3	951.4	913.1
Gross margin	2,039.6	373.5	723.2	482.9	460.0
Net expenses ²	613.5	164.8	181.8	132.5	134.4
Net income	1,426.1	208.7	541.4	350.4	325.6
Comprehensive income	1,425.7	208.3	541.4	350.4	325.6
Dividend paid	1,418.0	410.0	370.0	273.0	365.0

Sales by network

(in millions of Canadian dollars)

Stores and specialized centres					
Consumers – Stores	2,918.3	544.2	1,040.8	690.3	643.0
Consumers – SAQ.COM	93.3	17.5	34.3	17.7	23.8
Consumers	3,011.6	561.7	1,075.1	708.0	666.8
Permit holders	498.0	93.6	157.7	120.7	126.0
Agencies and other customers	173.9	32.2	56.7	47.3	37.7
	3,683.5	687.5	1,289.5	876.0	830.5
Wholesale grocers	364.0	68.2	137.8	75.4	82.6
Total	4,047.5	755.7	1,427.3	951.4	913.1

Volume sales by network

(in millions of litres)

Stores and specialized centres					
Consumers – Stores	152.1	27.3	50.8	38.5	35.5
Consumers – SAQ.COM	2.8	0.6	0.9	0.6	0.7
Consumers	154.9	27.9	51.7	39.1	36.2
Permit holders	19.9	3.7	6.2	5.0	5.0
Agencies and other customers	12.0	2.0	3.7	3.4	2.9
	186.8	33.6	61.6	47.5	44.1
Wholesale grocers	41.4	8.0	15.4	8.4	9.6
Total	228.2	41.6	77.0	55.9	53.7

Volume sales by product category

(in millions of litres)

Wine	172.1	32.2	60.4	39.8	39.7
Spirits	31.7	6.0	11.2	7.5	7.0
Beer, cider and coolers	24.4	3.4	5.4	8.6	7.0
Total	228.2	41.6	77.0	55.9	53.7

- Operations in the 2022 fiscal year were impacted by the COVID-19 pandemic. These impacts had financial repercussions on the breakdown of sales to the various customer segments, on the related gross margin and on net expenses
- Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include net financial (income) charges.

Some comparable figures have been restated.

Quarterly Results

Fiscal years ended March 25, 2023 and March 26, 2022
(unaudited figures)

	2022 ¹				
	Fiscal year	Q4	Q3	Q2	Q1
Number of weeks	52	12	16	12	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 ²	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	158.6	29.3	52.6	39.6	37.1
Consumers – SAQ.COM	3.4	0.7	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)

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

For the footnotes, please see page 48.

Ten-Year Historical Review

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

	2023	2022 ¹	2021 ¹
Financial results			
(in millions of Canadian dollars)			
Sales	4,047.5	3,854.1	3,590.2
Gross margin	2,039.6	1,934.0	1,803.8
Net expenses ^{3,4}	613.5	584.0	584.7
Net income ³	1,426.1	1,350.0	1,219.1
Comprehensive income	1,425.7	1,349.9	1,217.7
Financial position			
(in millions of Canadian dollars)			
Total assets ⁴	1,437.4	1,442.9	1,362.4
Property, plant and equipment and intangible assets	212.4	201.4	204.3
Net working capital ⁴	(182.9)	(175.6)	(176.9)
Long-term liabilities ⁴	300.0	293.5	288.0
Shareholder's equity	38.1	38.5	38.5
Cash flows			
(in millions of Canadian dollars)			
Cash flows related to operating activities	1,445.0	1,429.9	1,269.1
Acquisitions of property, plant and equipment and intangible assets	43.5	24.1	31.2
Dividend paid	1,418.0	1,354.1	1,191.5

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. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include net financial (income) charges, 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.
4. Reflecting the adoption of IFRS 16 on March 31, 2019.

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

Ten-Year Historical Review

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

2020	2019	2018 ²	2017	2016	2015	2014
3,488.7	3,293.9	3,251.7	3,122.6	3,073.6	3,006.3	2,934.9
1,762.0	1,670.8	1,652.9	1,654.1	1,637.8	1,600.3	1,554.5
536.5	524.9	539.2	568.4	570.8	566.6	551.5
1,225.5	1,145.9	1,113.7	1,085.7	1,067.0	1,033.7	1,003.0
1,225.7	1,144.5	1,113.6	1,085.4	1,067.1	1,032.7	1,002.0
1,283.7	913.8	813.1	827.7	779.8	708.0	733.8
196.0	193.8	201.9	222.4	241.5	246.5	259.8
(168.2)	(118.4)	(129.6)	(150.8)	(164.1)	(169.5)	(186.9)
289.5	35.8	33.0	32.4	36.3	36.1	31.3
39.9	39.7	41.1	41.2	41.5	41.4	42.3
1,353.8	1,228.2	1,095.5	1,135.4	1,157.1	1,126.2	1,061.4
32.5	17.9	23.4	22.3	33.7	26.2	30.7
1,171.9	1,126.7	1,097.7	1,097.0	1,038.7	971.0	1,058.4

For the footnotes, please see page 50.

Ten-Year Historical Review

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

	2023	2022 ¹	2021 ¹
Sales by network			
(in millions of Canadian dollars and in millions of litres)			
Stores and specialized centres			
Consumers – Stores	2,918.3 152.1 L	2,935.7 158.6	2,834.5 154.6
Consumers – SAQ.COM	93.3 2.8 L	106.4 3.4	96.9 3.8
	3,011.6 154.9 L	3,042.1 162.0	2,931.4 158.4
Permit holders	498.0 19.9 L	302.8 12.5	101.9 4.6
Agencies and other customers	173.9 12.0 L	162.8 11.8	164.6 12.1
	3,683.5 186.8 L	3,507.7 186.3	3,197.9 175.1
Wholesale grocers	364.0 41.4 L	346.4 39.9	392.3 47.2
Total	4,047.5 228.2 L	3,854.1 226.2	3,590.2 222.3

Sales by product category

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

Wine	2,767.4 172.1 L	2,674.2 172.9	2,535.7 176.6
Spirits	1,125.5 31.7 L	1,037.4 30.2	949.3 28.2
Beer, cider and coolers	154.6 24.4 L	142.5 23.1	105.2 17.5
Total	4,047.5 228.2 L	3,854.1 226.2	3,590.2 222.3

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.

Some comparable figures have been restated.

Ten-Year Historical Review

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

2020	2019	2018 ²	2017	2016	2015	2014
2,528.3	2,345.0	2,328.7	2,238.8	2,236.0	2,194.1	2,143.1
143.3	135.6	138.1	126.6	126.3	123.4	121.8
42.0	35.6	30.3	19.8	14.7	7.6	4.6
1.4	1.2	1.1	0.7	0.6	0.3	0.2
2,570.3	2,380.6	2,359.0	2,258.6	2,250.7	2,201.7	2,147.7
144.7	136.8	139.2	127.3	126.9	123.7	122.0
423.8	428.7	418.7	390.1	370.4	361.9	357.1
19.6	20.3	20.4	19.5	19.1	19.2	19.6
143.1	137.7	131.3	127.9	125.1	120.2	117.1
10.3	9.9	9.4	8.9	9.1	9.3	8.8
3,137.2	2,947.0	2,909.0	2,776.6	2,746.2	2,683.8	2,621.9
174.6	167.0	169.0	155.7	155.1	152.2	150.4
351.5	346.9	342.7	346.0	327.4	322.5	313.0
42.9	41.7	41.3	42.3	41.0	40.5	39.0
3,488.7	3,293.9	3,251.7	3,122.6	3,073.6	3,006.3	2,934.9
217.5	208.7	210.3	198.0	196.1	192.7	189.4
2,503.8	2,393.8	2,387.9	2,320.1	2,300.9	2,264.2	2,213.6
174.8	169.6	173.1	163.8	162.9	160.2	156.5
890.8	816.6	787.3	726.9	697.7	664.7	639.0
27.3	25.5	25.1	23.7	23.0	22.1	21.8
94.1	83.5	76.5	75.6	75.0	77.4	82.3
15.4	13.6	12.1	10.5	10.2	10.4	11.1
3,488.7	3,293.9	3,251.7	3,122.6	3,073.6	3,006.3	2,934.9
217.5	208.7	210.3	198.0	196.1	192.7	189.4

For the footnotes, please see page 52.

Ten-Year Historical Review

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

	2023	2022 ¹	2021 ¹
Net expenses³			
(in millions of Canadian dollars)			
Employee compensation ⁴	440.8	413.0	409.9
Building occupancy expenses ^{5,6}	94.6	94.5	96.7
Equipment use and supply expenses ^{5,6}	44.7	36.9	38.9
Freight out and communications	3.7	4.0	5.3
Other expenses ^{6,7}	29.7	35.6	33.9
Total	613.5	584.0	584.7
Operating ratios			
(as a percentage of sales)			
Gross margin	50.4%	50.2%	50.2%
Net income ⁶	35.2%	35.0%	34.0%
Net expenses ^{3,6}	15.2%	15.2%	16.3%
Other information			
(at fiscal year-end)			
Number of employees ⁸	5,609	5,584	5,517
Number of stores	410	410	409
Number of agencies	428	426	429
Number of products offered for sale ⁹	15,500	15,900	15,800
Surface area of business premises			
(in thousands of square feet)			
Stores	1,909.1	1,916.5	1,934.1
Distribution centres and warehouses	1,477.2	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.
- Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include net financial (income) charges, 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 changes.
- Including amortization expenses and the amortization of right-of-use assets.
- Reflecting the adoption of IFRS 16 on March 31, 2019.
- Other expenses include an IFRS 16-related interest expense of \$5.3 million for fiscal 2023.
- The number of employees is determined on a full-time basis.
- Number of products offered for sale during the fiscal year (excluding private imports).

Ten-Year Historical Review

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

2020	2019	2018 ²	2017	2016	2015	2014
383.4	371.7	380.9	392.3	388.2	389.5	369.1
95.1	96.5	99.2	98.6	97.8	94.6	93.6
35.3	39.8	42.1	48.8	47.6	45.7	42.5
3.4	3.2	2.8	7.0	7.5	7.7	7.5
19.3	13.7	14.2	21.7	29.7	29.1	38.8
536.5	524.9	539.2	568.4	570.8	566.6	551.5
50.5%	50.7%	50.8%	53.0%	53.3%	53.2%	53.0%
35.1%	34.8%	34.2%	34.8%	34.7%	34.4%	34.2%
15.4%	15.9%	16.6%	18.2%	18.6%	18.8%	18.8%
5,169	5,044	5,159	5,277	5,456	5,499	5,526
410	409	407	405	406	402	401
426	428	432	436	438	439	437
15,700	14,350	13,300	13,200	13,500	12,500	12,500
1,947.8	1,952.0	1,947.8	1,969.7	1,980.2	1,921.0	1,912.7
1,477.2	1,477.2	1,464.4	1,464.4	1,464.4	1,467.1	1,467.1

For the footnotes, please see page 54.

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