

# Q2 2022

**ALIMENTATION COUCHE-TARD INC.**

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 and 24-week periods ended October 10, 2021



## Consolidated Statements of Earnings

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

For the periods ended	12 weeks		24 weeks	
	October 10, 2021	October 11, 2020	October 10, 2021	October 11, 2020
	\$	\$	\$	\$
<b>Revenues</b>	<b>14,219.7</b>	10,655.4	<b>27,798.6</b>	20,365.2
Cost of sales, excluding depreciation, amortization and impairment (Note 1)	<b>11,631.5</b>	8,193.3	<b>22,610.4</b>	15,414.5
Operating, selling, administrative and general expenses (Note 1)	<b>1,321.3</b>	1,171.1	<b>2,599.4</b>	2,319.7
Loss (gain) on disposal of property and equipment and other assets	<b>3.2</b>	(35.1)	<b>(34.1)</b>	(43.9)
Depreciation, amortization and impairment	<b>325.7</b>	305.8	<b>640.0</b>	595.3
<b>Operating income</b>	<b>938.0</b>	1,020.3	<b>1,982.9</b>	2,079.6
Share of earnings of joint ventures and associated companies	<b>11.6</b>	7.5	<b>11.7</b>	16.0
Financial expenses (Note 5)	<b>82.1</b>	73.3	<b>167.8</b>	151.0
Financial revenues	<b>(9.9)</b>	(5.0)	<b>(12.7)</b>	(13.1)
Foreign exchange (gain) loss	<b>(4.9)</b>	8.9	<b>(13.5)</b>	27.3
<b>Net financial expenses</b>	<b>67.3</b>	77.2	<b>141.6</b>	165.2
Earnings before income taxes	<b>882.3</b>	950.6	<b>1,853.0</b>	1,930.4
Income taxes	<b>187.5</b>	193.6	<b>393.8</b>	396.3
<b>Net earnings</b>	<b>694.8</b>	757.0	<b>1,459.2</b>	1,534.1
Net earnings per share (Note 7)				
Basic	<b>0.65</b>	0.68	<b>1.36</b>	1.38
Diluted	<b>0.65</b>	0.68	<b>1.36</b>	1.38
Weighted average number of shares – basic (in millions)	<b>1,070.9</b>	1,112.9	<b>1,072.0</b>	1,112.9
Weighted average number of shares – diluted (in millions)	<b>1,072.5</b>	1,114.4	<b>1,073.4</b>	1,114.3
Number of shares outstanding at the end of period (in millions)	<b>1,064.8</b>	1,112.9	<b>1,064.8</b>	1,112.9

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 periods ended	12 weeks		24 weeks	
	October 10, 2021	October 11, 2020	October 10, 2021	October 11, 2020
	\$	\$	\$	\$
<b>Net earnings</b>	<b>694.8</b>	757.0	<b>1,459.2</b>	1,534.1
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to earnings</b>				
<b>Translation adjustments</b>				
Change in cumulative translation adjustments <sup>(1)</sup>	8.9	73.2	(94.8)	319.9
Change in fair value and net interest on cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in some of its foreign operations <sup>(2)</sup>	11.9	49.2	(2.4)	88.5
<b>Cash flow hedges</b>				
Change in fair value of financial instruments <sup>(2)</sup>	0.6	0.2	5.7	2.9
Gain realized on financial instruments transferred to earnings <sup>(2)</sup>	(0.2)	(0.1)	(0.8)	(0.8)
<b>Items that will never be reclassified to earnings</b>				
Net actuarial (loss) gain <sup>(3)</sup>	(1.9)	4.5	1.4	9.8
Gain (loss) on investments in equity instruments measured at fair value through Other comprehensive income <sup>(4)</sup>	1.6	(9.5)	0.1	12.0
Other comprehensive income (loss)	20.9	117.5	(90.8)	432.3
<b>Comprehensive income</b>	<b>715.7</b>	874.5	<b>1,368.4</b>	1,966.4

- (1) For the 12 and 24-week periods ended October 10, 2021, these amounts include a gain of \$22.0 (net of income taxes of \$3.3) and a gain of \$17.3 (net of income taxes of \$2.6), respectively. For the 12 and 24-week periods ended October 11, 2020, these amounts include a gain of \$54.5 (net of income taxes of \$8.3) and a gain of \$130.4 (net of income taxes of \$19.9), respectively. These gains arise from the translation of long-term debts denominated in foreign currencies and designated as net investment hedges in some of the Corporation's foreign operations.
- (2) For the 12 and 24-week periods ended October 10, 2021, these amounts are net of income tax expenses of \$0.9 and \$3.7, respectively. For the 12 and 24-week periods ended October 11, 2020, these amounts are net of income tax expenses of \$0.1 and \$0.9, respectively.
- (3) For the 12 and 24-week periods ended October 10, 2021, these amounts are net of income tax (recoveries) expenses of \$(0.5) and \$0.3, respectively. For the 12 and 24-week periods ended October 11, 2020, these amounts are net of income tax expenses of \$1.2 and \$2.5, respectively.
- (4) For the 12 and 24-week periods ended October 10, 2021, these amounts are net of income tax expenses (recoveries) of \$0.3 and \$(1.2), respectively. For the 12 and 24-week periods ended October 11, 2020, these amounts are net of income tax recoveries of \$1.2 and income taxes of 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 24-week period ended	October 10, 2021				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 8)	Equity
	\$	\$	\$	\$	\$
<b>Balance, beginning of period</b>	670.6	23.6	12,017.8	(531.1)	12,180.9
Comprehensive income:					
Net earnings			1,459.2		1,459.2
Other comprehensive loss				(90.8)	(90.8)
					<u>1,368.4</u>
Share repurchases (Note 9)	(11.8)		(525.9)		(537.7)
Dividends declared			(147.2)		(147.2)
Stock option-based compensation expense		1.7			1.7
<b>Balance, end of period</b>	<b>658.8</b>	<b>25.3</b>	<b>12,803.9</b>	<b>(621.9)</b>	<b>12,866.1</b>

  

For the 24-week period ended	October 11, 2020				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 8)	Equity
	\$	\$	\$	\$	\$
<b>Balance, beginning of period</b>	694.8	21.4	10,611.3	(1,260.9)	10,066.6
Comprehensive income:					
Net earnings			1,534.1		1,534.1
Other comprehensive income				432.3	432.3
					<u>1,966.4</u>
Dividends declared			(116.7)		(116.7)
Stock option-based compensation expense		3.4			3.4
Exercise of stock options	2.5	(2.3)			0.2
<b>Balance, end of period</b>	<b>697.3</b>	<b>22.5</b>	<b>12,028.7</b>	<b>(828.6)</b>	<b>11,919.9</b>

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 periods ended	12 weeks		24 weeks	
	October 10, 2021	October 11, 2020	October 10, 2021	October 11, 2020
	\$	\$	\$	\$
<b>Operating activities</b>				
Net earnings	694.8	757.0	1,459.2	1,534.1
Adjustments to reconcile net earnings to net cash provided by operating activities				
Depreciation, amortization, impairment and amortization of financing costs	326.9	306.5	642.0	597.1
Loss (gain) on disposal of property and equipment and other assets	3.2	(35.1)	(34.1)	(43.9)
Deferred income taxes	29.1	23.0	53.6	42.1
Share of earnings of joint ventures and associated companies, net of dividends received	(8.0)	(3.4)	(6.9)	(7.5)
Net deferred credits	(12.9)	1.1	(11.5)	40.6
Net changes in fuel swaps	12.1	(0.2)	24.1	23.6
Change in fair value of convertible debentures and common share warrants in Fire & Flower and amortization of deferred differences (Note 4)	8.1	(1.0)	18.2	(3.9)
Early redemption premium and deemed interest on repayment of senior unsecured notes (Note 6)	—	—	(33.4)	—
Other	16.8	21.4	34.5	44.2
Changes in non-cash working capital	(151.5)	(188.5)	(14.5)	2.1
<b>Net cash provided by operating activities</b>	<b>918.6</b>	<b>880.8</b>	<b>2,131.2</b>	<b>2,228.5</b>
<b>Investing activities</b>				
Purchase of property and equipment, intangible assets and other assets	(333.7)	(273.9)	(668.2)	(486.7)
Business acquisitions and contingent consideration paid (Note 2)	(126.0)	(42.6)	(151.0)	(42.9)
Proceeds from disposal of property and equipment and other assets (Note 3)	34.8	59.5	86.4	87.8
Change in restricted cash	(7.5)	7.2	(13.2)	3.7
Investments in Fire & Flower (Note 4)	—	(7.8)	(7.9)	(9.6)
<b>Net cash used in investing activities</b>	<b>(432.4)</b>	<b>(257.6)</b>	<b>(753.9)</b>	<b>(447.7)</b>
<b>Financing activities</b>				
Share repurchases (Note 9)	(238.5)	—	(554.6)	—
Cash dividends paid	(147.2)	(116.7)	(147.2)	(116.7)
Principal elements of lease payments	(110.3)	(97.8)	(211.3)	(184.5)
Net payments on other debts	(59.9)	(0.3)	(77.6)	(0.6)
Settlements of derivative financial instruments	(0.4)	(0.2)	(3.3)	(0.3)
Repayment of senior unsecured notes (Note 6)	—	(227.1)	(994.3)	(227.1)
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs (Note 6)	—	—	990.1	—
Net decrease in term revolving unsecured operating credit facility (Note 6)	—	—	—	(1,500.0)
Exercise of stock options	—	—	—	0.2
<b>Net cash used in financing activities</b>	<b>(556.3)</b>	<b>(442.1)</b>	<b>(998.2)</b>	<b>(2,029.0)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(12.5)	39.0	(34.3)	96.6
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(82.6)</b>	<b>220.1</b>	<b>344.8</b>	<b>(151.6)</b>
Cash and cash equivalents, beginning of period	3,443.2	3,269.8	3,015.8	3,641.5
Cash and cash equivalents, end of period	3,360.6	3,489.9	3,360.6	3,489.9
<b>Supplemental information:</b>				
Interest and early redemption premium paid (Note 6)	84.6	104.3	173.9	163.3
Interest and dividends received	6.9	8.0	10.7	18.4
Income taxes paid	164.5	188.1	257.2	302.6

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 October 10, 2021	As at April 25, 2021
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	3,360.6	3,015.8
Restricted cash	16.6	3.4
Accounts receivable	2,057.0	1,771.7
Inventories	1,887.3	1,767.6
Prepaid expenses	137.5	111.7
Assets held for sale (Note 3)	291.1	335.1
Other short-term financial assets (Note 11)	8.4	11.0
Income taxes receivable	85.7	105.6
	<b>7,844.2</b>	<b>7,121.9</b>
Property and equipment	10,943.7	10,870.1
Right-of-use assets	3,148.4	3,069.1
Intangible assets	694.7	716.9
Goodwill	6,004.7	5,946.3
Other assets	440.7	389.7
Other long-term financial assets (Note 4)	1.9	20.1
Investments in joint ventures and associated companies	215.4	199.8
Deferred income taxes	58.7	60.6
	<b>29,352.4</b>	<b>28,394.5</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	4,273.3	3,994.3
Short-term provisions	128.7	154.6
Other short-term financial liabilities (Note 11)	42.8	26.6
Income taxes payable	215.5	155.6
Liabilities associated with assets held for sale (Note 3)	68.8	91.9
Current portion of long-term debt (Note 6)	1.5	1,107.3
Current portion of lease liabilities	407.3	419.4
	<b>5,137.9</b>	<b>5,949.7</b>
Long-term debt (Note 6)	6,229.6	5,282.6
Lease liabilities	2,882.3	2,792.7
Long-term provisions	623.7	631.0
Pension benefit liability	98.9	98.1
Other long-term financial liabilities (Note 11)	80.0	79.6
Deferred credits and other liabilities	261.8	251.3
Deferred income taxes	1,172.1	1,128.6
	<b>16,486.3</b>	<b>16,213.6</b>
<b>Equity</b>		
Capital stock (Note 9)	658.8	670.6
Contributed surplus	25.3	23.6
Retained earnings	12,803.9	12,017.8
Accumulated other comprehensive loss (Note 8)	(621.9)	(531.1)
	<b>12,866.1</b>	<b>12,180.9</b>
	<b>29,352.4</b>	<b>28,394.5</b>

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 25, 2021. 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 2021 Annual Report (the “fiscal 2021 consolidated financial statements”). 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 sales.

On November 23, 2021, the Corporation’s interim financial statements were approved by the Board of Directors.

### Comparative figures

#### *Classification of internal logistics costs*

During the fiscal year ended April 25, 2021, the Corporation changed its classification of internal logistics costs, which were previously included in Operating, selling, administrative and general expenses, and are now included in Cost of sales, excluding depreciation, amortization and impairment in the consolidated statements of earnings. This classification change was applied retroactively and the comparative figures for the 12 and 24-week periods ended October 11, 2020 were adjusted to reflect this change which had no impact on net earnings and net earnings per share.

The table below shows, for the impacted line items only, the previously published figures, the adjustments stemming from this change and the adjusted figures:

	12-week period ended October 11, 2020			24-week period ended October 11, 2020		
	Published	Adjustments	Adjusted	Published	Adjustments	Adjusted
	\$	\$	\$	\$	\$	\$
Cost of sales, excluding depreciation, amortization and impairment	8,170.0	23.3	8,193.3	15,368.8	45.7	15,414.5
Operating, selling, administrative and general expenses	1,194.4	(23.3)	1,171.1	2,365.4	(45.7)	2,319.7

## 2. BUSINESS ACQUISITIONS

During the 24-week period ended October 10, 2021, the Corporation acquired 36 company-operated stores, including the acquisition of 35 stores operating under the Porter’s brand and located in the United States. As a result of these acquisitions, the Corporation owns the land and the building for 14 sites, leases the land and the building for 21 sites and owns the building while leasing the land for the remaining site. These transactions were settled for a total consideration of \$126.0 using available cash and existing credit facilities. For the 24-week period ended October 10, 2021, acquisition costs of \$2.6 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

## 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 Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed and the goodwill given the timing of these acquisitions. The preliminary estimates of the fair value of the assets acquired and the liabilities assumed for these acquisitions, based on the estimated fair value on the date of acquisition and available information as at the date of the publication of these interim financial statements, are as follows:

	\$
Identifiable assets acquired	
Inventories	2.6
Prepaid expenses	0.1
Property and equipment	41.7
Right-of-use assets	17.8
<u>Total identifiable assets</u>	<u>62.2</u>
Liabilities assumed	
Provisions	0.9
Lease liabilities	17.8
<u>Total liabilities assumed</u>	<u>18.7</u>
<u>Net identifiable assets acquired</u>	<u>43.5</u>
Goodwill	82.5
<u>Total cash consideration paid</u>	<u>126.0</u>

These acquisitions were concluded in order to expand the Corporation's market share and generated goodwill mainly due to the strategic value of stores acquired for the Corporation. The Corporation expects that almost all of the goodwill related to these transactions will be deductible for tax purposes. Since the date of acquisition, revenues and net earnings from these stores were not significant to the Corporation. Considering the size and the nature of these acquisitions, the available financial information does not allow for the accurate disclosure of pro forma revenues and net earnings had the Corporation concluded these acquisitions at the beginning of its fiscal year. In addition, during the first quarter of fiscal 2022, the Corporation paid a contingent consideration of \$25.0 in relation with a previous business acquisition.

On July 30, 2021, the Corporation entered into a binding agreement to acquire Cape D'Or Holdings Limited, Barrington Terminals Limited and other related holding entities, which operate an independent convenience store and fuel network in Atlantic Canada under the Esso, Go! Stores and Wilsons Gas Stops brands ("Wilson's"). The Wilson's network comprises 79 company-operated convenience retail and fuel locations, 147 dealer locations, and a fuel terminal in Halifax, Canada. The transaction, which would be financed using the Corporation's available cash and/or existing credit facilities, is expected to close in the first half of calendar year 2022 and is subject to customary closing conditions and regulatory approvals, including those under the *Competition Act* (Canada).

On September 9, 2021, the Corporation entered into a binding agreement to acquire 10 company-operated stores, operating under the Londis brand and located in Ireland. The transaction is expected to close in the third quarter of fiscal 2022.

### 3. DISPOSAL OF BUSINESS

On March 22, 2021, the Corporation announced its intention to sell certain sites across 28 states in the United States and 6 provinces in Canada. The decision to dispose of these sites was based on the outcome of a strategic review of the Corporation's network. As at October 10, 2021, 261 sites in the United States and 36 sites in Canada met the criteria for classification as held for sale, including 210 sites already subject to multiple sales agreements with various buyers. The following assets and liabilities were classified as held for sale as at October 10, 2021:

	\$
<b>Assets</b>	
Inventory	37.1
Property and equipment	124.7
Right-of-use assets	63.0
Intangible assets	0.8
Goodwill	65.5
	<u>291.1</u>
<b>Liabilities</b>	
Lease liabilities	60.1
Provisions	8.7
	<u>68.8</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)

During the first quarter of fiscal 2022, the Corporation completed the sale of 48 sites located in Oklahoma, within the United States, to Casey's General Stores Inc. for cash consideration of \$40.3. The transaction resulted in a gain of \$13.6, which is included in Loss (gain) on disposal of property and equipment and other assets in the consolidated statement of earnings. The assets and the liabilities related to those sites were classified as held for sale starting March 22, 2021.

### 4. INVESTMENTS IN FIRE & FLOWER HOLDINGS CORP. ("FIRE & FLOWER")

#### Convertible debentures and common share warrants

During the first quarter of fiscal 2022, the Corporation exercised the Series A-3 Warrants for cash consideration of CA \$9.8 (\$7.9).

The Corporation continues to own convertible debentures and common share warrants for which there were no changes to the valuation techniques described in Note 7 of the fiscal 2021 consolidated financial statements (Level 3). Expected volatility is the key unobservable input which was used in establishing their fair value and fluctuation of that input stems mainly from the developing market in which Fire & Flower operates. As at October 10, 2021, with all other variables held constant, a 5% increase or decrease in the 70% expected volatility used would not have had a significant impact on the fair value of the convertible debentures and common share warrants.

The table below shows the amounts related to the convertible debentures and common share warrants presented on the consolidated balance sheets:

	Estimated fair value of the convertible debentures	Estimated fair value of the common share warrants	Estimated total fair value of the financial assets	Deferred differences	Net carrying amount
	\$	\$	\$	\$	\$
<b>24-week period ended October 10, 2021</b>					
Balance, beginning of period	3.0	37.0	40.0	(18.6)	21.4
Loss recognized to Other finance costs (Note 5)	(0.5)	(27.0)	(27.5)	9.3	(18.2)
Exercise of common share warrants	—	(1.4)	(1.4)	—	(1.4)
Effect of exchange rate variations	—	0.1	0.1	—	0.1
<b>Balance, end of period</b>	<b>2.5</b>	<b>8.7</b>	<b>11.2</b>	<b>(9.3)</b>	<b>1.9</b>

The Corporation performs the valuations of its financial instruments required for financial reporting purposes, including Level 2 and 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.

#### Significant influence

The Corporation assessed that its currently existing and potential voting rights continued to provide significant influence over Fire & Flower. The accounting periods of Fire & Flower, which is a publicly traded company, do not coincide with the Corporation's accounting periods, therefore the Corporation used Fire & Flower's financial statements for the reporting period ended July 31, 2021, adjusted to reflect significant transactions, if any, in applying the equity method of accounting for the 24-week period ended October 10, 2021.

### 5. FINANCIAL EXPENSES

For the periods ended	12 weeks		24 weeks	
	October 10, 2021	October 11, 2020	October 10, 2021	October 11, 2020
	\$	\$	\$	\$
Interest on long-term debt	50.0	48.1	101.5	99.1
Interest on lease liabilities	19.6	20.6	39.3	40.1
Accretion of provisions	3.4	3.6	6.9	7.0
Other finance costs	9.1	1.0	20.1	4.8
	<b>82.1</b>	<b>73.3</b>	<b>167.8</b>	<b>151.0</b>

## 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)

### 6. LONG-TERM DEBT

	As at October 10, 2021	As at April 25, 2021
	\$	\$
US-dollar-denominated senior unsecured notes, maturing from July 2027 to May 2051 <sup>(a)</sup>	3,966.0	4,002.9
Canadian-dollar-denominated senior unsecured notes, maturing from November 2022 to June 2025	1,314.2	1,319.1
Euro-denominated senior unsecured notes, maturing in May 2026	865.0	902.0
NOK-denominated senior unsecured notes, maturing in February 2026	78.7	80.8
Other debts	7.2	85.1
	<b>6,231.1</b>	<b>6,389.9</b>
Current portion of long-term debt	1.5	1,107.3
Long-term portion of long-term debt	<b>6,229.6</b>	<b>5,282.6</b>

#### (a) US-dollar-denominated senior unsecured notes

On May 13, 2021, the Corporation issued US-dollar-denominated senior unsecured notes totaling \$1,000.0, consisting of the following:

	Principal amount	Maturity	Coupon rate	Effective rate	Interest payment dates
May 13, 2021 issuance	\$650.0	May 13, 2041	3.439%	3.503%	May 13 <sup>th</sup> and November 13 <sup>th</sup>
May 13, 2021 Green Bonds issuance	\$350.0	May 13, 2051	3.625%	3.687%	May 13 <sup>th</sup> and November 13 <sup>th</sup>

An amount equal to the \$346.1 net proceeds of the \$350.0 Green Bonds tranche will be used to finance projects that contribute to environmental sustainability.

A portion of these \$1,000.0 US-dollar-denominated senior unsecured notes was subject to interest rate locks in anticipation of the issuance. On May 10, 2021, prior to their maturity, the Corporation settled all its interest rate locks and a total cumulative loss of \$2.9 was recognized to Accumulated other comprehensive loss in relation with the settlements.

On May 14, 2021, the Corporation fully repaid its \$1,000.0 US-dollar-denominated senior unsecured notes issued on July 26, 2017 and which were set to mature on July 26, 2022. The repayment was settled using the \$644.0 net proceeds from the \$650.0 US-dollar-denominated senior unsecured notes issued on May 13, 2021, as well as with cash on hand and included an early redemption premium of \$27.7. In the consolidated statement of cash flows for the 24-week period ended October 10, 2021, the repayment of \$1,027.7 is reflected in operating activities for an amount of \$33.4, representing the early redemption premium paid on May 14, 2021 and the financing costs paid on the July 26, 2017 issuance, and in financing activities for an amount of \$994.3, representing the net proceeds from the July 26, 2017 issuance.

#### Term revolving unsecured operating credit facility

As at October 10, 2021, the operating credit facility was not used and the Corporation was in compliance with the restrictive covenants and ratios imposed by the credit facility agreement. During the first quarter of fiscal 2022, the maturity of the operating credit facility was extended to May 2026.

## 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)

### 7. NET EARNINGS PER SHARE

The following tables present the information for the computation of basic and diluted net earnings per share:

	12-week period ended October 10, 2021			12-week period ended October 11, 2020		
	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	694.8	1,070.9	0.65	757.0	1,112.9	0.68
Dilutive effect of stock options	—	1.6	—	—	1.5	—
Diluted net earnings attributable to Class A and B shareholders	694.8	1,072.5	0.65	757.0	1,114.4	0.68

  

	24-week period ended October 10, 2021			24-week period ended October 11, 2020		
	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	1,459.2	1,072.0	1.36	1,534.1	1,112.9	1.38
Dilutive effect of stock options	—	1.4	—	—	1.4	—
Diluted net earnings attributable to Class A and B shareholders	1,459.2	1,073.4	1.36	1,534.1	1,114.3	1.38

When they have an antidilutive effect, stock options must be excluded from the calculation of the diluted net earnings per share. For the 12 and 24-week periods ended October 10, 2021, nil and 500,270 stock options were excluded, respectively (215,372 and 461,250 for the 12 and 24-week periods ended October 11, 2020, respectively).

### 8. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Cumulative translation adjustments <sup>(a)</sup>	Net investment hedge <sup>(a)</sup>	Cash flow hedge <sup>(a)</sup>	Cumulative net actuarial gain (loss) <sup>(b)</sup>	Investments in equity instruments measured at fair value through Other comprehensive income <sup>(b)</sup>	Accumulated other comprehensive loss
	\$	\$	\$	\$	\$	\$
<b>24-week period ended October 10, 2021</b>						
Balance, beginning of period	(257.8)	(280.6)	(8.9)	15.9	0.3	(531.1)
Other comprehensive (loss) income	(94.8)	(2.4)	4.9	1.4	0.1	(90.8)
<b>Balance, end of period</b>	<b>(352.6)</b>	<b>(283.0)</b>	<b>(4.0)</b>	<b>17.3</b>	<b>0.4</b>	<b>(621.9)</b>
<b>24-week period ended October 11, 2020</b>						
Balance, beginning of period	(764.9)	(451.0)	(3.7)	(27.3)	(14.0)	(1,260.9)
Other comprehensive income	319.9	88.5	2.1	9.8	12.0	432.3
<b>Balance, end of period</b>	<b>(445.0)</b>	<b>(362.5)</b>	<b>(1.6)</b>	<b>(17.5)</b>	<b>(2.0)</b>	<b>(828.6)</b>

(a) May be reclassified subsequently to earnings.

(b) Will never be reclassified to earnings.

# 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)

## 9. CAPITAL STOCK

### Issued and outstanding shares

As at October 10, 2021, the Corporation had 249,025,101 issued and outstanding Class A multiple-voting shares (253,803,100 as at April 25, 2021), with each share comprising 10 votes, and 815,764,575 issued and outstanding Class B subordinate voting shares (825,809,027 as at April 25, 2021), with each share comprising 1 vote.

The changes in the number of shares are as follows:

	<u>24-week period ended October 10, 2021</u>
<b>Class A multiple voting shares (in millions)</b>	
Balance, beginning of period	253.8
Conversions into Class B shares	<u>(4.8)</u>
Balance, end of period	<u>249.0</u>
<b>Class B subordinate voting shares (in millions)</b>	
Balance, beginning of period	825.8
Issued on conversions of Class A shares	4.8
Share repurchases <sup>(a)</sup>	<u>(14.8)</u>
Balance, end of period	<u>815.8</u>

#### (a) Share repurchase program

On April 21, 2021, the Toronto Stock Exchange approved the implementation of a share repurchase program, which took effect on April 26, 2021. The program allows the Corporation to repurchase up to 32,056,988 Class B subordinate voting shares, representing 4.0% of the 801,424,691 Class B subordinate voting shares of the public float issued and outstanding as at April 19, 2021. The share repurchase period will end no later than April 25, 2022. During the 12 and 24-week periods ended October 10, 2021, the Corporation repurchased 6,351,895 and 14,822,895 Class B subordinate voting shares, respectively. These repurchases were settled for amounts of \$238.5 and \$537.7, respectively. During the 24-week period ended October 10, 2021, 6,351,895 Class B subordinate voting shares were repurchased, for an amount of \$238.5, from Développements Orano Inc., a corporation controlled by Mr. Alain Bouchard, founder of the Corporation and executive chairman of its Board of Directors, which constitutes a related party transaction.

When making such repurchases, the number of Class B subordinate voting shares in circulation is reduced and the proportionate interest of all remaining shareholders in the Corporation's share capital is increased on a pro rata basis. All shares repurchased under the share repurchase program were cancelled upon their repurchase. An automatic securities purchase plan, which was pre-cleared by the Toronto Stock Exchange upon approbation of the program, is also in place and could allow a designated broker to repurchase the Corporation's shares on its behalf within parameters established by the Corporation. No automatic securities purchase plan was in effect as at October 10, 2021.

In addition, subsequent to the end of the second quarter of fiscal 2022, the Corporation repurchased 1,294,700 Class B subordinate voting shares for an amount of \$50.0.

#### Stock options

For the 12 and 24-week periods ended October 10, 2021, no stock options were exercised (nil and 271,758 for the 12 and 24-week periods ended October 11, 2020, respectively).

For the 12 and 24-week periods ended October 10, 2021, a total of nil and 284,898 stock options were granted, respectively (nil and 215,372 for the 12 and 24-week periods ended October 11, 2020, respectively). The description of the Corporation's stock-based compensation plan is included in Note 28 of the fiscal 2021 consolidated financial statements.

The fair value of stock options granted for the 24-week period ended October 10, 2021, was CA \$11.38 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 35.0¢ per share;
- Expected volatility of 26%;
- Risk-free interest rate of 1.11%; and
- 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)

## 10. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States, in Europe, in Asia 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, Couche-Tard, Holiday, Ingo and Mac's. Revenues from external customers mainly fall into three categories: merchandise and service, road transportation fuel and other.

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

	12-week period ended October 10, 2021				12-week period ended October 11, 2020			
	United States	Europe and other regions	Canada	Total	United States	Europe and other regions <sup>(c)</sup>	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>External customer revenues<sup>(a)</sup></b>								
Merchandise and service	2,754.0	580.4	644.5	3,978.9	2,736.4	394.6	629.8	3,760.8
Road transportation fuel	6,654.8	2,154.9	1,267.7	10,077.4	4,438.3	1,496.2	875.7	6,810.2
Other	11.4	147.6	4.4	163.4	9.5	69.5	5.4	84.4
	<b>9,420.2</b>	<b>2,882.9</b>	<b>1,916.6</b>	<b>14,219.7</b>	<b>7,184.2</b>	<b>1,960.3</b>	<b>1,510.9</b>	<b>10,655.4</b>
<b>External customer revenues less Cost of sales, excluding depreciation, amortization and impairment<sup>(d)</sup></b>								
Merchandise and service	932.1	222.8	208.3	1,363.2	920.3	158.6	200.7	1,279.6
Road transportation fuel	791.7	278.0	115.7	1,185.4	759.7	283.2	97.3	1,140.2
Other	11.4	23.8	4.4	39.6	9.5	27.4	5.4	42.3
	<b>1,735.2</b>	<b>524.6</b>	<b>328.4</b>	<b>2,588.2</b>	<b>1,689.5</b>	<b>469.2</b>	<b>303.4</b>	<b>2,462.1</b>
	24-week period ended October 10, 2021				24-week period ended October 11, 2020			
	United States	Europe and other regions	Canada	Total	United States	Europe and other regions <sup>(c)</sup>	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>External customer revenues<sup>(a)</sup></b>								
Merchandise and service	5,583.4	1,141.8	1,321.7	8,046.9	5,587.8	737.8	1,293.0	7,618.6
Road transportation fuel	13,118.5	3,948.5	2,405.6	19,472.6	8,344.3	2,678.6	1,552.7	12,575.6
Other	22.2	247.6	9.3	279.1	17.0	144.7	9.3	171.0
	<b>18,724.1</b>	<b>5,337.9</b>	<b>3,736.6</b>	<b>27,798.6</b>	<b>13,949.1</b>	<b>3,561.1</b>	<b>2,855.0</b>	<b>20,365.2</b>
<b>External customer revenues less Cost of sales, excluding depreciation, amortization and impairment<sup>(d)</sup></b>								
Merchandise and service	1,899.8	438.2	427.3	2,765.3	1,897.1	297.8	407.0	2,601.9
Road transportation fuel	1,596.5	524.7	223.7	2,344.9	1,565.5	519.7	179.0	2,264.2
Other	22.2	46.5	9.3	78.0	17.0	58.3	9.3	84.6
	<b>3,518.5</b>	<b>1,009.4</b>	<b>660.3</b>	<b>5,188.2</b>	<b>3,479.6</b>	<b>875.8</b>	<b>595.3</b>	<b>4,950.7</b>
<b>Total long-term assets<sup>(b)</sup></b>	<b>13,648.9</b>	<b>4,448.7</b>	<b>2,914.1</b>	<b>21,011.7</b>	<b>13,203.3</b>	<b>3,893.4</b>	<b>2,528.4</b>	<b>19,625.1</b>

(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. As at October 11, 2020, the comparative figures have been adjusted to better reflect the exclusion of financial instruments by geography.

(c) Europe and other regions include the results from operations in Asia starting December 21, 2020.

(d) For the 12-week period ended October 11, 2020, Merchandise and service was adjusted from \$931.5 to \$920.3 for the United States, from \$205.1 to \$200.7 for Canada and Road transportation fuel was adjusted from \$767.4 to \$759.7 for the United States. For the 24-week period ended October 11, 2020, Merchandise and service was adjusted from \$1,919.8 to \$1,897.1 for the United States, from \$415.6 to \$407.0 for Canada and Road transportation fuel was adjusted from \$1,579.9 to \$1,565.5 for the United States. These changes arise from the change in classification described in Note 1.

## 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)

### 11. 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 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:*

	Estimated fair value as at		Consolidated balance sheets classification	Methods and assumptions used	Fair value hierarchy
	October 10, 2021	April 25, 2021			
	\$	\$			
Share units indexed deposits - Current	22.0	18.4	Accounts receivable	Fair market value of the Corporation's Class B shares	Level 2
Share units indexed deposits - Non-current	54.1	43.5	Other assets		
Cross-currency interest rate swaps	80.0	79.6	Other long-term financial liabilities	Market rates	Level 2
Investments in equity instruments	32.6	29.2	Other assets	Unadjusted quoted prices	Level 1
Investments in equity instruments	14.7	6.0	Other assets	Entity-specific inputs	Level 3
Investments in other financial assets	20.1	—	Other assets	Entity-specific inputs	Level 3
Commodity indexed deposits	8.4	9.7	Other short-term financial assets	Market rates	Level 2
Fuel swaps	42.8	18.7	Other short-term financial liabilities	Market rates	Level 2

The table below shows the amounts related to the investments in equity instruments (Level 3) and investments in other financial assets (Level 3) presented on the consolidated balance sheets:

	Estimated fair value
	\$
<b>24-week period ended October 10, 2021</b>	
Balance, beginning of period	6.0
Purchases	22.4
Gain recognized to Financial revenues <sup>(1)</sup>	6.4
<b>Balance, end of period</b>	<b>34.8</b>

(1) Related to financial instruments still held by the Corporation as at October 10, 2021.

The valuations of those financial instruments were predominantly based on prices for similar instruments stemming from recent larger private investments in which the Corporation participated in. Sensitivity to unobservable inputs is therefore not deemed to have a significant impact on their estimated fair value as at October 10, 2021.

In addition, information on the measurement of the convertible debentures and common share warrants in Fire & Flower is presented in Note 4.

*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 October 10, 2021		As at April 25, 2021	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
US-dollar-denominated senior unsecured notes (Level 2)	3,966.0	4,257.3	4,002.9	4,257.3
Canadian-dollar-denominated senior unsecured notes (Level 1)	1,314.2	1,380.6	1,319.1	1,406.3
Euro-denominated senior unsecured notes (Level 2)	865.0	925.4	902.0	966.8
NOK-denominated senior unsecured notes (Level 2)	78.7	84.5	80.8	88.2

## 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. SUBSEQUENT EVENT

#### Dividends

During its November 23, 2021 meeting, the Board of Directors declared a quarterly dividend of CA 11.0¢ per share for the second quarter of fiscal 2022 to shareholders on record as at December 2, 2021, and approved its payment effective December 16, 2021. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).