

Q1 2021

ALIMENTATION COUCHE-TARD INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
12-week period ended July 19, 2020



Consolidated Statements of Earnings

(in millions of US dollars, except per share amounts, unaudited)

For the 12-week periods ended	July 19, 2020	July 21, 2019
	\$	\$
Revenues	9,709.8	14,163.0
Cost of sales (Note 6)	7,198.8	11,854.0
Gross profit	2,511.0	2,309.0
Operating, selling, administrative and general expenses	1,171.0	1,240.1
(Gain) loss on disposal of property and equipment and other assets	(8.8)	10.1
Depreciation, amortization and impairment	289.5	307.1
Total operating expenses	1,451.7	1,557.3
Operating income	1,059.3	751.7
Share of earnings of joint ventures and associated companies	8.5	6.6
Financial expenses (Note 7)	77.7	84.0
Financial revenues	(8.1)	(3.5)
Foreign exchange loss	18.4	6.5
Net financial expenses	88.0	87.0
Earnings before income taxes	979.8	671.3
Income taxes	202.7	135.3
Net earnings including non-controlling interests	777.1	536.0
Net loss attributable to non-controlling interests	—	2.8
Net earnings attributable to shareholders of the Corporation	777.1	538.8
Net earnings per share (Notes 9 and 11)		
Basic	0.70	0.48
Diluted	0.70	0.48
Weighted average number of shares – basic (in millions)	1,112.8	1,128.4
Weighted average number of shares – diluted (in millions)	1,114.2	1,130.1
Number of shares outstanding at the end of period (in millions)	1,112.9	1,127.3

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Consolidated Statements of Comprehensive Income

(in millions of US dollars, unaudited)

For the 12-week periods ended	July 19, 2020	July 21, 2019
	\$	\$
Net earnings including non-controlling interests	777.1	536.0
Other comprehensive income		
Items that may be reclassified subsequently to earnings		
Translation adjustments		
Change in cumulative translation adjustments ⁽¹⁾	246.7	42.9
Change in fair value and net interest on cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in certain of its foreign operations ⁽²⁾	39.3	21.5
Cash flow hedges		
Change in fair value of financial instruments ⁽²⁾	2.7	(0.2)
Gain realized on financial instruments transferred to earnings ⁽²⁾	(0.7)	—
Items that will never be reclassified to earnings		
Net actuarial gain (loss) ⁽³⁾	5.3	(1.8)
Gain (loss) on investments in equity instruments measured at fair value through Other comprehensive income ⁽⁴⁾	21.5	(0.2)
Other comprehensive income	314.8	62.2
Comprehensive income including non-controlling interests	1,091.9	598.2
Comprehensive loss attributable to non-controlling interests	—	2.8
Comprehensive income attributable to shareholders of the Corporation	1,091.9	601.0

(1) For the 12-week periods ended July 19, 2020 and July 21, 2019, these amounts include a gain of \$75.9 (net of income taxes of \$11.6) and a gain of \$111.9 (net of income taxes of \$17.1), respectively. These gains arise from the translation of long-term debts denominated in foreign currencies.

(2) For the 12-week periods ended July 19, 2020 and July 21, 2019, these amounts are net of income tax expenses (recoveries) of \$0.8 and \$(0.2), respectively.

(3) For the 12-week periods ended July 19, 2020 and July 21, 2019, these amounts are net of income tax expenses (recoveries) of \$1.3 and \$(0.5), respectively.

(4) For the 12-week periods ended July 19, 2020 and July 21, 2019, these amounts are net of income tax expenses of \$1.2 and nil, respectively.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Consolidated Statements of Changes in Equity

(in millions of US dollars, unaudited)

For the 12-week period ended	Attributable to the shareholders of the Corporation						July 19, 2020
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 10)	Total	Non-controlling interests	Equity
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of period	694.8	21.4	10,611.3	(1,260.9)	10,066.6	—	10,066.6
Comprehensive income:							
Net earnings			777.1		777.1	—	777.1
Other comprehensive income				314.8	314.8	—	314.8
Comprehensive income					1,091.9	—	1,091.9
Dividends declared			(58.5)		(58.5)		(58.5)
Stock option-based compensation expense		1.4			1.4		1.4
Exercise of stock options	0.9	(0.7)			0.2		0.2
Balance, end of period	695.7	22.1	11,329.9	(946.1)	11,101.6	—	11,101.6

For the 12-week period ended	Attributable to the shareholders of the Corporation						July 21, 2019
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 10)	Total	Non-controlling interests	Equity
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of period	706.8	19.5	9,053.5	(856.6)	8,923.2	257.9	9,181.1
Adoption of IFRS 16			(9.5)		(9.5)	—	(9.5)
Adjusted balance, beginning of period	706.8	19.5	9,044.0	(856.6)	8,913.7	257.9	9,171.6
Comprehensive income:							
Net earnings (loss)			538.8		538.8	(2.8)	536.0
Other comprehensive income				62.2	62.2	—	62.2
Comprehensive income (loss)					601.0	(2.8)	598.2
Dividends declared			(53.6)		(53.6)		(53.6)
Repurchases and cancellations of shares	(1.3)		(44.9)		(46.2)		(46.2)
Distributions to non-controlling interests						(14.3)	(14.3)
December 2018 asset exchange agreement			(6.4)		(6.4)	6.4	—
Stock option-based compensation expense		1.3			1.3		1.3
Exercise of stock options	0.5	(0.5)			—		—
Balance, end of period	706.0	20.3	9,477.9	(794.4)	9,409.8	247.2	9,657.0

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Consolidated Statements of Cash Flows

(in millions of US dollars, unaudited)

For the 12-week periods ended	July 19, 2020	July 21, 2019
	\$	\$
Operating activities		
Net earnings including non-controlling interests	777.1	536.0
Adjustments to reconcile net earnings including non-controlling interests to net cash provided by operating activities		
Depreciation, amortization, impairment and amortization of financing costs	290.6	309.8
(Gain) loss on disposal of property and equipment and other assets	(8.8)	10.1
Deferred income taxes	19.1	19.0
Share of earnings of joint ventures and associated companies, net of dividends received	(4.1)	(2.8)
Net deferred credits	39.5	(0.7)
Other	43.7	(6.1)
Changes in non-cash working capital	190.6	0.5
Net cash provided by operating activities	1,347.7	865.8
Investing activities		
Purchase of property and equipment, intangible assets and other assets	(212.8)	(246.8)
Proceeds from disposal of property and equipment and other assets	28.3	8.9
Change in restricted cash	(3.5)	5.6
Investment in Fire & Flower (Note 5)	(1.8)	—
Business acquisitions (Note 3)	(0.3)	(7.0)
Net cash used in investing activities	(190.1)	(239.3)
Financing activities		
Net decrease in term revolving unsecured operating credit D (Note 8)	(1,500.0)	(40.0)
Principal elements of lease payments and net decrease in other debts	(87.0)	(79.0)
Exercise of stock options	0.2	—
Settlements of derivative financial instruments	(0.1)	—
Repayment of senior unsecured notes	—	(150.0)
Share repurchases	—	(14.4)
Distributions paid to non-controlling interests	—	(14.3)
Net decrease in CAPL senior secured revolving credit facility	—	(9.2)
Net cash used in financing activities	(1,586.9)	(306.9)
Effect of exchange rate fluctuations on cash and cash equivalents	57.6	11.4
Net (decrease) increase in cash and cash equivalents	(371.7)	331.0
Cash and cash equivalents, beginning of period	3,641.5	706.4
Cash and cash equivalents, end of period	3,269.8	1,037.4
Supplemental information:		
Interest paid	59.0	83.6
Interest and dividends received	10.4	9.4
Income taxes paid	114.5	27.3

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Consolidated Balance Sheets

(in millions of US dollars, unaudited)

	As at July 19, 2020	As at April 26, 2020
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	3,269.8	3,641.5
Restricted cash	11.5	8.0
Accounts receivable	1,614.4	1,256.0
Inventories (Note 6)	1,458.1	1,237.4
Prepaid expenses	75.0	96.0
Assets held for sale (Note 4)	20.5	64.0
Other short-term financial assets (Notes 5 and 13)	20.1	38.6
Income taxes receivable	—	89.4
	6,469.4	6,430.9
Property and equipment	10,351.4	10,136.5
Right-of-use assets	2,705.8	2,513.9
Intangible assets	574.4	550.8
Goodwill	5,580.3	5,505.8
Other assets	400.0	350.1
Investment in joint ventures and associated companies	144.2	139.7
Deferred income taxes	50.2	51.8
	26,275.7	25,679.5
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,548.6	2,808.3
Short-term provisions	140.3	108.1
Income taxes payable	217.7	222.0
Liabilities associated with assets held for sale (Note 4)	2.6	8.1
Current portion of long-term debt (Note 8)	222.3	214.7
Current portion of lease liabilities	378.3	383.1
	4,509.8	3,744.3
Long-term debt (Note 8)	6,114.1	7,515.8
Lease liabilities	2,463.3	2,265.7
Long-term provisions	545.9	551.3
Pension benefit liability	99.8	91.5
Other long-term financial liabilities (Note 13)	196.5	237.4
Deferred credits and other liabilities	184.3	161.9
Deferred income taxes	1,060.4	1,045.0
	15,174.1	15,612.9
Equity		
Capital stock (Note 11)	695.7	694.8
Contributed surplus	22.1	21.4
Retained earnings	11,329.9	10,611.3
Accumulated other comprehensive loss (Note 10)	(946.1)	(1,260.9)
	11,101.6	10,066.6
	26,275.7	25,679.5

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(in millions of US dollars, except per share and stock option data, or unless otherwise noted)

1. CONSOLIDATED FINANCIAL STATEMENTS PRESENTATION

The unaudited interim condensed consolidated financial statements (the “interim financial statements”) have been prepared by the Corporation in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

These interim financial statements have been prepared in accordance with the same accounting policies and methods as the audited annual consolidated financial statements for the year ended April 26, 2020, except for the new accounting policy disclosed below. The interim financial statements do not include all the information required for complete financial statements and should be read in conjunction with the audited annual consolidated financial statements and notes thereto in the Corporation’s 2020 Annual Report. The results of operations for the interim periods presented do not necessarily reflect results expected for the full fiscal year. The Corporation’s business follows a seasonal pattern. The busiest period is generally the first half-year of each fiscal year, which includes summer’s sales.

On September 1, 2020, the Corporation’s interim financial statements were approved by the Board of Directors.

2. ACCOUNTING POLICIES

Use of estimates and judgments

In response to the effects of the COVID-19 pandemic, the Corporation continued to assess the uncertainties surrounding the crisis and its potential impact on the carrying amount of its assets and liabilities. This assessment, which required the use of significant judgments and estimates, had no material impact on the Corporation’s interim financial statements for the 12-week period ended July 19, 2020. The Corporation will continue to closely monitor the impact of COVID-19 as it continues to develop during its fiscal year ending April 25, 2021. Further information on significant accounting judgments and estimates is detailed in Note 3 of the audited annual consolidated financial statements presented in the Corporation’s 2020 Annual Report.

New accounting policy adopted during the current year

Definition of a business

On April 27, 2020, the Corporation adopted the amendments to the guidance in IFRS 3 *Business combinations*, which revise the definition of a business. These amendments introduce an optional concentration test that, if met, leads to the conclusion that the group of assets acquired is not a business and that no further assessment is needed. To be considered a business, an acquisition must include an input and a substantive process that together significantly contribute to the ability to create outputs. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. The Corporation applied these amendments to business combinations and asset acquisitions for which the acquisition date was on or after April 27, 2020.

3. BUSINESS ACQUISITIONS

During the 12-week period ended July 19, 2020, the Corporation acquired one company-operated store for which it leases the land and the building. This transaction was settled for a total consideration of \$0.3 using available cash and existing credit facilities and generated goodwill for an amount of \$0.2.

For the 12-week period ended July 19, 2020, acquisition costs of \$3.9 in connection with this acquisition and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

On August 24, 2020, subsequent to the end of the first quarter of fiscal 2021, the Corporation acquired 10 company-operated stores from Wadsworth Oil Company of Clanton, Inc., all located in Alabama, within the United States. The Corporation owns the land and building for 9 locations and leases the land and building for the remaining location. This transaction was settled for a total consideration of approximately \$43.0 using available cash and existing credit facilities and was concluded in order to expand the Corporation’s market share.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(in millions of US dollars, except per share and stock option data, or unless otherwise noted)

4. ASSET EXCHANGE AGREEMENT

On December 17, 2018, the Corporation entered into an asset exchange agreement with CrossAmerica Partners LP ("CAPL") which aimed at exchanging 192 of the Circle K U.S. stores against the real estate property held by CAPL for 56 U.S. company-operated stores leased and operated by the Corporation pursuant to a master lease that CAPL had previously purchased jointly with or from CST Brands Inc., and 17 company-operated stores owned and operated by CAPL in the U.S. Upper Midwest (the "December 2018 asset exchange agreement"). The aggregate value of this agreement will total approximately \$185.0.

During the 12-week period ended July 19, 2020, the Corporation closed the fifth transaction of the December 2018 asset exchange agreement with CAPL. In this fifth transaction, the Corporation transferred 29 Circle K U.S. stores for a total value of approximately \$32.0. In exchange, CAPL transferred the real estate for 13 properties of an equivalent value. The fifth transaction resulted in a gain of \$8.6 which is included in (Gain) loss on disposal of property and equipment and other assets in the consolidated statement of earnings.

The following table presents the remaining assets of this agreement and their associated liabilities classified as held for sale:

	<u>As at July 19, 2020</u>
	\$
Assets	
Property and equipment	11.9
Right-of-use assets	1.8
Goodwill	6.8
	<u>20.5</u>
Liabilities	
Lease liabilities	1.6
Provisions	1.0
	<u>2.6</u>

5. INVESTMENTS IN FIRE & FLOWER HOLDINGS CORP. ("FIRE & FLOWER")

On April 28, 2020, the Corporation invested an additional amount of CA \$2.5 (\$1.8) in Fire & Flower, a leading independent cannabis retailer listed on the Toronto Stock Exchange and based in Alberta, Canada. This investment is composed of the following:

- Secured convertible debentures which bear interest at an annual rate of 8% and mature on June 1, 2021 ("April 2020 debentures"), unless the unsecured convertible debentures described in Note 7 of the audited annual consolidated financial statements presented in the Corporation's 2020 Annual Report ("August 2019 debentures") are converted and the Series A Warrants are exercised, then the April 2020 debentures maturity date would be extended to April 28, 2022. Interests are payable semi-annually on June 30 and December 31. At the option of the Corporation, the April 2020 debentures can be converted into common shares of Fire & Flower, at a conversion price of CA \$0.50, at any time between the issuance and the maturity date. As at July 19, 2020, the August 2019 debentures and the April 2020 debentures were not converted.
- Additional common share purchase warrants which consist of Series A Warrants, Series B Warrants and Series C Warrants, which have the same terms and conditions as described in Note 7 of the audited annual consolidated financial statements presented in the Corporation's 2020 Annual Report. As at July 19, 2020, no common share purchase warrants were exercised.

This additional investment does not significantly impact, on a fully diluted basis, the potential interests of the Corporation in Fire & Flower which are described in Note 7 of the audited annual consolidated financial statements presented in the Corporation's 2020 Annual Report.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(in millions of US dollars, except per share and stock option data, or unless otherwise noted)

The estimated fair value at initial recognition for the April 2020 debentures and the additional common share purchase warrants differed from the transaction price. As further described below, such fair values were evidenced by entity-specific inputs and not solely by a quoted price in an active market for an identical asset or liability or by a valuation technique that uses only data from observable markets. Such estimated fair values are thus Level 3 measurements. Therefore, the initial measurement of these financial assets was adjusted to defer the difference between the fair value at initial recognition and the transaction price. Since these differences stem mainly from the time component input of each valuation model, such initial differences will be recognized gradually over the expected life of each asset using the straight-line method.

The table below shows the amounts related to the August 2019 debentures, April 2020 debentures and common share purchase warrants presented on the consolidated balance sheets:

	Estimated fair value of the convertible debentures	Estimated fair value of the common share purchase warrants	Estimated total fair value of the financial assets	Deferred differences	Net carrying amount
	\$	\$	\$	\$	\$
Balance, beginning of period	18.5	10.1	28.6	(13.8)	14.8
Additional investment	2.6	2.1	4.7	(2.9)	1.8
Revenues (expenses) recognized to Net financial expenses	1.5	5.3	6.8	(3.9)	2.9
Effect of exchange rate variations	0.7	0.5	1.2	(0.6)	0.6
Balance, end of period	23.3	18.0	41.3	(21.2)	20.1

The following key unobservable inputs were used in establishing the fair value of these financial assets and there were no changes in the valuation techniques described in Note 7 of the audited annual consolidated financial statements presented in the Corporation's 2020 Annual Report:

	As at July 19, 2020	As at April 26, 2020, and as at April 28, 2020
Expected volatility ^(a)	80%	85%
Credit spread over Government of Canada rate (applicable solely to the convertible debentures) ^(b)	35%	35%

(a) Expected volatility

Sensitivity to volatility stems mainly from the limited availability of Fire & Flower historical data given that it is listed on the Toronto Stock Exchange since February 2019, as well as the emerging market in which it operates.

As at April 28, 2020, with all other variables held constant, a 5% increase or decrease in the expected volatility would not have had a significant impact on the fair value of the April 2020 debentures and of the additional common share purchase warrants.

As at July 19, 2020, with all other variables held constant, a 5% increase or decrease in the expected volatility would not have had a significant impact on the fair value of the convertible debentures.

As at July 19, 2020, with all other variables held constant, a 5% increase in the expected volatility would have increased by \$3.5 the fair value of the common share purchase warrants. As at the same date, a 5% decrease in the expected volatility would have decreased by \$3.2 the fair value of the common share purchase warrants.

(b) Credit spread

Sensitivity to credit spread stems mainly from the nature of the financial instruments issued as well as the emerging market in which Fire & Flower operates.

As at April 28, 2020, with all other variables held constant, a 5% increase or decrease in the credit spread would not have had a significant impact on the fair value of the April 2020 debentures.

As at July 19, 2020, with all other variables held constant, a 5% increase or decrease in the credit spread would not have had a significant impact on the fair value of the convertible debentures.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(in millions of US dollars, except per share and stock option data, or unless otherwise noted)

Valuation process

The Corporation performs the valuations of its financial instruments required for financial reporting purposes, including Level 3 fair values. Changes in Level 2 and Level 3 fair values are analyzed at the end of each reporting period by the Corporation and reports explaining the reasons for the fair value movements are presented to the Corporation's management.

On July 23, 2020, subsequent to the end of the first quarter of fiscal 2021, amendments to the August 2019 debentures, April 2020 debentures and common share purchase warrants were announced. As at September 1, 2020, these amendments are still subject to customary conditions precedent and regulatory approvals and mainly consist of the following:

- The August 2019 debentures conversion price would be modified from CA \$1.07 to the lesser of (i) the 20-day volume weighted average price of the Fire & Flower common shares on the last trading day prior to the Corporation delivering a notice of its intention to convert; and (ii) CA \$0.90. The maturity date of the August 2019 debentures would also be extended at the latest to June 30, 2023. The maturity date could vary, provided the occurrence or non-occurrence of certain events.
- The April 2020 debentures maturity date would be extended to June 1, 2022, and Fire & Flower could elect to add any interest accrued and payable to the principal amount of these debentures.
- The Series A Warrants would be broken down into three categories and the commitments described below would take effect on the same date as the amendments become effective:
 - The Series A-1 Warrants, for which the Corporation would be committed to exercise, at an amended price, no later than the date which is three business days following the date the amendments become effective;
 - The Series A-2 Warrants, for which the Corporation would be committed to exercise, at an amended price, no later than December 31, 2020; and
 - The Series A-3 Warrants, which would be exercisable, at an amended price, at the Corporation's option and which would expire on June 30, 2021.
- The Series B Warrants would only be exercisable, at an amended price, at any time after January 1, 2022, and would expire on September 30, 2022.
- The Series C Warrants would only be exercisable, at an amended price, at any time after October 1, 2022, and would expire on June 30, 2023.

6. INVENTORIES

For the 12-week period ended July 19, 2020, reversals of write-down of road transportation fuel inventories to net realizable value of \$9.1 were recorded in Cost of sales on the consolidated statements of earnings (nil for the 12-week period ended July 21, 2019).

7. FINANCIAL EXPENSES

For the 12-week periods ended	July 19, 2020	July 21, 2019
	\$	\$
Interest on long-term debt	51.0	53.6
Interest on lease liabilities	19.5	21.9
Accretion of provisions	3.4	3.8
Interest on bank overdrafts and bank loans	—	0.7
Net interest on defined benefit plans	0.5	0.4
Other finance costs	3.3	3.6
	<u>77.7</u>	<u>84.0</u>

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(in millions of US dollars, except per share and stock option data, or unless otherwise noted)

8. LONG-TERM DEBT

	As at July 19, 2020	As at April 26, 2020
	\$	\$
US-dollar-denominated senior unsecured notes, maturing from July 2022 to January 2050	3,971.6	3,970.7
Canadian-dollar-denominated senior unsecured notes, maturing from August 2020 to June 2025 ^(a)	1,433.7	1,384.8
Euro-denominated senior unsecured notes, maturing in May 2026	853.8	806.8
NOK-denominated senior unsecured notes, maturing in February 2026	72.5	63.3
US-dollar-denominated term revolving unsecured operating credit D, maturing in December 2024 ^(b)	—	1,500.0
Other debts	4.8	4.9
	6,336.4	7,730.5
Current portion of long-term debt	222.3	214.7
Long-term portion of long-term debt	6,114.1	7,515.8

(a) Canadian-dollar-denominated senior unsecured notes

On August 21, 2020, subsequent to the end of the first quarter of fiscal 2021, the Corporation fully repaid, at maturity, its CA \$300.0 (\$227.1) Canadian-dollar-denominated senior unsecured notes issued on August 21, 2013.

(b) US-dollar-denominated term revolving unsecured operating credit D

As at July 19, 2020, the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

9. NET EARNINGS PER SHARE

The following table presents the information for the computation of basic and diluted net earnings per share:

	12-week period ended July 19, 2020			12-week period ended July 21, 2019		
	Net earnings	Weighted average number of shares (in millions)	Net earnings per share	Net earnings	Weighted average number of shares (in millions)	Net earnings per share
	\$		\$	\$		\$
Basic net earnings attributable to Class A and B shareholders	777.1	1,112.8	0.70	538.8	1,128.4	0.48
Dilutive effect of stock options	—	1.4	—	—	1.7	—
Diluted net earnings attributable to Class A and B shareholders	777.1	1,114.2	0.70	538.8	1,130.1	0.48

When they have an antidilutive effect, stock options must be excluded from the calculation of the diluted net earnings per share. For the 12-week periods ended July 19, 2020, and July 21, 2019, 462,040 and 246,668 stock options were excluded, respectively.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(in millions of US dollars, except per share and stock option data, or unless otherwise noted)

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Attributable to shareholders of the Corporation					
	Cumulative translation adjustments ^(a)	Net investment hedge ^(a)	Cash flow hedge ^(a)	Cumulative net actuarial loss ^(b)	Investments in equity instruments measured at fair value through Other comprehensive income ^(b)	Accumulated other comprehensive loss
	\$	\$	\$	\$	\$	\$
12-week period ended July 19, 2020						
Balance, beginning of period	(764.9)	(451.0)	(3.7)	(27.3)	(14.0)	(1,260.9)
Other comprehensive income	246.7	39.3	2.0	5.3	21.5	314.8
Balance, end of period	(518.2)	(411.7)	(1.7)	(22.0)	7.5	(946.1)
12-week period ended July 21, 2019						
Balance, beginning of period	(496.1)	(348.2)	(8.3)	(4.0)	—	(856.6)
Other comprehensive income (loss)	42.9	21.5	(0.2)	(1.8)	(0.2)	62.2
Balance, end of period	(453.2)	(326.7)	(8.5)	(5.8)	(0.2)	(794.4)

(a) May be reclassified subsequently to earnings.

(b) Will never be reclassified to earnings.

11. CAPITAL STOCK

Issued and outstanding shares

As at July 19, 2020, the Corporation had 253,803,700 issued and outstanding Class A multiple-voting shares (253,803,700 as at April 26, 2020), with each share comprising 10 votes, and 859,144,568 issued and outstanding Class B subordinate voting shares (858,887,850 as at April 26, 2020), with each share comprising 1 vote.

During fiscal 2020, the Board of Directors approved a two-for-one split of all the Corporation's issued and outstanding Class A multiple-voting shares and Class B subordinate voting shares which occurred on September 27, 2019. Therefore, for the 12-week period ended July 21, 2019, and as at July 21, 2019, all share and per-share information in these interim financial statements have been adjusted retroactively to reflect this share split.

Stock options

For the 12-week period ended July 19, 2020, a total of 271,758 stock options were exercised (56,528 for the 12-week period ended July 21, 2019). For the 12-week period ended July 19, 2020, a total of 215,372 stock options were granted (246,668 for the 12-week period ended July 21, 2019).

The description of the Corporation's stock-based compensation plan is included in Note 28 of the audited annual consolidated financial statements presented in the Corporation's 2020 Annual Report.

The fair value of stock options granted for the 12-week period ended July 19, 2020, was CA \$16.90 per option, which was estimated at the grant date using the Black-Scholes option pricing model on the basis of the following assumptions:

- Expected annual dividend of CA 28.0¢ per share;
- Expected volatility of 35%;
- Risk-free interest rate of 0.46%;
- Expected life of 8 years.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(in millions of US dollars, except per share and stock option data, or unless otherwise noted)

12. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States, in Europe and in Canada. It operates in one reportable segment, the sale of goods for immediate consumption, road transportation fuel and other products mainly through company-operated and franchised stores. The Corporation operates its convenience store chain under various banners, including Circle K, Corner Store, Couche-Tard, Holiday, Ingo and Mac's. Revenues from external customers mainly fall into three categories: merchandise and services, road transportation fuel and other.

Information on the principal revenue categories as well as geographic information is as follows:

	12-week period ended July 19, 2020				12-week period ended July 21, 2019			
	United States	Europe	Canada	Total	United States	Europe	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
External customer revenues^(a)								
Merchandise and services	2,851.4	343.2	663.2	3,857.8	2,677.1	353.1	575.6	3,605.8
Road transportation fuel	3,906.0	1,182.4	677.0	5,765.4	7,247.5	1,919.8	1,201.4	10,368.7
Other	7.5	75.2	3.9	86.6	28.6	155.1	4.8	188.5
	6,764.9	1,600.8	1,344.1	9,709.8	9,953.2	2,428.0	1,781.8	14,163.0
Gross profit								
Merchandise and services	988.3	139.2	210.5	1,338.0	909.0	146.5	189.5	1,245.0
Road transportation fuel	812.5	236.5	81.7	1,130.7	695.6	222.2	81.5	999.3
Other	7.5	30.9	3.9	42.3	28.6	31.3	4.8	64.7
	1,808.3	406.6	296.1	2,511.0	1,633.2	400.0	275.8	2,309.0
Total long-term assets^(b)	13,232.0	3,863.7	2,486.2	19,581.9	14,040.9	3,926.1	2,596.6	20,563.6

(a) Geographic areas are determined according to where the Corporation generates operating income (where the sale takes place) and according to the location of the long-term assets.

(b) Excluding financial instruments, deferred tax assets and post-employment benefit assets.

13. FAIR VALUE

The fair value of trade accounts receivable and vendor rebates receivable, credit and debit cards receivable and accounts payable and accrued liabilities is comparable to their carrying amounts given their short maturity. The carrying value of the term revolving unsecured operating credit D approximate its fair value given that its credit spread is similar to the credit spread the Corporation would obtain under similar conditions at the reporting date.

The estimated fair value of each class of financial instruments, the methods and assumptions that were used to determine them and their fair value hierarchy are as follows:

Financial instruments at fair value on the consolidated balance sheets:

- The fair value of the indexed deposit contract, which is mainly based on the fair market value of the Corporation's Class B shares, was \$64.4 as at July 19, 2020 (\$52.7 as at April 26, 2020) (Level 2). As at July 19, 2020, it is presented as Accounts receivable for an amount of \$19.7 (\$18.3 as at April 26, 2020) and Other assets for an amount of \$44.7 (\$34.4 as at April 26, 2020) on the consolidated balance sheets;
- The fair value of the cross-currency interest rate swaps, which is determined based on market rates, was \$196.5 as at July 19, 2020 (\$237.4 as at April 26, 2020) (Level 2). They are presented as Other long-term financial liabilities on the consolidated balance sheets;
- The fair value of the investments in equity instruments, which is based on unadjusted quoted prices, was \$105.0 as at July 19, 2020 (\$78.5 as at April 26, 2020) (Level 1). They are presented as Other assets on the consolidated balance sheets; and
- The fair value of the fuel swaps, which is determined based on market rates, was nil as at July 19, 2020 (\$23.8 as at April 26, 2020) (Level 2). As at April 26, 2020, they are presented as Other short-term financial assets on the consolidated balance sheets.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(in millions of US dollars, except per share and stock option data, or unless otherwise noted)

Financial instruments not at fair value on the consolidated balance sheets:

- The table below presents the fair value, which is based on unadjusted quoted prices (Level 1) or on observable market data (Level 2), and the carrying value of the Corporation's senior unsecured notes which are not measured at fair value on the consolidated balance sheets:

	As at July 19, 2020		As at April 26, 2020	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
US-dollar-denominated senior unsecured notes (Level 2)	3,971.6	4,306.6	3,970.7	4,026.3
Canadian-dollar-denominated senior unsecured notes (Level 1)	1,433.7	1,521.7	1,384.8	1,436.9
Euro-denominated senior unsecured notes (Level 2)	853.8	903.8	806.8	795.6
NOK-denominated senior unsecured notes (Level 2)	72.5	81.8	63.3	68.5

- See Note 5 for information on the measurement of the investments in Fire & Flower.

14. SUBSEQUENT EVENT

Dividends

During its September 1, 2020 meeting, the Board of Directors declared a quarterly dividend of CA 7.0¢ per share for the first quarter of fiscal 2021 to shareholders on record as at September 11, 2020, and approved its payment for September 25, 2020. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).