

# Q1 2022

**ALIMENTATION COUCHE-TARD INC.**

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12-week period ended July 18, 2021



## Consolidated Statements of Earnings

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

For the 12-week periods ended	July 18, 2021	July 19, 2020 (adjusted, Note 1)
	\$	\$
<b>Revenues</b>	<b>13,578.9</b>	9,709.8
Cost of sales, excluding depreciation, amortization and impairment	10,978.9	7,221.2
Operating, selling, administrative and general expenses	1,278.1	1,148.6
Gain on disposal of property and equipment and other assets	(37.3)	(8.8)
Depreciation, amortization and impairment	314.3	289.5
<b>Operating income</b>	<b>1,044.9</b>	1,059.3
Share of earnings of joint ventures and associated companies	0.1	8.5
Financial expenses (Note 6)	85.7	77.7
Financial revenues	(2.8)	(8.1)
Foreign exchange (gain) loss	(8.6)	18.4
<b>Net financial expenses</b>	<b>74.3</b>	88.0
Earnings before income taxes	970.7	979.8
Income taxes	206.3	202.7
<b>Net earnings</b>	<b>764.4</b>	777.1
Net earnings per share (Note 8)		
Basic	0.71	0.70
Diluted	0.71	0.70
Weighted average number of shares – basic (in millions)	1,073.0	1,112.8
Weighted average number of shares – diluted (in millions)	1,074.4	1,114.2
Number of shares outstanding at the end of period (in millions)	1,071.1	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 12-week periods ended	July 18, 2021	July 19, 2020
	\$	\$
<b>Net earnings</b>	<b>764.4</b>	<b>777.1</b>
<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>	(103.7)	246.7
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 <sup>(2)</sup>	(14.3)	39.3
<b>Cash flow hedges</b>		
Change in fair value of financial instruments <sup>(2)</sup>	5.1	2.7
Gain realized on financial instruments transferred to earnings <sup>(2)</sup>	(0.6)	(0.7)
<b>Items that will never be reclassified to earnings</b>		
Net actuarial gain <sup>(3)</sup>	3.3	5.3
(Loss) gain on investments in equity instruments measured at fair value through Other comprehensive income <sup>(4)</sup>	(1.5)	21.5
Other comprehensive (loss) income	(111.7)	314.8
<b>Comprehensive income</b>	<b>652.7</b>	<b>1,091.9</b>

(1) For the 12-week periods ended July 18, 2021 and July 19, 2020, these amounts include a loss of \$4.7 (net of income taxes of \$0.7) and a gain of \$75.9 (net of income taxes of \$11.6), respectively. These losses and gains arise from the translation of long-term debts denominated in foreign currencies and designated as net investment hedges in certain of the Corporation's foreign operations.

(2) For the 12-week periods ended July 18, 2021 and July 19, 2020, these amounts are net of income tax expenses of \$2.8 and \$0.8, respectively.

(3) For the 12-week periods ended July 18, 2021 and July 19, 2020, these amounts are net of income tax expenses of \$0.8 and \$1.3, respectively.

(4) For the 12-week periods ended July 18, 2021 and July 19, 2020, these amounts are net of income tax (recoveries) expenses of \$(1.5) and \$1.2, 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	July 18, 2021				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 9)	Equity
	\$	\$	\$	\$	\$
<b>Balance, beginning of period</b>	670.6	23.6	12,017.8	(531.1)	12,180.9
Comprehensive income:					
Net earnings			764.4		764.4
Other comprehensive loss				(111.7)	(111.7)
Comprehensive income					652.7
Share repurchases (Note 10)	(6.7)		(292.5)		(299.2)
Dividends declared			(73.9)		(73.9)
Stock option-based compensation expense		1.2			1.2
<b>Balance, end of period</b>	663.9	24.8	12,415.8	(642.8)	12,461.7

For the 12-week period ended	July 19, 2020				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 9)	Equity
	\$	\$	\$	\$	\$
<b>Balance, beginning of period</b>	694.8	21.4	10,611.3	(1,260.9)	10,066.6
Comprehensive income:					
Net earnings			777.1		777.1
Other comprehensive income				314.8	314.8
Comprehensive income					1,091.9
Dividends declared			(58.5)		(58.5)
Stock option-based compensation expense		1.4			1.4
Exercise of stock options	0.9	(0.7)			0.2
<b>Balance, end of period</b>	695.7	22.1	11,329.9	(946.1)	11,101.6

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 18, 2021	July 19, 2020
	\$	\$
<b>Operating activities</b>		
Net earnings	764.4	777.1
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, amortization, impairment and amortization of financing costs	315.1	290.6
Gain on disposal of property and equipment and other assets	(37.3)	(8.8)
Deferred income taxes	24.5	19.1
Share of earnings of joint ventures and associated companies, net of dividends received	1.1	(4.1)
Net deferred credits	1.4	39.5
Net changes in fuel swaps	12.0	23.8
Early redemption premium and deemed interest on repayment of senior unsecured notes (Note 7)	(33.4)	—
Other	27.8	19.9
Changes in non-cash working capital	137.0	190.6
<b>Net cash provided by operating activities</b>	<b>1,212.6</b>	<b>1,347.7</b>
<b>Investing activities</b>		
Purchase of property and equipment, intangible assets and other assets	(334.5)	(212.8)
Proceeds from disposal of property and equipment and other assets (Note 4)	51.6	28.3
Business acquisitions and contingent consideration paid	(25.0)	(0.3)
Investments in Fire & Flower (Note 5)	(7.9)	(1.8)
Change in restricted cash	(5.7)	(3.5)
<b>Net cash used in investing activities</b>	<b>(321.5)</b>	<b>(190.1)</b>
<b>Financing activities</b>		
Repayment of senior unsecured notes (Note 7)	(994.3)	—
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs (Note 7)	990.1	—
Share repurchases (Note 10)	(316.1)	—
Principal elements of lease payments and net changes in other debts	(118.7)	(87.0)
Settlements of derivative financial instruments (Note 7)	(2.9)	(0.1)
Net decrease in term revolving unsecured operating credit facility D (Note 7)	—	(1,500.0)
Exercise of stock options	—	0.2
<b>Net cash used in financing activities</b>	<b>(441.9)</b>	<b>(1,586.9)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(21.8)	57.6
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>427.4</b>	<b>(371.7)</b>
Cash and cash equivalents, beginning of period	3,015.8	3,641.5
Cash and cash equivalents, end of period	3,443.2	3,269.8
<b>Supplemental information:</b>		
Interest and early redemption premium paid (Note 7)	89.3	59.0
Interest and dividends received	3.8	10.4
Income taxes paid	92.7	114.5

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 18, 2021	As at April 25, 2021
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	3,443.2	3,015.8
Restricted cash	9.1	3.4
Accounts receivable	2,022.2	1,771.7
Inventories	1,879.9	1,767.6
Prepaid expenses	108.6	111.7
Assets held for sale (Note 4)	294.8	335.1
Other short-term financial assets (Note 12)	12.2	11.0
Income taxes receivable	99.2	105.6
	7,869.2	7,121.9
Property and equipment	10,802.1	10,870.1
Right-of-use assets	3,149.9	3,069.1
Intangible assets	709.9	716.9
Goodwill	5,921.0	5,946.3
Other assets	406.1	389.7
Other long-term financial assets (Note 5)	10.1	20.1
Investments in joint ventures and associated companies	207.3	199.8
Deferred income taxes	61.7	60.6
	29,137.3	28,394.5
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	4,370.5	3,994.3
Short-term provisions	129.8	154.6
Other short-term financial liabilities (Note 12)	30.7	26.6
Income taxes payable	237.6	155.6
Liabilities associated with assets held for sale (Note 4)	70.6	91.9
Current portion of long-term debt (Note 7)	62.2	1,107.3
Current portion of lease liabilities	407.1	419.4
	5,308.5	5,949.7
Long-term debt (Note 7)	6,237.4	5,282.6
Lease liabilities	2,889.2	2,792.7
Long-term provisions	622.4	631.0
Pension benefit liability	97.8	98.1
Other long-term financial liabilities (Note 12)	93.9	79.6
Deferred credits and other liabilities	267.1	251.3
Deferred income taxes	1,159.3	1,128.6
	16,675.6	16,213.6
<b>Equity</b>		
Capital stock (Note 10)	663.9	670.6
Contributed surplus	24.8	23.6
Retained earnings	12,415.8	12,017.8
Accumulated other comprehensive loss (Note 9)	(642.8)	(531.1)
	12,461.7	12,180.9
	29,137.3	28,394.5

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 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 August 31, 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-week period ended July 19, 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:

For the 12-week period ended	July 19, 2020		
	Published	Adjustments	Adjusted
	\$	\$	\$
Cost of sales, excluding depreciation, amortization and impairment	7,198.8	22.4	7,221.2
Operating, selling, administrative and general expenses	1,171.0	(22.4)	1,148.6

## 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 18, 2021. The Corporation will continue to closely monitor the impact of COVID-19 as it continues to develop during its fiscal year ending April 24, 2022. Further information on significant accounting judgments and estimates is detailed in Note 3 of the fiscal 2021 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)

### 3. BUSINESS ACQUISITIONS

On July 30, 2021, subsequent to the end of the first quarter of fiscal 2022, 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 August 24, 2021, subsequent to the end of the first quarter of fiscal 2022, the Corporation entered into a binding agreement to acquire, through a single transaction, 35 company-operated stores predominately located in Oregon and Western Washington, within the United States. This transaction is expected to close during the second quarter of fiscal 2022.

For the 12-week period ended July 18, 2021, acquisition costs of \$0.8 in connection with these agreements and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

### 4. DISPOSAL OF BUSINESS

During the 12-week period ended July 18, 2021, 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 Gain on disposal of property and equipment and other assets in the consolidated statement of earnings.

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 of July 18, 2021, 265 sites in the United States and 36 sites in Canada met the criteria for classification as held for sale and the Corporation expects that these sites will be sold to various buyers during its fiscal year ending April 24, 2022. The following assets and liabilities were classified as held for sale as at July 18, 2021:

	\$
<b>Assets</b>	
Inventory	38.8
Property and equipment	126.9
Right-of-use assets	62.5
Intangible assets	0.8
Goodwill	65.8
	<u>294.8</u>
<b>Liabilities</b>	
Lease liabilities	61.9
Provisions	8.7
	<u>70.6</u>

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

#### Convertible debentures and common share warrants

During the 12-week period ended July 18, 2021, 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). The following key unobservable input was used in establishing their fair value:

- Expected volatility: Fluctuation of that input stems mainly from the developing market in which Fire & Flower operates. As at July 18, 2021, with all other variables held constant, a 5% increase or decrease in the 80% expected volatility used would not have had a significant impact on the fair value of the convertible debentures and common share warrants.

## 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 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>12-week period ended July 18, 2021</b>					
Balance, beginning of period	3.0	37.0	40.0	(18.6)	21.4
Loss recognized to Other finance costs (Note 6)	(0.3)	(12.5)	(12.8)	2.7	(10.1)
Exercise of common share warrants	—	(1.4)	(1.4)	—	(1.4)
Effect of exchange rate variations	—	0.1	0.1	0.1	0.2
<b>Balance, end of period</b>	<b>2.7</b>	<b>23.2</b>	<b>25.9</b>	<b>(15.8)</b>	<b>10.1</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

Fire & Flower is a publicly traded company and its accounting periods do not coincide with the Corporation's accounting periods, therefore the Corporation used Fire & Flower's financial statements for the reporting period ended May 1, 2021, adjusted to reflect significant transactions, if any, in applying the equity method for the 12-week period ended July 18, 2021.

## 6. FINANCIAL EXPENSES

For the 12-week periods ended	July 18, 2021	July 19, 2020
	\$	\$
Interest on long-term debt	51.5	51.0
Interest on lease liabilities	19.7	19.5
Accretion of provisions	3.5	3.4
Other finance costs	11.0	3.8
	<b>85.7</b>	<b>77.7</b>

## 7. LONG-TERM DEBT

	As at July 18, 2021	As at April 25, 2021
	\$	\$
US-dollar-denominated senior unsecured notes, maturing from July 2027 to May 2051 <sup>(a)</sup>	3,965.4	4,002.9
Canadian-dollar-denominated senior unsecured notes, maturing from November 2022 to June 2025	1,308.2	1,319.1
Euro-denominated senior unsecured notes, maturing in May 2026	882.3	902.0
NOK-denominated senior unsecured notes, maturing in February 2026	76.4	80.8
Other debts	67.3	85.1
	<b>6,299.6</b>	<b>6,389.9</b>
Current portion of long-term debt	62.2	1,107.3
Long-term portion of long-term debt	<b>6,237.4</b>	<b>5,282.6</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)

### (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. The total cumulative loss of \$2.9 recognized to Accumulated other comprehensive loss in relation with these interest rate locks will be amortized to earnings over the term of the new US-dollar-denominated senior unsecured notes as an increase to the related interest expense.

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 12-week period ended July 18, 2021, the repayment of \$1,027.7 is broken down between operating activities and financing activities. The early redemption premium of \$27.7 and an amount of \$5.7 representing the financing costs paid on the July 26, 2017 issuance are presented in operating activities, and an amount of \$994.3 representing the net proceeds from the July 26, 2017 issuance is presented in financing activities.

### US-dollar-denominated term revolving unsecured operating credit facility D

As at July 18, 2021, the operating credit facility D was not used and the Corporation was in compliance with the restrictive covenants and ratios imposed by the credit facility agreement. During the 12-week period ended July 18, 2021, the maturity of the operating credit facility was extended to May 2026.

## 8. 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 18, 2021			12-week period ended July 19, 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	764.4	1,073.0	0.71	777.1	1,112.8	0.70
Dilutive effect of stock options	—	1.4	—	—	1.4	—
Diluted net earnings attributable to Class A and B shareholders	764.4	1,074.4	0.71	777.1	1,114.2	0.70

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 18, 2021 and July 19, 2020, 504,679 and 462,040 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)

## 9. 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>12-week period ended July 18, 2021</b>						
Balance, beginning of period	(257.8)	(280.6)	(8.9)	15.9	0.3	(531.1)
Other comprehensive (loss) income	(103.7)	(14.3)	4.5	3.3	(1.5)	(111.7)
<b>Balance, end of period</b>	<b>(361.5)</b>	<b>(294.9)</b>	<b>(4.4)</b>	<b>19.2</b>	<b>(1.2)</b>	<b>(642.8)</b>
<b>12-week period ended July 19, 2020</b>						
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
<b>Balance, end of period</b>	<b>(518.2)</b>	<b>(411.7)</b>	<b>(1.7)</b>	<b>(22.0)</b>	<b>7.5</b>	<b>(946.1)</b>

(a) May be reclassified subsequently to earnings.

(b) Will never be reclassified to earnings.

## 10. CAPITAL STOCK

### Issued and outstanding shares

As at July 18, 2021, the Corporation had 253,803,100 issued and outstanding Class A multiple-voting shares (253,803,100 as at April 25, 2021), with each share comprising 10 votes, and 817,338,471 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 outstanding number of Class B subordinate voting shares are as follows:

	<u>12-week period ended July 18, 2021</u>
<b>Class B subordinate voting shares (in thousands)</b>	
Balance, beginning of period	825,809
Share repurchases <sup>(a)</sup>	<u>(8,471)</u>
Balance, end of period	<u>817,338</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-week period ended July 18, 2021, the Corporation repurchased 8,471,000 Class B subordinate voting shares under the program, for an amount of \$299.2.

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 July 18, 2021.

# 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)

## Stock options

For the 12-week period ended July 18, 2021, no stock options were exercised (271,758 for the 12-week period ended July 19, 2020). For the 12-week period ended July 18, 2021, 284,898 stock options were granted (215,372 for the 12-week period ended July 19, 2020).

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 12-week period ended July 18, 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 35.00¢ per share;
- Expected volatility of 26%;
- Risk-free interest rate of 1.11%; and
- Expected life of 8 years.

## 11. 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 July 18, 2021				12-week period ended July 19, 2020 (adjusted, Note 1)			
	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	2,829.4	561.4	677.2	4,068.0	2,851.4	343.2	663.2	3,857.8
Road transportation fuel	6,463.7	1,793.6	1,137.9	9,395.2	3,906.0	1,182.4	677.0	5,765.4
Other	10.8	100.0	4.9	115.7	7.5	75.2	3.9	86.6
	<b>9,303.9</b>	<b>2,455.0</b>	<b>1,820.0</b>	<b>13,578.9</b>	<b>6,764.9</b>	<b>1,600.8</b>	<b>1,344.1</b>	<b>9,709.8</b>
<b>External customer revenues less Cost of sales, excluding depreciation, amortization and impairment<sup>(d)</sup></b>								
Merchandise and service	967.7	215.4	219.0	1,402.1	976.8	139.2	206.3	1,322.3
Road transportation fuel	804.8	246.7	108.0	1,159.5	805.8	236.5	81.7	1,124.0
Other	10.8	22.7	4.9	38.4	7.5	30.9	3.9	42.3
	<b>1,783.3</b>	<b>484.8</b>	<b>331.9</b>	<b>2,600.0</b>	<b>1,790.1</b>	<b>406.6</b>	<b>291.9</b>	<b>2,488.6</b>
<b>Total long-term assets<sup>(b)</sup></b>	<b>13,412.2</b>	<b>4,487.3</b>	<b>2,895.9</b>	<b>20,795.4</b>	<b>13,056.7</b>	<b>3,844.2</b>	<b>2,475.5</b>	<b>19,376.4</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 July 19, 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) Following the change in classification described in Note 1, Merchandise and service was adjusted from \$988.3 to \$976.8 for the United States, from \$210.5 to \$206.3 for Canada and Road transportation fuel was adjusted from \$812.5 to \$805.8 for the United States.

## 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. 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:*

- The fair value of the share units indexed deposits, which is mainly based on the fair market value of the Corporation's Class B shares, was \$70.3 as at July 18, 2021 (\$61.9 as at April 25, 2021) (Level 2). As at July 18, 2021, the share units indexed deposit which will mature within one year are presented as Accounts receivable for an amount of \$20.9 (\$18.4 as at April 25, 2021) and the remaining share units indexed deposits are presented as Other assets for an amount of \$49.4 (\$43.5 as at April 25, 2021) on the consolidated balance sheets;
- The fair value of the cross-currency interest rate swaps liability, which is determined based on market rates, was \$93.9 as at July 18, 2021 (\$79.6 as at April 25, 2021) (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 based on unadjusted quoted prices was \$30.6 as at July 18, 2021 (\$29.2 as at April 25, 2021) (Level 1) and the fair value of the investments in equity instruments based on entity-specific inputs was \$6.0 as at July 18, 2021 (\$6.0 as at April 25, 2021) (Level 3). They are presented as Other assets on the consolidated balance sheets;
- The fair value of the commodity indexed deposits, which is determined based on market rates, was \$12.2 as at July 18, 2021 (\$9.7 as at April 25, 2021) (Level 2). They are presented as Other short-term financial assets on the consolidated balance sheets;
- The fair value of the fuel swaps, which is determined based on market rates, was \$30.7 as at July 18, 2021 (\$18.7 as at April 25, 2021) (Level 2). They are presented as Other short-term financial liabilities on the consolidated balance sheets; and
- See Note 5 for information on the measurement of the convertible debentures and common share warrants in Fire & Flower.

*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 18, 2021		As at April 25, 2021	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
US-dollar-denominated senior unsecured notes (Level 2)	3,965.4	4,392.0	4,002.9	4,257.3
Canadian-dollar-denominated senior unsecured notes (Level 1)	1,308.2	1,387.1	1,319.1	1,406.3
Euro-denominated senior unsecured notes (Level 2)	882.3	949.9	902.0	966.8
NOK-denominated senior unsecured notes (Level 2)	76.4	83.8	80.8	88.2

### 13. SUBSEQUENT EVENT

#### Dividends

During its August 31, 2021 meeting, the Board of Directors declared a quarterly dividend of CA 8.75¢ per share for the first quarter of fiscal 2022 to shareholders on record as at September 9, 2021, and approved its payment effective September 23, 2021. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).