

Q2 2023

ALIMENTATION COUCHE-TARD INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 and 24-week periods ended October 9, 2022



Consolidated Statements of Earnings

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

For the periods ended	12 weeks		24 weeks	
	October 9, 2022	October 10, 2021	October 9, 2022	October 10, 2021
	\$	\$	\$	\$
Revenues	16,879.5	14,219.7	35,537.2	27,798.6
Cost of sales, excluding depreciation, amortization and impairment	14,019.3	11,631.5	29,794.2	22,610.4
Operating, selling, general and administrative expenses	1,433.0	1,321.3	2,831.1	2,599.4
(Gain) loss on disposal of property and equipment and other assets	(20.4)	3.2	(33.4)	(34.1)
Depreciation, amortization and impairment (Note 3)	353.9	325.7	673.1	640.0
Operating income	1,093.7	938.0	2,272.2	1,982.9
Share of earnings of joint ventures and associated companies	2.1	11.6	7.7	11.7
Financial expenses (Note 4)	83.4	74.0	159.5	149.6
Other financial items (Note 4)	(23.8)	(1.8)	(33.8)	5.5
Foreign exchange gain	(1.5)	(4.9)	(0.5)	(13.5)
Net financial expenses	58.1	67.3	125.2	141.6
Earnings before income taxes	1,037.7	882.3	2,154.7	1,853.0
Income taxes	227.3	187.5	471.9	393.8
Net earnings	810.4	694.8	1,682.8	1,459.2
Net earnings per share (Note 6)				
Basic	0.79	0.65	1.64	1.36
Diluted	0.79	0.65	1.64	1.36
Weighted average number of shares – basic (in millions)	1,021.1	1,070.9	1,023.3	1,072.0
Weighted average number of shares – diluted (in millions)	1,022.8	1,072.5	1,025.0	1,073.4
Number of shares outstanding at the end of period (in millions)	1,017.3	1,064.8	1,017.3	1,064.8

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 9, 2022	October 10, 2021	October 9, 2022	October 10, 2021
	\$	\$	\$	\$
Net earnings	810.4	694.8	1,682.8	1,459.2
Other comprehensive (loss) income				
Items that may be reclassified subsequently to earnings				
Translation adjustments				
Change in cumulative translation adjustments ⁽¹⁾	(116.3)	8.9	(415.5)	(94.8)
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 ⁽²⁾	(53.6)	11.9	(86.2)	(2.4)
Cash flow hedges				
Change in fair value of financial instruments ⁽²⁾	28.0	0.6	28.7	5.7
Gain realized on financial instruments transferred to earnings ⁽²⁾	(1.1)	(0.2)	(1.5)	(0.8)
Items that will never be reclassified to earnings				
Net actuarial gain (loss) ⁽³⁾	2.6	(1.9)	16.4	1.4
(Loss) gain on investments in equity instruments measured at fair value through Other comprehensive income ⁽⁴⁾	(5.4)	1.6	(17.4)	0.1
Other comprehensive (loss) income	(145.8)	20.9	(475.5)	(90.8)
Comprehensive income	664.6	715.7	1,207.3	1,368.4

(1) For the 12 and 24-week periods ended October 9, 2022, these amounts include a loss of \$152.0 (net of income taxes of \$0.3) and a loss of \$206.0 (net of income taxes of \$8.5), respectively. 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. These losses and 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 9, 2022, these amounts are net of income tax expenses of \$8.3 and \$11.8, respectively. 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.

(3) For the 12 and 24-week periods ended October 9, 2022, these amounts are net of income tax expenses of \$0.6 and \$4.3, respectively. 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.

(4) For the 12 and 24-week periods ended October 9, 2022, these amounts are net of income tax expenses (recoveries) of \$0.7 and \$(1.1), respectively. 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.

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 9, 2022				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 7)	Equity
	\$	\$	\$	\$	\$
Balance, beginning of period	639.9	25.8	12,521.0	(749.1)	12,437.6
Comprehensive income:					
Net earnings			1,682.8		1,682.8
Other comprehensive loss				(475.5)	(475.5)
					<u>1,207.3</u>
Share repurchases (Note 8)	(9.9)		(673.3)		(683.2)
Dividends declared			(171.6)		(171.6)
Transfer of realized gain on investments in equity instruments measured at fair value through other comprehensive income			3.8	(3.8)	—
Stock option-based compensation expense		3.0			3.0
Exercise of stock options	1.2	(0.4)			0.8
Balance, end of period	631.2	28.4	13,362.7	(1,228.4)	12,793.9

For the 24-week period ended	October 10, 2021				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 7)	Equity
	\$	\$	\$	\$	\$
Balance, beginning of period	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 8)	(11.8)		(525.9)		(537.7)
Dividends declared			(147.2)		(147.2)
Stock option-based compensation expense		1.7			1.7
Balance, end of period	658.8	25.3	12,803.9	(621.9)	12,866.1

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 9, 2022	October 10, 2021	October 9, 2022	October 10, 2021
	\$	\$	\$	\$
Operating activities				
Net earnings	810.4	694.8	1,682.8	1,459.2
Adjustments to reconcile net earnings to net cash provided by operating activities				
Depreciation, amortization, impairment and amortization of financing costs	354.8	326.9	675.1	642.0
(Gain) loss on disposal of property and equipment and other assets	(20.4)	3.2	(33.4)	(34.1)
Deferred income taxes	28.9	29.1	46.6	53.6
Share of earnings of joint ventures and associated companies, net of dividends received	11.6	(8.0)	8.9	(6.9)
Net changes in commodity indexed deposits and fuel swaps (Note 10)	(38.7)	15.9	(115.5)	25.4
Early redemption premiums and deemed interest on repayment of senior unsecured notes	—	—	—	(33.4)
Foreign exchange loss on long-term debt	62.4	—	81.8	—
Other	15.6	8.2	35.6	39.9
Changes in non-cash working capital	(65.5)	(151.5)	(114.1)	(14.5)
Net cash provided by operating activities	1,159.1	918.6	2,267.8	2,131.2
Investing activities				
Purchase of property and equipment, intangible assets and other assets	(319.2)	(333.7)	(660.0)	(668.2)
Business acquisitions and contingent consideration paid (Note 2)	(209.7)	(126.0)	(210.3)	(151.0)
Proceeds from disposals of investments in equity instruments	124.5	—	124.5	—
Proceeds from disposal of property and equipment and other assets	65.1	34.8	79.5	86.4
Change in restricted cash	12.7	(7.5)	11.7	(13.2)
Purchase of equity instruments, other financial assets and investments in Fire & Flower (Notes 3 and 10)	(4.6)	—	(28.1)	(7.9)
Investment in a joint venture (Note 2)	—	—	(30.1)	—
Net cash used in investing activities	(331.2)	(432.4)	(712.8)	(753.9)
Financing activities				
Share repurchases (Note 8)	(188.4)	(238.5)	(723.1)	(554.6)
Cash dividends paid	(171.6)	(147.2)	(171.6)	(147.2)
Principal elements of lease payments	(106.8)	(110.3)	(207.5)	(211.3)
Net payments on other debts (Note 2)	(52.5)	(59.9)	(52.8)	(77.6)
Repayment of senior unsecured notes	—	—	—	(994.3)
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs	—	—	—	990.1
Other financing activities	—	(0.4)	0.8	(3.3)
Net cash used in financing activities	(519.3)	(556.3)	(1,154.2)	(998.2)
Effect of exchange rate fluctuations on cash and cash equivalents	(47.7)	(12.5)	(88.4)	(34.3)
Net increase (decrease) in cash and cash equivalents	260.9	(82.6)	312.4	344.8
Cash and cash equivalents, beginning of period	2,195.4	3,443.2	2,143.9	3,015.8
Cash and cash equivalents, end of period	2,456.3	3,360.6	2,456.3	3,360.6
Supplemental information:				
Interest and early redemption premiums paid	96.2	84.6	161.0	173.9
Interest and dividends received	37.2	6.9	48.1	10.7
Income taxes paid, net	177.8	164.5	167.8	257.2

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 9, 2022	As at April 24, 2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,456.3	2,143.9
Restricted cash	7.6	19.3
Accounts receivable	2,299.4	2,497.5
Inventories	2,367.7	2,403.0
Prepaid expenses	191.2	147.0
Assets held for sale	25.3	9.3
Other short-term financial assets (Notes 3 and 10)	58.8	23.1
Income taxes receivable	—	85.2
	7,406.3	7,328.3
Property and equipment	10,938.2	11,286.2
Right-of-use assets	3,172.7	3,302.2
Intangible assets	687.4	687.5
Goodwill	6,119.8	6,094.1
Other assets	385.7	401.5
Other long-term financial assets (Note 10)	168.2	272.7
Investments in joint ventures and associated companies (Notes 2 and 3)	193.0	169.6
Deferred income taxes	37.3	49.5
	29,108.6	29,591.6
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	4,588.2	5,256.1
Short-term provisions	148.4	144.7
Other short-term financial liabilities (Note 10)	—	85.2
Income taxes payable	280.5	103.1
Liabilities associated with assets held for sale	4.4	1.5
Current portion of long-term debt (Note 5)	1.3	1.4
Current portion of lease liabilities	414.8	425.4
	5,437.6	6,017.4
Long-term debt (Note 5)	5,793.1	5,963.6
Lease liabilities	2,927.5	3,049.5
Long-term provisions	550.8	577.0
Pension benefit liability	73.1	85.8
Other long-term financial liabilities (Note 10)	104.3	34.1
Deferred credits and other liabilities	210.1	243.9
Deferred income taxes	1,218.2	1,182.7
	16,314.7	17,154.0
Equity		
Capital stock (Note 8)	631.2	639.9
Contributed surplus	28.4	25.8
Retained earnings	13,362.7	12,521.0
Accumulated other comprehensive loss (Note 7)	(1,228.4)	(749.1)
	12,793.9	12,437.6
	29,108.6	29,591.6

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 AND ACCOUNTING POLICIES

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 24, 2022. 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 2022 Annual Report (the “fiscal 2022 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 22, 2022, the Corporation’s interim financial statements were approved by the Board of Directors.

Recently issued accounting policies but not yet implemented

Amendments to IAS 1 Presentation of financial statements

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period. The amendments also clarify the definition of a settlement and provide situations which would be considered as a settlement of a liability. In October 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)*. These further amendments clarify how to address the effects on classification and disclosure of covenants which an entity is required to comply with on or before the reporting date and covenants which an entity must comply with only after the reporting date.

These amendments will be effective for fiscal years beginning on or after January 1, 2024, with earlier application permitted and are to be applied retrospectively. The Corporation is currently evaluating the impact of these amendments on its consolidated financial statements.

2. BUSINESS ACQUISITIONS AND INVESTMENT IN A JOINT VENTURE

Business acquisitions

Acquisition of Cape D’Or Holdings Limited, Barrington Terminals Limited and other related holding entities

On August 30, 2022, the Corporation closed the acquisition of all the issued and outstanding shares of 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! Store and Wilsons Gas Stops brands (collectively “Wilsons”). The Wilsons network comprises 79 company-owned and operated convenience retail and fuel locations, 2 company-owned and dealer-operated locations, 137 dealer-owned and operated locations, and a fuel terminal in Halifax, Canada. The transaction was settled for a consideration, subject to post-closing adjustments, of CA \$277.9 (\$213.0), using available cash. In connection with obtaining the Competition Bureau (Canada) approval for the transaction, the Corporation has entered into a consent agreement with the Commissioner of Competition to divest 34 company-owned and operated convenience retail and fuel locations, 1 company-owned and dealer-operated location, and 12 dealer-owned and operated locations in New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island, Canada. Since the acquisition date, the assets and liabilities related to the locations to be divested were classified as held for sale on the consolidated balance sheet.

Given the timing and the size of this transaction, the Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed and the goodwill related to this acquisition, mainly relating to property and equipment, intangible assets, assets held for sale and deferred income taxes. The preliminary estimates are therefore subject to adjustments to the fair value of the assets, liabilities and goodwill until the process is completed.

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 preliminary estimates of the fair value of assets acquired and liabilities assumed for the Wilsons acquisition 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:

	\$
Tangible assets acquired	
Cash and cash equivalents	3.7
Accounts receivable ^(a)	16.0
Inventories	9.3
Prepaid expenses	0.7
Assets held for sale	26.4
Property and equipment	70.1
Other assets	0.7
Deferred income taxes	3.0
<u>Total tangible assets</u>	<u>129.9</u>
Liabilities assumed	
Accounts payable and accrued liabilities	34.6
Liabilities associated with assets held for sale	4.6
Provisions	6.0
Long-term debt	52.6
Deferred credits and other liabilities	0.3
<u>Total liabilities assumed</u>	<u>98.1</u>
<u>Net tangible assets acquired</u>	<u>31.8</u>
Intangible assets	17.2
<u>Goodwill</u>	<u>164.0</u>
Total consideration	213.0
<u>Cash and cash equivalents acquired</u>	<u>(3.7)</u>
<u>Net cash flow for the acquisition</u>	<u>209.3</u>

(a) The fair value of acquired accounts receivable includes a provision for expected credit loss of \$0.2.

On August 30, 2022, the Corporation repaid all of Wilsons' borrowings for an amount of \$52.6. The Wilsons acquisition was concluded in order to expand the Corporation's market shares and generated goodwill mainly due to the strategic value of the locations acquired for the Corporation. The Corporation expects that none of the goodwill related to this transaction will be deductible for tax purposes.

Since the date of acquisition, revenues and net earnings from this acquisition amounted to \$74.7 and \$1.5, respectively. On a pro forma basis, had the Corporation concluded the Wilson's network acquisition at the beginning of its fiscal year, total revenues and net earnings of the Corporation would have amounted to \$35,828.4 and \$1,687.9, respectively.

Other acquisitions

During the 24-week period ended October 9, 2022, the Corporation also acquired two company-operated stores, for which it owns the building and the land for one site and owns the building while leasing the land for the other site. These transactions were settled for a total consideration of \$1.0 using available cash and generated goodwill for an amount of \$0.6. Revenues and net earnings of the acquired stores since the date of acquisition were not significant to the Corporation.

For the 24-week period ended October 9, 2022, acquisition costs of \$6.5 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, general and administrative expenses.

Investment in a joint venture

During the first quarter of fiscal 2023, the Corporation invested an amount of \$30.1 in a joint venture with Musket Corporation, which then acquired four road transportation fuel terminals located in Florida, Illinois, and North Carolina, 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)

3. INVESTMENTS IN FIRE & FLOWER HOLDINGS CORP. (“FIRE & FLOWER”)

On April 28, 2022, the Corporation exercised the Series B common share warrants for a total consideration of CA \$37.8 (\$29.5), including a cash consideration of CA \$17.3 (\$13.5) as well as CA \$20.5 (\$16.0) representing the non-cash settlement of the principal and accrued interests of a CA \$20.0 secured loan granted to Fire & Flower.

The Corporation continues to own convertible debentures and common share warrants for which there were no changes to the valuation techniques described in Note 6 of the fiscal 2022 consolidated financial statements (Level 3). Expected volatility is a key unobservable input which is used to establish the fair value and fluctuation of that input stems mainly from the developing market in which Fire & Flower operates. As at October 9, 2022, with all other variables held constant, a 5% increase or decrease in the expected volatility used of 85% would not have had a significant impact on the fair value of the convertible debentures and common share warrants, which amounted to \$1.9 (\$1.9 as at April 24, 2022).

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 30, 2022, adjusted to reflect significant transactions, if any, in applying the equity method of accounting for the 24-week period ended October 9, 2022.

As at October 9, 2022, the Corporation determined that the decrease in the market capitalization of Fire & Flower was an evidence of impairment on its investment and, as a result, a loss of \$23.9 was recorded to Depreciation, amortization and impairment. The recoverable amount of the investment in the associated company was determined on the basis of fair value less costs of disposal, which includes the Corporation's share of Fire & Flower market capitalization (Level 1), using the following observable inputs:

	<u>As at October 9, 2022</u>
Fire & Flower common shares closing value	CA \$1.72
Number of Fire & Flower outstanding common shares	45,518,025
% of Fire & Flower common shares owned	35.2 %
Fair value of the Corporation's investment in Fire & Flower	20.1

Subsequent to the end of the second quarter of fiscal 2023, the Corporation has entered into a loan agreement consisting of a secured loan of CA \$11.0 (\$8.0) which was issued to Fire & Flower, bearing interest at an annual rate of 11.0% and maturing on December 31, 2023.

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. FINANCIAL EXPENSES AND OTHER FINANCIAL ITEMS

For the periods ended	12 weeks		24 weeks	
	October 9, 2022	October 10, 2021	October 9, 2022	October 10, 2021
	\$	\$	\$	\$
Financial expenses				
Interest on long-term debt and short-term debt	55.6	50.0	105.7	101.5
Interest on lease liabilities	20.6	19.6	40.6	39.3
Accretion of provisions	4.2	3.4	8.4	6.9
Other finance costs	3.0	1.0	4.8	1.9
	83.4	74.0	159.5	149.6
Other financial items				
Financial revenues	(23.7)	(3.5)	(32.8)	(6.3)
Change in fair value of financial instruments classified at fair value through earnings or loss	(0.1)	1.7	(1.0)	11.8
	(23.8)	(1.8)	(33.8)	5.5

For the 12 and 24-week periods ended October 10, 2021, losses of \$8.1 and \$18.2, respectively, were reclassified from Financial expenses to Other financial items in the consolidated statements of earnings. These losses are related to the change in fair value of the convertible debentures and common share warrants in Fire & Flower (Note 3) and they were reclassified in order to regroup the change in fair value of financial instruments on the same line item.

5. LONG-TERM DEBT

	As at October 9, 2022	As at April 24, 2022
	\$	\$
US-dollar-denominated senior unsecured notes, maturing from July 2027 to May 2051	3,968.4	3,967.5
Canadian-dollar-denominated senior unsecured notes, maturing from July 2024 to June 2025	1,019.3	1,102.5
Euro-denominated senior unsecured notes, maturing in May 2026	733.0	809.1
NOK-denominated senior unsecured notes, maturing in February 2026	63.2	75.7
Other debts	10.5	10.2
	5,794.4	5,965.0
Current portion of long-term debt	1.3	1.4
Long-term portion of long-term debt	5,793.1	5,963.6

Term revolving unsecured operating credit facility

As at October 9, 2022, 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 24-week period ended October 9, 2022, the maturity of the operating credit facility was extended to May 2027.

United States commercial paper program

On May 9, 2022, the Corporation established a commercial paper program in the United States on a private placement basis. The commercial paper program allows the Corporation to issue, at its discretion, unsecured commercial paper notes with maturities not exceeding 397 days. The aggregate principal amount of unsecured commercial paper notes outstanding at any one time cannot exceed \$2,500.0 and the Corporation's term revolving unsecured operating credit facility serves as a liquidity backstop for the repayment of the unsecured commercial paper notes. As at October 9, 2022, there were no outstanding unsecured commercial paper notes.

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. 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 9, 2022			12-week period ended October 10, 2021		
	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	810.4	1,021.1	0.79	694.8	1,070.9	0.65
Dilutive effect of stock options	—	1.7	—	—	1.6	—
Diluted net earnings	810.4	1,022.8	0.79	694.8	1,072.5	0.65

	24-week period ended October 9, 2022			24-week period ended October 10, 2021		
	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	1,682.8	1,023.3	1.64	1,459.2	1,072.0	1.36
Dilutive effect of stock options	—	1.7	—	—	1.4	—
Diluted net earnings	1,682.8	1,025.0	1.64	1,459.2	1,073.4	1.36

When they have an antidilutive effect, stock options must be excluded from the calculation of the diluted net earnings per share. For each of the 12 and 24-week periods ended October 9, 2022, no stock options were excluded (nil and 500,270 for the 12 and 24-week periods ended October 10, 2021, respectively).

7. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Cumulative translation adjustments ^(a)	Net investment hedge ^(a)	Cash flow hedge ^(a)	Cumulative net actuarial gain ^(b)	Investments in equity instruments measured at fair value through Other comprehensive income ^(b)	Accumulated other comprehensive loss
	\$	\$	\$	\$	\$	\$
24-week period ended October 9, 2022						
Balance, beginning of period	(522.5)	(292.4)	21.2	33.1	11.5	(749.1)
Other comprehensive (loss) income	(415.5)	(86.2)	27.2	16.4	(17.4)	(475.5)
Transfer of realized gain on investments in equity instruments measured at fair value through Other comprehensive income	—	—	—	—	(3.8)	(3.8)
Balance, end of period	(938.0)	(378.6)	48.4	49.5	(9.7)	(1,228.4)
24-week period ended October 10, 2021						
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)
Balance, end of period	(352.6)	(283.0)	(4.0)	17.3	0.4	(621.9)

(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)

8. CAPITAL STOCK

Issued and outstanding shares

As at October 9, 2022, the Corporation had 1,017,271,855 issued and outstanding Common shares, with each share comprising 1 vote (1,032,935,943 Class A multiple-voting shares as at April 24, 2022, with each share comprising 10 votes). On September 1, 2022, as a result of the adoption of a special resolution at the Corporation's Annual General and Special Meeting of Shareholders, all of the Corporation's issued and outstanding Class A multiple-voting shares were converted into common shares, a newly created class of shares having an unlimited number of shares carrying one vote per share. Following the conversion, the Corporation's Class A multiple-voting shares and Class B subordinate voting shares as well as their rights, privileges, restrictions and conditions were repealed.

The changes in the number of shares are as follows:

(in millions of shares)	<u>24-week period ended October 9, 2022</u>
Balance, beginning of period	1,032.9
Share repurchases ^(a)	(15.7)
Issuance of shares on stock options exercised ^(b)	0.1
Balance, end of period	<u>1,017.3</u>

(a) Share repurchase program

On April 22, 2022, the Toronto Stock Exchange approved the renewal of the Corporation's share repurchase program, which took effect on April 26, 2022. The renewed share repurchase program allows the Corporation to repurchase up to 79,703,614 shares, representing 10.0% of the shares comprising the Corporation's public float as at April 20, 2022, and the share repurchase period will end no later than April 25, 2023. Following the conversion of the Class A multiple-voting shares into Common shares, the terms of the renewed share repurchase program were modified to allow the Corporation to repurchase Common shares.

During the 12 and 24-week periods ended October 9, 2022, the Corporation repurchased 4,796,500 and 15,736,900 shares, respectively. These repurchases were settled for amounts of \$205.2 and \$683.2, respectively, of which an amount of \$16.8 is recorded in Accounts payable and accrued liabilities as at October 9, 2022 (\$56.7 as at April 24, 2022 which was paid during the 24-week period ended October 9, 2022). Subsequent to the end of the second quarter of fiscal 2023, 8,875,400 shares were repurchased for an amount of \$396.2.

When making such repurchases, the number of 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 renewed share repurchase 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.

(b) Stock options

The table below presents the status of the Corporation's stock option plan as at October 9, 2022, and October 10, 2021, and the changes therein during the periods then ended:

For the 24-week periods ended	<u>October 9, 2022</u>	October 10, 2021
Number of stock options (in thousands)		
Outstanding, beginning of period	3,423.7	3,267.5
Granted	425.7	284.9
Exercised	(72.8)	—
Forfeited	(10.3)	—
Outstanding, end of period	<u>3,766.3</u>	<u>3,552.4</u>

The description of the Corporation's stock-based compensation plan is included in Note 27 of the fiscal 2022 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)

9. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States, in Europe, in Asia, which is presented as part of Europe and other regions, 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, and Ingo. 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 9, 2022				12-week period ended October 10, 2021			
	United States	Europe and other regions	Canada	Total	United States	Europe and other regions	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
External customer revenues^(a)								
Merchandise and service	2,903.0	550.9	617.9	4,071.8	2,754.0	580.4	644.5	3,978.9
Road transportation fuel	8,236.0	2,837.5	1,453.1	12,526.6	6,654.8	2,154.9	1,267.7	10,077.4
Other	8.5	265.6	7.0	281.1	11.4	147.6	4.4	163.4
	11,147.5	3,654.0	2,078.0	16,879.5	9,420.2	2,882.9	1,916.6	14,219.7
External customer revenues less Cost of sales, excluding depreciation, amortization and impairment								
Merchandise and service	987.5	211.1	205.0	1,403.6	932.1	222.8	208.3	1,363.2
Road transportation fuel	1,058.0	241.8	124.9	1,424.7	791.7	278.0	115.7	1,185.4
Other	8.5	18.4	5.0	31.9	11.4	23.8	4.4	39.6
	2,054.0	471.3	334.9	2,860.2	1,735.2	524.6	328.4	2,588.2
	24-week period ended October 9, 2022				24-week period ended October 10, 2021			
	United States	Europe and other regions	Canada	Total	United States	Europe and other regions	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
External customer revenues^(a)								
Merchandise and service	5,807.9	1,088.0	1,248.4	8,144.3	5,583.4	1,141.8	1,321.7	8,046.9
Road transportation fuel	17,917.4	5,813.4	3,114.9	26,845.7	13,118.5	3,948.5	2,405.6	19,472.6
Other	18.2	516.1	12.9	547.2	22.2	247.6	9.3	279.1
	23,743.5	7,417.5	4,376.2	35,537.2	18,724.1	5,337.9	3,736.6	27,798.6
External customer revenues less Cost of sales, excluding depreciation, amortization and impairment								
Merchandise and service	1,972.8	419.8	413.9	2,806.5	1,899.8	438.2	427.3	2,765.3
Road transportation fuel	2,089.4	522.5	257.3	2,869.2	1,596.5	524.7	223.7	2,344.9
Other	18.2	38.2	10.9	67.3	22.2	46.5	9.3	78.0
	4,080.4	980.5	682.1	5,743.0	3,518.5	1,009.4	660.3	5,188.2
Total long-term assets^(b)	14,473.8	3,741.5	2,904.9	21,120.2	13,648.9	4,448.7	2,914.1	21,011.7

(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.

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. 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 9, 2022	April 24, 2022			
	\$	\$			
Share units indexed deposits - Current	26.2	22.4	Accounts receivable	Fair market value of the Corporation's shares	Level 2
Share units indexed deposits - Non-current	52.6	62.0	Other assets		
Commodity indexed deposits	43.2	23.1	Other short-term financial assets	Market rates	Level 2
Currency forwards and currency swaps	1.0	—	Other short-term financial assets	Market rates	Level 2
Investments in equity instruments	19.1	166.1	Other long-term financial assets	Unadjusted quoted prices	Level 1
Investments in equity instruments	77.6	66.9	Other long-term financial assets	Latest transactions	Level 3
Investments in other financial assets	19.1	14.4	Other long-term financial assets	Latest transactions	Level 3
Forward starting interest rate swaps	52.4	23.4	Other long-term financial assets	Market rates	Level 2
Fuel swaps	12.7	(82.7)	Other short-term financial assets (liabilities)	Market rates	Level 2
Currency put and call options	—	(2.5)	Other short-term financial liabilities	Market rates	Level 2
Cross-currency interest rate swaps	(104.3)	(34.1)	Other long-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
	\$
24-week period ended October 9, 2022	
Balance, beginning of period	81.3
Purchases	14.6
Gain recognized to Other financial items ⁽¹⁾	0.8
Balance, end of period	96.7

(1) Related to financial instruments still held by the Corporation as at October 9, 2022.

The valuations of those financial instruments were mainly based on prices for similar instruments stemming from larger private investments. Subsequently, in order to determine if any adjustments to their fair value is required, the Corporation performs an ongoing review of its investments. A number of factors are reviewed and monitored including, but not limited to, current operating performance of investees as well as changes in their respective market, economic and financing environment over time. As at October 9, 2022, following its review, the Corporation determined that sensitivity to unobservable inputs is not deemed to have a significant impact on the estimated fair value of those financial instruments given the limited impact of the few underlying assumptions used in their valuation.

In addition, information on the measurement of the convertible debentures and common share warrants in Fire & Flower is presented in Note 3.

The Corporation performs the valuation 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.

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 October 9, 2022		As at April 24, 2022	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
US-dollar-denominated senior unsecured notes (Level 2)	3,968.4	3,090.5	3,967.5	3,561.5
Canadian-dollar-denominated senior unsecured notes (Level 1)	1,019.3	981.1	1,102.5	1,089.6
Euro-denominated senior unsecured notes (Level 2)	733.0	675.8	809.1	794.4
NOK-denominated senior unsecured notes (Level 2)	63.2	60.9	75.7	76.2

11. SUBSEQUENT EVENT

Dividends

During its November 22, 2022 meeting, the Board of Directors declared a quarterly dividend of CA 14.0¢ per share for the second quarter of fiscal 2023 to shareholders on record as at December 1, 2022, and approved its payment effective December 15, 2022. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).