Fiscal Year 2019

Alimentation Couche-Tard Inc.
Consolidated Financial Statements
April 28, 2019

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Management's Report

The consolidated financial statements of Alimentation Couche-Tard Inc. and the financial information contained in this Annual Report are the responsibility of management. This responsibility is applied through a judicious choice of accounting procedures and principles, the application of which requires the informed judgment of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and were approved by the Board of Directors. In addition, the financial information included in the Annual Report is consistent with the consolidated financial statements.

Alimentation Couche-Tard Inc. maintains accounting and administrative control systems which, in the opinion of management, ensure the reasonable accuracy, relevance and reliability of financial information and the well-ordered, efficient management of the Corporation's affairs.

The Board of Directors is responsible for approving the consolidated financial statements included in this Annual Report, primarily through its Audit Committee. This committee, which holds periodic meetings with members of management as well as with the independent auditors, reviewed the consolidated financial statements of Alimentation Couche-Tard Inc. and recommended their approval to the Board of Directors.

The consolidated financial statements for the fiscal years ended April 28, 2019, and April 29, 2018, were audited by PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, and their report indicates the extent of their audit and their opinion on the consolidated financial statements.

July 9, 2019

/s/ Brian Hannasch
Brian Hannasch
President and
Chief Executive Officer

/s/ Claude Tessier
Claude Tessier
Chief Financial Officer

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for Alimentation Couche-Tard Inc., as such term is defined in Canadian securities regulations. With our participation, management carried out an evaluation of the effectiveness of our internal control over financial reporting for the fiscal year ended April 28, 2019. The framework on which such evaluation was based is contained in the report entitled *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation includes the review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, and that the degree of compliance with the policies or procedures may deteriorate. Based on this evaluation, management concluded that Alimentation Couche-Tard Inc.'s internal control over financial reporting was effective as at April 28, 2019.

PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, audited the effectiveness of Alimentation Couche-Tard Inc.'s internal control over financial reporting as at April 28, 2019 and expressed an unqualified opinion thereon, which is included herein.

July 9, 2019

/s/ Brian Hannasch
Brian Hannasch
President and
Chief Executive Officer

/s/ Claude Tessier
Claude Tessier
Chief Financial Officer

Independent auditor's report

To the Shareholders of
Alimentation Couche-Tard Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Alimentation Couche-Tard Inc. and its subsidiaries (together, the Corporation) as at April 28, 2019 and April 29, 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Corporation's consolidated financial statements comprise:

- The consolidated balance sheets as at April 28, 2019 and April 29, 2018;
- The consolidated statements of earnings for the years then ended;
- The consolidated statements of comprehensive income for the years then ended;
- The consolidated statements of changes in equity for the years then ended;
- The consolidated statements of cash flows for the years then ended; and
- The notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other matter – audit of internal control over financial reporting.

We also have audited, in accordance with the standards for audits of internal control over financial reporting set out in the CPA Canada Handbook – Assurance, the Corporation's internal control over financial reporting as at April 28, 2019, in accordance with criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and issued our report dated July 9, 2019.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Sonia Boisvert.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
July 9, 2019

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[1] FCPA auditor, FCA, public accountancy permit No. A116853

Independent auditor's report

To the Shareholders of
Alimentation Couche-Tard Inc.

We have audited the effectiveness of Alimentation Couche-Tard Inc. and its subsidiaries' internal control over financial reporting as at April 28, 2019.

Management's responsibility

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting.

Auditor's responsibility

Our responsibility is to express an opinion, based on our audit, on whether the entity's internal control over financial reporting was effectively maintained in accordance with criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

We conducted our audit in accordance with the standard for audit of internal control over financial reporting set out in the CPA Canada Handbook – Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures, as we considered necessary in the circumstances.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Alimentation Couche-Tard Inc. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at April 28, 2019, in accordance with the criteria established in *Internal Control – Integrated Framework (2013)*, issued by COSO.

We also have audited, in accordance Canadian generally accepted auditing standards, the consolidated financial statements of Alimentation Couche-Tard Inc. and its subsidiaries as at April 28, 2019 and April 29, 2018 and for the years then ended and issued our report dated July 9, 2019.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
July 9, 2019

[1] FCPA auditor, FCA, public accountancy permit No. A116853

Consolidated Statements of Earnings

For the fiscal years ended April 28, 2019 and April 29, 2018
(in millions of US dollars (Note 2), except per share amounts)

	2019	2018 (adjusted, Note 2)
	$	$
Revenues	**59,117.6**	51,394.4
Cost of sales (Note 8)	**49,922.7**	43,282.9
Gross profit	**9,194.9**	8,111.5
Operating, selling, administrative and general expenses	**5,646.1**	5,124.8
Restructuring costs (Note 22)	**10.5**	56.9
Gain on disposal of property and equipment and other assets (Note 6)	**(21.3)**	(17.7)
Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets (Notes 16 and 17)	**1,070.7**	910.6
Total operating expenses (Note 8)	**6,706.0**	6,074.6
Operating income	**2,488.9**	2,036.9
Share of earnings of joint ventures and associated companies accounted for using the equity method (Note 7)	**23.4**	32.0
Financial expenses	**338.7**	295.8
Financial revenues	**(13.3)**	(8.9)
Foreign exchange (gain) loss	**(5.3)**	48.4
Net financial expenses (Note 10)	**320.1**	335.3
Earnings before income taxes	**2,192.2**	1,733.6
Income taxes (Note 11)	**370.9**	56.1
Net earnings including non-controlling interests	**1,821.3**	1,677.5
Net loss (earnings) attributable to non-controlling interests (Note 5)	**12.6**	(6.9)
Net earnings attributable to shareholders of the Corporation	**1,833.9**	1,670.6
Net earnings per share (Note 12)		
Basic	**3.25**	2.95
Diluted	**3.25**	2.95

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

Consolidated Statements of Comprehensive Income

For the fiscal years ended April 28, 2019 and April 29, 2018
(in millions of US dollars (Note 2))

	2019	2018 (adjusted, Note 2)
	$	$
Net earnings including non-controlling interests	**1,821.3**	1,677.5
Other comprehensive (loss) income		
Items that may be reclassified subsequently to earnings		
Translation adjustments		
Change in cumulative translation adjustments[1]	**(207.9)**	137.3
Cumulative translation adjustments reclassified to earnings (Note 6)	**(0.8)**	-
Change in fair value and net interest on cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in certain of its foreign operations[2] (Note 21)	**(84.5)**	84.2
Cash flow hedges		
Change in fair value of financial instruments[2] (Note 28)	**3.3**	(11.9)
Loss realized on financial instruments transferred to earnings[2] (Note 28)	**1.9**	5.0
Available-for-sale investment		
Change in fair value of an available-for-sale investment[2]	**-**	1.1
Gain realized on an available-for-sale investment transferred to earnings[2] (Note 4)	**-**	(8.8)
Items that will never be reclassified to earnings		
Net actuarial (loss) gain[3] (Note 27)	**(2.3)**	25.1
Other comprehensive (loss) income	**(290.3)**	232.0
Comprehensive income including non-controlling interests	**1,531.0**	1,909.5
Comprehensive loss (income) attributable to non-controlling interests	**12.6**	(6.9)
Comprehensive income attributable to shareholders of the Corporation	**1,543.6**	1,902.6

(1) For the fiscal years ended April 28, 2019 and April 29, 2018, these amounts include losses of $143.1 (net of income taxes of $21.9) and gains of $70.1 (net of income taxes of $11.1), respectively. These gains and losses arise from the translation of long-term debts denominated in foreign currencies.
(2) For the fiscal years ended April 28, 2019 and April 29, 2018, these amounts are net of income taxes of $1.6 and $3.8, respectively.
(3) For the fiscal years ended April 28, 2019 and April 29, 2018, these amounts are net of income taxes of $1.5 and $7.6, respectively.

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

Consolidated Statements of Changes in Equity

For the fiscal years ended April 28, 2019 and April 29, 2018
(in millions of US dollars (Note 2))

2019

	Attributable to the shareholders of the Corporation						
	Capital stock	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive loss (Note 26)**	**Total**	**Non-controlling interests**	**Equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, beginning of year	**704.0**	**17.7**	**7,405.0**	**(566.3)**	**7,560.4**	**327.0**	**7,887.4**
Adoption of IFRS 15 (Note 3)			**(4.1)**		**(4.1)**	**-**	**(4.1)**
Adjusted balance, beginning of period	**704.0**	**17.7**	**7,400.9**	**(566.3)**	**7,556.3**	**327.0**	**7,883.3**
Comprehensive income:							
Net earnings (loss)			**1,833.9**		**1,833.9**	**(12.6)**	**1,821.3**
Other comprehensive loss				**(290.3)**	**(290.3)**	**-**	**(290.3)**
Comprehensive income (loss)					**1,543.6**	**(12.6)**	**1,531.0**
Dividends declared			**(181.3)**		**(181.3)**		**(181.3)**
Distributions to non-controlling interests (Note 5)						**(56.5)**	**(56.5)**
Stock option-based compensation expense (Note 25)		**4.4**			**4.4**		**4.4**
Exercise of stock options	**2.8**	**(2.6)**			**0.2**		**0.2**
Balance, end of year	**706.8**	**19.5**	**9,053.5**	**(856.6)**	**8,923.2**	**257.9**	**9,181.1**

2018
(adjusted, Note 2)

	Attributable to the shareholders of the Corporation						
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 26)	Total	Non-controlling interests	Equity
	$	$	$	$	$	$	$
Balance, beginning of year	708.7	15.7	6,083.5	(798.3)	6,009.6	-	6,009.6
Acquisition of control of CAPL (Note 4)						370.6	370.6
Comprehensive income:							
Net earnings			1,670.6		1,670.6	6.9	1,677.5
Other comprehensive income				232.0	232.0	-	232.0
Comprehensive income					1,902.6	6.9	1,909.5
Dividends declared			(162.4)		(162.4)		(162.4)
Distributions to non-controlling interests (Note 5)						(50.5)	(50.5)
Stock option-based compensation expense (Note 25)		3.6			3.6		3.6
Exercise of stock options	1.7	(1.6)			0.1		0.1
Repurchase and cancellation of shares (Note 24)	(6.4)		(186.7)		(193.1)		(193.1)
Balance, end of year	704.0	17.7	7,405.0	(566.3)	7,560.4	327.0	7,887.4

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

Consolidated Statements of Cash Flows

For the fiscal years ended April 28, 2019 and April 29, 2018
(in millions of US dollars (Note 2))

	2019	2018 (adjusted, Note 2)
	$	$
Operating activities		
Net earnings including non-controlling interests	**1,821.3**	1,677.5
Adjustments to reconcile net earnings including non-controlling interests to net cash provided by operating activities		
Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets, and amortization of financing costs, net of amortization of deferred credits (Notes 16 and 17)	**1,039.1**	883.0
Deferred credits collected	**61.1**	51.3
Gain on disposal of property and equipment and other assets	**(21.3)**	(8.9)
Deferred income taxes (Note 11)	**91.7**	(209.8)
Share of earnings of joint ventures and associated companies accounted for using the equity method, net of dividends received (Note 7)	**2.4**	(11.5)
Gain realized on an available-for-sale investment transferred to earnings (Note 4)	**-**	(8.8)
Other	**9.8**	(3.0)
Changes in non-cash working capital (Note 13)	**79.5**	(206.7)
Net cash provided by operating activities	**3,083.6**	2,163.1
Investing activities		
Purchase of property and equipment, intangible assets and other assets	**(1,145.1)**	(1,169.3)
Proceeds from disposal of property and equipment and other assets (Note 6)	**215.6**	132.1
Proceeds from disposal of marine fuel business (Note 6)	**24.3**	-
Change in restricted cash	**(16.9)**	(13.5)
Business acquisitions (Note 4)	**(13.1)**	(5,380.9)
Proceeds from disposal of CST's assets held for sale (Note 4)	**-**	895.5
Proceeds from disposal of an available-for-sale investment (Note 4)	**-**	91.6
Net cash used in investing activities	**(935.2)**	(5,444.5)
Financing activities		
Net (decrease) increase in term revolving unsecured operating credit D (Notes 13 and 20)	**(1,357.4)**	702.9
Net increase in CAPL senior secured revolving credit facility (Notes 13 and 20)	**516.0**	-
Net (decrease) increase in former CAPL senior secured revolving credit facility (Notes 13 and 20)	**(512.1)**	64.5
Decrease in acquisition facility (Notes 13 and 20)	**(413.5)**	(3,886.5)
Increase in unsecured non-revolving credit facility (Notes 13 and 20)	**213.5**	-
Decrease in unsecured non-revolving credit facility (Notes 13 and 20)	**(213.5)**	-
Cash dividends paid	**(181.3)**	(162.4)
CAPL distributions paid to non-controlling interests (Note 5)	**(56.5)**	(50.5)
Decrease in other debts (Notes 13 and 20)	**(52.2)**	(42.9)
Settlement of derivative financial instruments (Note 13)	**3.0**	(81.3)
Exercise of stock options	**0.2**	0.2
Increase in acquisition facility, net of financing costs (Notes 13 and 20)	**-**	4,298.6
Issuance of senior unsecured notes, net of financing costs (Notes 13 and 20)	**-**	3,935.9
Repayments of debts assumed on the CST acquisition (Notes 4 and 13)	**-**	(1,075.9)
Repayment of senior unsecured notes (Note 13)	**-**	(232.5)
Share repurchase	**-**	(193.1)
Net cash (used in) provided by financing activities	**(2,053.8)**	3,277.0
Effect of exchange rate fluctuations on cash and cash equivalents	**(54.4)**	33.0
Net increase in cash and cash equivalents	**40.2**	28.6
Cash and cash equivalents, beginning of year	**666.2**	637.6
Cash and cash equivalents, end of year	**706.4**	666.2
Supplemental information:		
Interest paid	**291.1**	233.5
Interest and dividends received	**57.5**	36.7
Income taxes paid	**336.7**	277.5

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

Consolidated Balance Sheets

As at April 28, 2019 and April 29, 2018
(in millions of US dollars (Note 2))

	2019	2018 (adjusted, Note 2)
	$	$
Assets		
Current assets		
Cash and cash equivalents	**706.4**	666.2
Restricted cash	**36.5**	19.6
Accounts receivable (Note 14)	**1,863.9**	2,006.4
Inventories (Note 15)	**1,467.7**	1,369.0
Prepaid expenses	**83.7**	106.5
Assets held for sale (Note 6)	**-**	73.8
Other short-term financial assets (Notes 21 and 28)	**-**	1.8
Income taxes receivable	**163.1**	233.8
	4,321.3	4,477.1
Property and equipment (Note 16)	**11,129.9**	11,285.8
Goodwill (Note 17)	**5,683.1**	5,845.8
Intangible assets (Note 17)	**944.4**	1,048.0
Other assets (Note 18)	**306.6**	303.1
Investment in joint ventures and associated companies (Note 7)	**136.0**	139.4
Deferred income taxes (Note 11)	**86.4**	57.5
	22,607.7	23,156.7
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 19)	**3,917.1**	3,809.2
Short-term provisions (Note 22)	**160.0**	179.4
Other short-term financial liabilities (Notes 21 and 28)	**123.6**	-
Income taxes payable	**70.6**	147.1
Liabilities associated with assets held for sale (Note 6)	**-**	5.8
Current portion of long-term debt (Note 20)	**1,310.7**	44.5
	5,582.0	4,186.0
Long-term debt (Note 20)	**5,640.7**	8,862.2
Long-term provisions (Note 22)	**590.1**	610.7
Pension benefit liability (Note 27)	**92.6**	100.0
Other long-term financial liabilities (Notes 21 and 28)	**135.1**	173.5
Income taxes payable	**-**	58.9
Deferred credits and other liabilities (Note 23)	**349.0**	351.3
Deferred income taxes (Note 11)	**1,037.1**	926.7
	13,426.6	15,269.3
Equity		
Capital stock (Note 24)	**706.8**	704.0
Contributed surplus	**19.5**	17.7
Retained earnings	**9,053.5**	7,405.0
Accumulated other comprehensive loss (Note 26)	**(856.6)**	(566.3)
Equity attributable to shareholders of the Corporation	**8,923.2**	7,560.4
Non-controlling interests (Note 5)	**257.9**	327.0
	9,181.1	7,887.4
	22,607.7	23,156.7

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

On behalf of the Board,

/s/ Brian Hannasch	*/s/ Alain Bouchard*
Brian Hannasch	**Alain Bouchard**
Director	Director

Notes to the Consolidated Financial Statements

For the fiscal years ended April 28, 2019 and April 29, 2018
(in millions of US dollars (Note 2), except share and stock option data)

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

Alimentation Couche-Tard Inc. (the "Corporation") is governed by the *Business Corporations Act* (Quebec). The Corporation's head office is located at 4204 Boulevard Industriel in Laval, Quebec, Canada.

As at April 28, 2019, the Corporation operates and licenses 12,575 convenience stores across North America, Ireland, Scandinavia (Norway, Sweden and Denmark), Poland, the Baltics (Estonia, Latvia and Lithuania) and Russia, of which 9,794 are company-operated, and generates income primarily from the sale of tobacco products and alternative tobacco products, grocery items, candy and snacks, beverages, beer, wine and fresh food offerings, including quick service restaurants, car wash services, other services and road transportation fuel. In addition, through CrossAmerica Partners LP ("CAPL"), the Corporation supplies road transportation fuel under various brands to approximately 1,300 locations in the United States.

Furthermore, under licensing agreements, more than 2,150 stores are operated under the Circle K banner in 15 other countries and territories (Cambodia, China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Mexico, Mongolia, New Zealand, Saudi Arabia, the United Arab Emirates and Vietnam), which brings the worldwide total network to more than 16,000 stores.

2. BASIS OF PRESENTATION

Year-end date

The Corporation's year-end is the last Sunday of April of each year. The fiscal years ended April 28, 2019 and April 29, 2018 are referred to as "2019" and "2018".

Basis of presentation

The Corporation prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Reporting currency

The parent corporation's functional currency is the Canadian dollar. However, the Corporation uses the US dollar as its reporting currency to provide more relevant information considering its predominant operations in the United States.

Approval of the financial statements

On July 9, 2019, the Corporation's consolidated financial statements were approved by the Board of Directors, which also approved their publication.

Comparative figures

During fiscal 2019, the Corporation has made adjustments and finalized its estimates of the fair value of assets acquired and liabilities assumed for the acquisition of Holiday Stationstores, LLC (Note 4). As a result, changes were made to the following consolidated balance sheet accounts as at April 29, 2018: Property and equipment increased by $190.8 (net of a $2.1 depreciation expense), Intangible assets increased by $13.7 (net of a $2.1 depreciation expense), Investment in joint ventures and associated companies increased by $16.1, Accounts payable and accrued liabilities decreased by $3.6, Current portion of long-term debt increased by $1.6, Long-term debt increased by $18.2, Long-term provisions increased by $0.3, Deferred credits and other liabilities increased by $3.8 and Deferred income taxes decreased by $1.2. Consequently, Goodwill decreased by $204.5. These changes resulted in a $4.2 increase in Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets and a $1.2 decrease in income taxes in the consolidated statement of earnings for the fiscal year ended April 29, 2018 which are reflected in Retained earnings on the consolidated balance sheets.

During fiscal 2019, the Corporation has made adjustments and finalized its estimates of the fair value of assets acquired and liabilities assumed for the acquisition of Jet Pep, Inc. As a result, changes were made to the following consolidated balance sheet accounts as at April 29, 2018: Property and equipment increased by $6.4 and Goodwill decreased by $6.4.

3. ACCOUNTING POLICIES

Change in accounting policies

Financial Instruments

As of April 30, 2018, the Corporation adopted IFRS 9, *Financial Instruments*, which includes three requirements for recognition and measurement, impairment and general hedge accounting. These requirements were applied as follows:

The first requirement, recognition and measurement, which was applied retrospectively without restatement of comparative amounts, requires a new classification of financial assets and liabilities under IFRS 9.

The Corporation's financial instruments are accounted for as follows under IFRS 9 as compared to the Corporation's previous policy in accordance with IAS 39:

Financial instrument	Classification – IAS 39	Classification – IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Investments	Financial assets available for sale	Fair value through earnings or loss (unless fair value through Other comprehensive income (OCI) is elected)
Derivative financial instruments	Financial assets/liabilities at fair value through earnings or loss	Fair value through earnings or loss
Derivative financial instruments designated as hedge	Effective hedging instruments	Fair value through earnings or loss subject to hedge accounting requirements
Bank indebtedness and long-term debt	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Since IFRS 9 largely retains requirements under IAS 39, the adoption of this requirement had no significant impact on the Corporation’s financial statements nor was any measurement adjustment required on April 30, 2018.

The second requirement, impairment, replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” model. The new impairment model applies to financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. This requirement had no significant impact on the Corporation’s consolidated financial statements.

The third requirement, general hedge accounting, entails that the Corporation must ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and apply a more qualitative and forward-looking approach to assessing hedge effectiveness. The Corporation has elected not to adopt this requirement and instead, as permitted by IFRS 9, to continue to apply the general hedge accounting requirements of IAS 39 until further notice.

Revenue from Contracts with Customers

As of April 30, 2018, the Corporation adopted IFRS 15, *Revenue from Contracts with Customers* retrospectively without restatement of comparative amounts. The Corporation analyzed the impact of the new standard by comparing its current accounting policies with the new guidance and identified the differences from applying the new requirements to its different revenue streams. Under the previous accounting policies, the Corporation recognized initial franchise fees when all of the initial services required by the franchise agreement were performed, when there were no material unfulfilled conditions affecting completion of the sale and when there was no remaining obligation or intent to refund amounts received, which generally occurred when the franchise store opened. Under the new accounting policy, the Corporation recognizes a portion of the initial fees when the franchise store opens and defers remaining revenue over the estimated term of the related franchise agreement. As a result, the Corporation adjusted initial franchise fees revenue of $4.1 (net of income taxes of $1.3) to Retained earnings, with an offset to Deferred credits and other liabilities, Accounts payable and accrued liabilities and Income taxes payable.

Classification and Measurement of Share-based Payment Transactions

As of April 30, 2018, the Corporation applied amendments to IFRS 2, *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions, such as the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments. The amendments were applied prospectively and had no significant impact on the Corporation’s consolidated financial statements.

Use of estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management reviews its estimates. These estimates are based on management’s best knowledge of current events and actions that the Corporation may undertake in the future. Actual results could differ from those estimates. The most significant accounting judgments and estimates that the Corporation has made in the preparation of the consolidated financial statements are discussed along with the relevant accounting policies when applicable and relate primarily to the following topics: vendor rebates, useful lives of tangible and intangible assets, income taxes, leases, employee future benefits, provisions, impairment and business combinations.

The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, which are generally wholly owned. They also include the Corporation's share of earnings of joint ventures and associated companies accounted for using the equity method. All intercompany balances and transactions have been eliminated on consolidation. See Note 5 for more details about the consolidation of CAPL.

Subsidiaries are entities over which the Corporation has control, where control is defined as the power to govern financial and operating policies. The Corporation generally has a direct or indirect shareholding of 100% of the voting rights in its subsidiaries. These criteria are reassessed regularly and subsidiaries are fully consolidated from the date control is transferred to the Corporation and deconsolidated from the date control ceases.

The Corporation holds contracts with franchisees and independent operators. They manage their store and are responsible for merchandising and financing their inventory. Their financial statements are not included in the Corporation's consolidated financial statements.

Foreign currency translation

Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent corporation and its Canadian operations is the Canadian dollar. The functional currency of foreign subsidiaries is generally their local currency, mainly the US dollar for operations in the United States and various other European currencies for operations in Europe.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the relevant functional currency as follows: monetary assets and liabilities are translated using the exchange rate in effect at the consolidated balance sheet date, whereas revenues and expenses are translated using the average exchange rate of the period. Non-monetary assets and liabilities are translated using historical rates or using the rate on the date they were valued at fair value. Gains and losses arising from such translations, if any, are reflected in the earnings except for assets and liabilities designated as part of hedging relationships.

Consolidation and foreign operations

The consolidated financial statements are consolidated in Canadian dollars using the following procedure: assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the consolidated balance sheet date. Revenues and expenses are translated using the average exchange rate of the period. Individual transactions with a significant impact on the consolidated statements of earnings, comprehensive income or cash flows are translated using the transaction date exchange rate.

Gains and losses arising from such translation are included in Accumulated other comprehensive income (loss) in Equity. The translation difference derived from each foreign subsidiary, associated company or joint venture is transferred to the consolidated statements of earnings as part of the gain or loss arising from the divestment or liquidation of such a foreign entity when there is a loss of control, or a change in ownership of the associated company or joint venture, respectively.

Reporting currency

The Corporation has adopted the US dollar as its reporting currency. The Canadian-dollar consolidated financial statements are translated into the reporting currency using the procedure described above. Capital stock, Contributed surplus and Retained earnings are translated using historical rates. Gains and losses arising from such translations are included in Accumulated other comprehensive income (loss) in Equity.

Net earnings per share

Basic net earnings per share are calculated by dividing the net earnings available to Class A and Class B shareholders by the respective weighted average number shares outstanding during the year. Diluted net earnings per share are calculated using the average weighted number of shares outstanding plus the weighted average number of shares that would be issued upon the conversion of all potential dilutive stock options into common shares.

Revenue recognition

For the fiscal year ended April 28, 2019, under IFRS 15, Revenue from Contracts with Customers

For its three major product categories, merchandise and services, road transportation fuel and other, the Corporation recognizes revenue when control of goods or services is transferred to a customer.

For retail operations, merchandise sales primarily comprise the sale of tobacco products and alternative tobacco products, grocery items, candy and snacks, beverages, beer, wine and fresh food offerings, including quick service restaurants. Service revenues include commissions on the sale of lottery tickets and the issuance of money orders, fees from automatic teller machines, sales of calling cards and gift cards, fees for cashing checks, sales of postage stamps and bus tickets and car wash revenues. Road transportation fuel sales comprise the sale of different types of road transportation fuel via fuel dispensers located at the Corporation's convenience stores or automate stations. These revenues are recognized at the time of the transaction since control of goods and services is considered transferred when customer makes payment and takes possession of the sold item.

Service revenues also include franchise and license fees, which are recognized in revenues over the period of the agreement, initial franchise fees for which a portion is recognized when the franchise store opens and the remaining portion is deferred and recognized over the estimated term of the related agreement, as well as commissions from agents, and royalties from franchisees and licensees, which are recognized periodically based on sales reported by agents, and franchise and license operators. Starting fiscal year 2020, the Corporation will also sell cannabis products through its licensed store in Ontario, Canada.

For its wholesale operations, the Corporation generally recognizes sales of merchandise and goods to certain independent operators and franchisees made from the Corporation's distribution centers and sales of road transportation fuel upon delivery to its customers.

Other revenues include aviation fuel, sales of energy for stationary engines and marine fuel (until November 30, 2018), which are generally recognized upon delivery to the customer. Other revenues also include rental income from operating leases, which is recognized on a straight-line basis over the term of the lease.

In markets where refined oil products are purchased excluding excise duties, revenues from sales to customers are reported net of excise duties. In markets where refined oil products are purchased including excise duties, revenues and costs of goods sold are reported including these duties.

For the fiscal year ended April 29, 2018, under IAS 18, Revenue

For its three major product categories, merchandise and services, road transportation fuel and other, the Corporation generally recognizes revenue at the point of sale for convenience operations. For wholesale operations, the Corporation generally recognizes road transportation fuel revenue upon delivery to its customers. Merchandise sales primarily comprise the sale of tobacco products and alternative tobacco products, grocery items, candy and snacks, beverages, beer, wine and fresh food offerings, including quick service restaurants. Merchandise sales also include the wholesale of merchandise and goods to certain independent operators and franchisees made from the Corporation's distribution centers, which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made.

Service revenues include commissions on the sale of lottery tickets and issuance of money orders, fees from automatic teller machines, sales of calling cards and gift cards, fees for cashing checks, sales of postage stamps and bus tickets and car wash revenues. These revenues are recognized at the time of the transaction. Service revenues also include franchise and license fees, which are recognized in revenues over the period of the agreement, as well as commissions from agents, and royalties from franchisees and licensees, which are recognized periodically based on sales reported by agents, and franchise and license operators.

In markets where refined oil products are purchased excluding excise duties, revenues from sales to customers are reported net of excise duties. In markets where refined oil products are purchased including excise duties, revenues and costs of goods sold are reported including these duties.

Other revenues include sales of energy for stationary engines, marine fuel and aviation fuel, which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made. Other revenues also include rental income from operating leases, which is recognized on a straight-line basis over the term of the lease.

Cost of sales and vendor rebates

Cost of sales mainly comprises the cost of finished goods and input materials, as well as transportation costs when they are incurred to bring products to the point of sale.

The Corporation records cash received from vendors related to vendor rebates as a reduction in the price of the vendors' products and reflects them as a reduction of cost of sales and related inventory in its consolidated statements of earnings and consolidated balance sheets when it is probable that they will be received. The Corporation estimates the probability based on the consideration of a variety of factors, including quantities of items sold or purchased, market shares and other conditions specified in the contracts. The accuracy of the Corporation's estimates can be affected by many factors, some of which are beyond its control, including changes in economic conditions and consumer buying trends. Historically, the Corporation has not experienced significant differences in its estimates compared with actual results. Amounts received but not yet earned are presented in Deferred credits.

Operating, selling, administrative and general expenses

The main items comprising Operating, selling, administrative and general expenses are labor, net occupancy costs, electronic payment modes fees, commissions to dealers and agents and overhead.

Cash and cash equivalents

Cash includes cash and demand deposits. Cash equivalents include highly liquid investments that can be readily converted into cash for a fixed amount and which mature less than three months from the date of acquisition.

Restricted cash

Restricted cash comprises, when applicable, escrow deposits held by independent escrow agent to fund pending acquisitions and future capital expenditures but restricted by certain release conditions.

Inventories

Inventories are valued at the lesser of cost and net realizable value. The cost of merchandise is generally valued based on the retail price less a normal margin. The cost of road transportation fuel inventory is generally determined according to the average cost method.

Income taxes

The income tax expense recorded to earnings is the sum of the Deferred income taxes and Current income taxes that are not recognized in Other comprehensive income (loss) or directly in Equity.

The Corporation uses the balance sheet liability method to account for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the carrying amount and the tax base of assets and liabilities, using enacted or substantively enacted tax rates and laws, as appropriate, at the date of the consolidated financial statements for the years in which the temporary differences are expected to reverse. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Property and equipment, depreciation, amortization and impairment

Property and equipment are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives using the straight-line method based on the following periods:

Buildings and building components	3 to 40 years
Equipment	3 to 40 years
Buildings and equipment under finance leases and leasehold improvements	Lesser of the lease term and useful life

Building components include air conditioning and heating systems, plumbing and electrical fixtures. Equipment includes signage, fuel equipment and in-store equipment.

Property and equipment are tested for impairment should events or circumstances indicate that their book value may not be recoverable, as measured by comparing their net book value to their recoverable amount, which corresponds to the higher of fair value less costs to sell and value in use of the asset or the cash-generating unit ("CGU"). Should the carrying amount of property and equipment exceed their recoverable amount, an impairment loss in the amount of the excess would be recognized.

The Corporation performs an annual evaluation of residual values, estimated useful lives and depreciation methods used for property and equipment and any change resulting from this evaluation is applied prospectively by the Corporation.

Goodwill

Goodwill is the excess of the cost of an acquired business over the fair value of underlying net assets acquired from the business at the time of acquisition. Goodwill is not amortized. Rather, it is tested for impairment annually during the Corporation's first quarter or more frequently should events or changes in circumstances indicate that it might be impaired or if necessary due to the timing of acquisitions. Should the carrying amount of a CGU's goodwill exceed its recoverable amount, an impairment loss would be recognized.

Intangible assets

Intangible assets mainly comprise trademarks, franchise agreements, motor fuel supply agreements, software, favorable leases and licenses. Licenses and trademarks that have indefinite lives, since they do not expire, are recorded at cost, are not amortized and are tested for impairment annually during the first quarter or more frequently should events or changes in circumstances indicate that they might be impaired or if necessary due to the timing of acquisitions. Motor fuel supply agreements, franchise agreements and trademarks with finite lives are recorded at cost and are amortized using the straight-line method over the term of the agreements they relate to. Favorable leases represent lease terms that are favorable compared to those currently available in the marketplace, and they are amortized using the straight-line method over the term of the lease. Software and other intangible assets are amortized using the straight-line method over a period of 3 to 15 years.

Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Corporation analyzes whether an arrangement is or contains a lease by assessing if:

- Fulfilment of the arrangement is dependent on the use of a specified asset or assets; and
- The arrangement conveys a right to use the asset or assets.

The Corporation has assessed that some arrangements with franchisees contain embedded lease agreements and accordingly accounts for a portion of those agreements as lease agreements.

The Corporation distinguishes between lease contracts and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time. Capacity contracts confer the right to and the obligation to pay for availability of certain capacity volumes related primarily to transportation. Such capacity contracts that do not involve specified single assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered to qualify as leases for accounting purposes. Capacity payments are recognized in the consolidated statements of earnings in Operating, selling, administrative and general expenses.

Lease arrangements in which the Corporation is a lessee

The Corporation accounts for finance leases in instances where it has acquired substantially all the benefits and risks incidental to ownership of the leased property. In some cases, the characterization of a lease transaction is not evident, and management uses judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and benefits incidental to ownership to the Corporation. Judgment is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. The Corporation's activities involve a considerable number of lease agreements, most of which are determined to be operational in nature. The cost of assets under finance leases represents the present value of minimum lease payments or the fair value of the leased property, whichever is lower, and is amortized on a straight-line basis over the term of the lease or useful life of the asset, whichever is shorter. Assets under finance leases are presented under Property and equipment in the consolidated balance sheets.

Leases that do not transfer substantially all the benefits and risks incidental to ownership of the property are accounted for as operating leases. When a lease contains a predetermined fixed escalation of the minimum rent, the Corporation recognizes the related rent expense on a straight-line basis over the term of the lease and, consequently, records the difference between the recognized rental expense and the amounts payable under the lease as deferred rent expense.

The Corporation also receives tenant allowances, which are amortized on a straight-line basis over the term of the lease or the useful life of the asset, whichever is shorter.

Gains and losses resulting from sale and leaseback transactions are recorded in the consolidated earnings at the transaction date except if:

- The sale price is below fair value and the loss is compensated for by future lease payments below market price, in which case the loss shall be deferred and amortized in proportion to the lease payments over the period during which the asset is expected to be used; or
- The sale price is above fair value, in which case the excess shall be deferred and amortized over the period during which the asset is expected to be used.

Lease arrangements in which the Corporation is a lessor

Leases in which the Corporation transfers substantially all the risks and rewards of ownership of an asset to a third party are classified as finance leases. The Corporation recognizes lease payments receivable in the consolidated balance sheets and presents them as accounts receivable. Lease payments received under finance leases are apportioned between financial revenues and reduction of the receivable.

Leases that do not transfer substantially all the benefits and risks incidental to ownership of the property to a third party are accounted for as operating leases. When a lease contains a predetermined fixed escalation of the minimum rent, the Corporation recognizes the related rent revenue on a straight-line basis over the term of the lease and, consequently, records the difference between the recognized rental revenue and the rent received under the lease as rent receivable.

Financing costs

Financing costs related to term loans and debt securities are included in the initial carrying amount of the corresponding debt and are amortized using the effective interest rate method that is based on the estimated cash flow over the expected life of the liability. Financing costs related to revolving loans are included in other assets and are amortized using the straight-line method over the expected life of the underlying agreement.

Stock-based compensation and other stock-based payments

Stock-based compensation costs are measured at the grant date of the award based on the fair value method.

The fair value of stock options is recognized over the vesting period of each respective vesting portion as compensation expense with a corresponding increase in contributed surplus taking into account the number of awards that are expected to ultimately vest. When stock options are exercised, the corresponding contributed surplus is transferred to capital stock.

The Phantom Stock Units (“PSU”) compensation cost and the related liability are recorded on a straight-line basis over the corresponding vesting period based on the fair market value of Class B shares and the best estimate of the number of PSUs that will ultimately be paid. The recorded liability is adjusted periodically to reflect any variation in the fair market value of the Class B shares and revisions to the estimated forfeitures.

Employee future benefits

The Corporation accrues its obligations under employee pension plans and the related costs, net of plan assets. The Corporation has adopted the following accounting policies with respect to the defined benefit plans:

- The accrued benefit obligations and the cost of pension benefits earned by active employees are actuarially determined using the projected unit credit method pro-rated on service, and the pension expense is recorded in earnings as the services are rendered by active employees. The calculations reflect management’s best estimate of salary escalation and retirement ages of employees;
- Plan assets are valued at fair value;
- Actuarial gains and losses arise from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments. Actuarial gains and losses are recognized immediately in Other comprehensive income (loss) with no impact on net earnings;
- Past service costs are recorded to earnings at the earlier of the following dates:
    - When the plan amendment or curtailment occurs;
    - When the Corporation recognizes related restructuring costs or termination benefits; and
- Net interest on the defined benefit liability (asset) represents the net defined benefit liability (asset), multiplied by the discount rate and is recorded in financial expenses.

The pension cost recorded in net earnings for the defined contribution plans is equivalent to the contribution, which the Corporation is required to pay in exchange for services provided by the employees.

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The

Corporation determines the appropriate discount rate at the end of each fiscal year, which is the rate used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Corporation considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The present value of provisions depends on a number of factors that are assessed on a regular basis using a number of assumptions, including the discount rate, the expected cash flows to settle the obligation and the number of years until the realization of the provision. Any changes in these assumptions or in governmental regulations will impact the carrying amount of provisions. Where the actual cash flows are different from the amounts that were initially recorded, such differences will impact earnings in the period in which the payment is made. Historically, the Corporation has not experienced significant differences in its estimates compared with actual results.

Environmental costs

The Corporation provides for estimated future site remediation costs to meet government standards for known site contaminations, when such costs can be reasonably estimated. Estimates of the anticipated future costs for remediation activities at such sites are based on the Corporation’s prior experience with remediation sites and consideration of other factors such as the condition of the site’s contamination, location of sites and experience of the contractors performing the environmental assessments and remediation work. In order to determine the initial recorded liability, the present value of estimated future cash flows was calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Asset retirement obligations

Asset retirement obligations primarily relate to estimated future costs to remove road transportation fuel storage tanks and are based on the Corporation’s prior experience in removing these tanks, estimated tank useful life, remaining lease terms for those tanks installed on leased properties, external estimates and governmental regulatory requirements. A discounted liability is recorded for the present value of an asset retirement obligation, with a corresponding increase to the carrying value of the related long-lived asset at the time a storage tank is installed. To determine the initial recorded liability, the future estimated cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability.

Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased to reflect the passage of time and then adjusted for variations in the current market-based discount rate or the scheduled underlying cash flows required to settle the liability.

Obligations related to general liability and workers’ compensation

In the United States and Ireland, the Corporation is self-insured for certain losses related to general liability and workers’ compensation. The expected ultimate cost for claims incurred as of the consolidated balance sheet date is discounted and is recognized as a liability. This cost is estimated based on an analysis of the Corporation’s historical data and actuarial estimates. In order to determine the initial recorded liability, the present value of estimated future cash flows is calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Restructuring

Restructuring provisions are recognized only when a detailed formal plan for the restructuring exists and either the plan has commenced or the plan’s main features have been announced to those affected by it. In order to determine the initial recorded liability, the present values of estimated future cash flows are calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A detailed formal plan usually includes:

- Identifying the concerned business or part of the business;
- The principal locations affected;
- Details regarding the employees affected;
- The restructuring’s timing; and
- The expenditures that will have to be undertaken.

Financial instruments recognition and measurement

For the fiscal year ended April 28, 2019 under IFRS 9, Financial Instruments

The Corporation has made the following classifications for its financial assets and financial liabilities:

Financial assets and financial liabilities	Classification	Subsequent measurement (1)	Classification of gains and losses
Cash and cash equivalents	Amortized cost	Amortized cost	Net earnings
Restricted cash	Amortized cost	Amortized cost	Net earnings
Accounts receivable	Amortized cost	Amortized cost	Net earnings
Investments	Fair value through earnings or loss (unless fair value through OCI is elected)	Fair value	Net earnings (Other comprehensive income (loss) not subject to reclassification to net earnings if election made)
Derivative financial instruments	Fair value through earnings or loss	Fair value	Net earnings
Derivative financial instruments designated as net investment hedges	Fair value through earnings or loss subject to hedge accounting requirements	Fair value	Other comprehensive income (loss) subject to reclassification to net earnings
Derivative financial instruments designated as fair value hedges	Fair value through earnings or loss subject to hedge accounting requirements	Fair value	Net earnings, with offsetting basis adjustment recorded to hedged item
Bank indebtedness and long-term debt	Amortized cost	Amortized cost	Net earnings
Accounts payable and accrued liabilities	Amortized cost	Amortized cost	Net earnings

(1) Initial measurement of all financial assets and financial liabilities is at fair value.

For the fiscal year ended April 29, 2018 under IAS 39, Financial instruments: recognition and measurement

The Corporation has made the following classifications for its financial assets and financial liabilities:

Financial assets and financial liabilities	Classification	Subsequent measurement (1)	Classification of gains and losses
Cash and cash equivalents	Loans and receivables	Amortized cost	Net earnings
Restricted cash	Loans and receivables	Amortized cost	Net earnings
Accounts receivable	Loans and receivables	Amortized cost	Net earnings
Investments	Available-for-sale financial assets	Fair value	Other comprehensive income (loss) subject to reclassification to net earnings
Derivative financial instruments	Financial assets or liabilities at fair value through profit or loss	Fair value	Net earnings
Derivative financial instruments designated as net investment hedges	Effective hedging instruments	Fair value	Other comprehensive income (loss) subject to reclassification to net earnings
Derivative financial instruments designated as fair value hedges	Effective hedging instruments	Fair value	Net earnings
Bank indebtedness and long-term debt	Other financial liabilities	Amortized cost	Net earnings
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Net earnings

(1) Initial measurement of all financial assets and financial liabilities is at fair value.

Hedging and derivative financial instruments

Embedded total return swap

The Corporation is party to an indexed deposit contract which includes an embedded total return swap to manage current and forecasted risks related to changes in the fair value of the PSUs and deferred share units (“DSUs”) granted by the Corporation. Effective April 30, 2018, the indexed deposit contract is recorded at fair value on the consolidated balance sheets under Other accounts receivable and Other assets and classified as fair value through earnings or loss.

The Corporation has documented and designated the indexed deposit contract as the hedging item in a cash flow hedge of the anticipated cash settlement transaction related to the granted PSUs and DSUs. The Corporation has determined that the indexed deposit contract is an effective hedge at the time of the establishment of the hedge and for the duration of the indexed deposit contract. The changes in the fair value of the indexed deposit contract are initially recorded in other comprehensive income (loss) and subsequently reclassified to consolidated net earnings in the same period that the change in the fair value of the PSUs and DSUs affected consolidated net earnings. Should the hedged transaction no longer be expected to occur, any gains, losses, revenues or expenses associated with the hedging item that had previously been recognized in Other comprehensive income (loss) as a result of applying hedge accounting will be recognized in the reporting period’s net earnings under Operating, selling, administrative and general expenses.

Fuel swaps

The Corporation uses fuel swaps to manage the price risk associated with the commodity prices of road transportation fuel. The changes in fair value of these swaps are recognized in the consolidated statement of earnings.

Also, from time to time, the Corporation uses fuel swaps to manage the price risk associated with an anticipated cash settlement transaction related to a sale of a large volume of fuel. The Corporation documents and designates the fuel swaps as a cash flow hedge of the anticipated cash settlement transaction related to the sale of fuel. Accordingly, changes in the fair value of the hedging item, the fuel swaps, are recognized in Other comprehensive income (loss). Realized gains in Accumulated other comprehensive income (loss) are then reclassified to Revenues in the same period as when the hedged transaction occurs.

Designated long-term debts denominated in foreign currencies

The Corporation designates a portion of its US-dollar- and its Norwegian-krone-denominated long-term debts as a foreign exchange hedge of its net investment in its United States and Norwegian operations, respectively. The Corporation also designates a portion of its Euro-denominated long-term debts as a foreign exchange hedge of its net investment in its Eurozone and Danish operations. Accordingly, the gains and losses arising from the translation of the designated debts that are designated to be an effective hedge, are recognized in Other comprehensive income (loss), counterbalancing gains and losses arising from the translation of the Corporation's net investment its United States, Norwegian, and Eurozone and Danish operations.

Cross-currency interest rate swaps

The Corporation designates cross-currency interest rate swaps as a foreign exchange hedge of its net investment in its foreign operations. Accordingly, the portion of the gains or losses arising from the translation of the cross-currency interest rate swaps that are determined to be an effective hedge, are recognized in Other comprehensive income (loss), counterbalancing gains and losses arising from the translation of the Corporation's net investment in its foreign operations.

Short-term cross-currency interest rate swaps

Occasionally, the Corporation uses short-term cross-currency interest rate swaps to manage the currency fluctuation risk associated with forecasted cash disbursements in a foreign currency. Gains or losses arising from the translation of these short-term cross-currency interest rate swaps are recognized in the consolidated statements of earnings as foreign exchange gain or loss.

Fixed-to-floating interest rate swaps

The Corporation uses fixed-to-floating interest rate swaps to manage the interest rate fair value risk associated with fixed interest rate debt. The Corporation designated these fixed-to-floating interest rate swaps as a fair value hedge of fixed interest rate debt issued (the "hedged item"). Accordingly, the hedged item is remeasured to reflect changes in fair value arising from changes in the hedged risk and such remeasurements are recognized in the consolidated statements of earnings as financial expenses. This is counterbalanced by gains and losses arising from the remeasurement of the swap's fair value, which are recognized in the consolidated statements of earnings as financial expenses as well.

Interest rate locks

From time to time, the Corporation uses interest rate locks to manage the interest rate risk associated with forecasted debt issuance. The Corporation designates these interest rate locks as a cash flow hedge of the anticipated interest from the debt issuance. Accordingly, changes in the fair value of the hedging item, the interest rate locks, are recognized in Other comprehensive income (loss). Realized gains and losses in Accumulated other comprehensive income (loss) are reclassified to Interest expense over the same periods as the Interest expense on the debt will be recognized in earnings.

Guarantees

A guarantee is defined as a contract or an indemnification agreement contingently requiring an entity to make payments to a third party based on future events. These payments are contingent on either changes in an underlying element or other variables that are related to an asset, liability, or an equity security of the indemnified party or the failure of another entity to perform under an obligating agreement. It could also be an indirect guarantee of the indebtedness of another party. Guarantees are initially recognized at fair value and subsequently revaluated when the loss becomes probable.

Business combinations

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent

liabilities that meet the conditions for recognition under IFRS 3, “Business Combinations”, are recognized at their fair values at the acquisition date. Direct acquisition costs are recorded to earnings when incurred.

Goodwill arising from business combinations is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess (“Negative goodwill”) is recognized immediately to earnings.

Determination of the fair value of the assets acquired and liabilities assumed requires judgment and the use of assumptions that, if changed, may affect the consolidated statements of earnings and consolidated balance sheets.

For purchase price allocation and impairment testing purposes, goodwill and other intangible assets with indefinite useful lives are allocated to CGUs based on the lowest level at which management reviews the results, a level which is not higher than the operating segment. The allocation is made to those CGUs, which are expected to benefit from the business combination, and in which the goodwill and intangible assets with indefinite useful lives arose.

Earnings from the businesses acquired are included in the consolidated statements of earnings from their respective dates of acquisition.

Recently issued accounting standards not yet implemented

Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. On April 29, 2019, the Corporation will apply the new standard retrospectively without restatement of comparative amounts. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts, and record it on the balance sheet, except with respect to lease contracts that meet limited exception criteria.

Given that it has significant contractual obligations accounted for as operating leases under IAS 17, there will be a material increase to both assets and liabilities upon adoption of IFRS 16, and material changes to the presentation of expenses associated with the lease arrangements, and, to a lower extent, changes in the timing of expense recognition.

The following outlines the key areas that will be impacted by the adoption of IFRS 16, a summary of the analysis performed by the Corporation and the expected impacts of the adoption of the new standard on these key areas:

Financial reporting

The analysis includes which contracts will be in scope as well as the options available under the new standard, such as whether to early adopt, to apply the two recognition and measurement exemptions and whether to apply the new standard on a full retrospective application in accordance with IAS 8 or retrospectively without restatement of comparative amounts.

The Corporation’s preliminary assessment indicates that the increase in both its total assets and total liabilities will range between $2,400.0 and $2,800.0 on the consolidated balance sheet as at April 29, 2019. The Corporation is in the final stages of validating the final amounts of the impact on its consolidated balance sheet, which will be disclosed in the Corporation’s unaudited interim condensed consolidated financial statements of the first quarter of fiscal year 2020. Therefore, there could be changes in the amounts specified above.

Lease-related expenses previously recorded in Operating, selling, administrative and general expenses will be recorded as depreciation expense using the straight-line method on the right-of-use assets and the lease liabilities carrying amount will be increased to reflect interest on the lease liability using a method based on the Corporation’s incremental borrowing rate. For an individual lease, the application of these two methods will result in more expenses charged to net earnings earlier in the lease term and less expenses charged in the later years.

Consequently, the adoption of IFRS 16 will increase total assets, total liabilities, depreciation and amortization, financial expenses, while reducing Operating, selling, administrative and general expenses. The right-of-use assets will be measured for the major portion of the leases at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to each lease as well as other balances related to those contracts. The Corporation will also use the exemptions for short-term leases and leases for which the underlying asset is of low-value.

The Corporation will elect to include in the right-of-use assets and lease liabilities fixed amounts related to non-lease components including, but not limited to, utility charges, and common area maintenance charges. Other lease-related expenses not within the scope of IFRS 16 will continue to be expensed as incurred and recorded in Operating, selling, administrative and general expenses.

Adoption of IFRS 16 will impact the presentation of cash flows relating to leases in the Corporation's consolidated statements of cash flows, even though the new standard will not impact the amount of cash transferred between the parties of a lease. Total expenses recognized over the lease term will be equal to total cash paid over the lease term.

The lease terms, for the majority of leases in North America, vary between 5 and 20 years, which include the initial base term and renewal option(s) when applicable. In Europe, the lease terms range from short-term contracts to contracts with maturities up to more than 50 years and also include options to renew at market prices when applicable.

Information systems

The Corporation analyzed the need to make changes within its information systems environment to optimize the management of more than 9,000 leases that will fall within the scope of the new standard. The Corporation has evaluated different IT solutions for the eventual recognition and measurement of leases in scope. IT solutions have been selected and their implementation is almost completed.

Control environment

The Corporation performed an analysis and evaluated the impact that the adoption of IFRS 16 will have on its control environment and implemented processes to enable the application of the new accounting standard for fiscal year 2020.

Stakeholders

The Corporation performed an analysis of the impact that the adoption of IFRS 16 will have on the disclosure to its stakeholders. The Corporation discussed the impact of IFRS 16 to internal and external stakeholders and will keep the discussion open during fiscal year 2020.

4. BUSINESS ACQUISITIONS

The Corporation has made the following business acquisitions:

2019

During the fiscal year ended April 28, 2019, the Corporation acquired six company-operated stores and two commission operated retail sites through distinct transactions. The Corporation owns the land and building for three sites and leases the land and the building for the remaining three sites. These transactions were settled for a total consideration of $13.1 using available cash and existing credit facilities and generated goodwill for an amount of $2.2. Acquisition costs of $2.2 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses for the fiscal year ended April 28, 2019.

2018

Acquisition of CST Brands Inc.

On June 28, 2017, the Corporation completed the acquisition of all the issued and outstanding shares of CST Brands Inc. ("CST") through an all-cash transaction valued at $48.53 per share, with a total enterprise value of approximately $4,400.0 including net debt assumed. CST is based in San Antonio, Texas and, before the closing of the acquisition, it employed more than 14,000 people at over 2,000 locations throughout the Southwestern U.S., with an important presence in Texas, the Southeastern U.S., the State of New York and Eastern Canada.

Pursuant to the acquisition of CST, the Corporation has also acquired the general partner of CAPL, owns 100% of CAPL's Incentive Distribution Rights ("IDRs") and, as at April 29, 2018, held a 21.4% equity investment in it (20.5% as at June 28, 2017). Non-controlling interests at acquisition date were measured based on proportionate shares. CAPL supplies road transportation fuel under various brands to approximately 1,300 locations in the United States (see Note 5 for more details).

On the same day, the Corporation sold to Parkland Fuel Corporation a significant portion of CST's Canadian assets for approximately CA $986.0 ($752.5). The disposed assets mainly comprised CST's independent dealers and commission agents' network, its heating-oil business, 159 company-operated sites, as well as its Montreal head office. As a result, the Corporation retained 157 of CST's company-operated sites in Canada. Also, on September 6, 2017, as per the requirements of the U.S. Federal Trade Commission, the Corporation sold 70 CST U.S. company-operated sites to Empire Petroleum Partners, LLC for a total consideration of $143.0. No gain or loss was recognized on these sales transactions. The disposed assets and associated liabilities are presented as held for sale in the fair value of assets acquired and liabilities assumed and are recorded at their respective fair value less costs of disposal.

For the fiscal year ended April 29, 2018, acquisition costs of $5.8 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

The final estimates of the fair value of assets acquired and liabilities assumed for the CST acquisition are as follows:

	Final estimate
	$
Assets	
Current assets	
Cash and cash equivalents	215.8
Accounts receivable[(a)]	120.8
Inventories	180.3
Prepaid expenses	13.1
Assets held for sale	1,111.3
	1,641.3
Property and equipment	2,445.5
Identifiable intangible assets	345.7
Other assets	30.2
	4,462.7
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	402.9
Short-term provisions	8.6
Liabilities associated with assets held for sale	215.8
Income taxes payable	20.5
Current portion of long-term debt	76.4
	724.2
Long-term debt	1,483.4
Long-term provisions	80.5
Deferred credits and other liabilities	100.6
Deferred income taxes	358.6
	2,747.3
Net identifiable assets	1,715.4
Non-controlling interests	(370.6)
Goodwill	2,340.4
Total cash consideration paid	3,685.2
Cash and cash equivalents acquired	215.8
Net cash flow for the acquisition	3,469.4

(a) The fair value of acquired accounts receivable represents the gross contractual amount for accounts receivable of $121.2, net of the uncollectible amount estimated to $0.4.

None of the goodwill related to this transaction was deductible for tax purposes.

On June 28, 2017, the Corporation repaid all of CST's borrowings under its revolving credit facilities for an amount of $498.8. Additionally, on July 28, 2017, the Corporation repaid all of CST's outstanding senior notes for an amount of $577.1 using its acquisition facility.

Prior to the CST acquisition, the Corporation held an available-for-sale investment in CST, and the resulting gains and losses were recorded to Accumulated other comprehensive income (loss). On June 28, 2017, the Corporation disposed of this investment for total proceeds of $91.6. As a result, a gain of $8.8 was realized and transferred from Accumulated other comprehensive income (loss) to earnings for the fiscal year ended April 29, 2018.

The CST acquisition was concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale, and was financed using the Corporation's available cash, its existing credit facilities and its acquisition facility (Note 20). This acquisition generated goodwill mainly due to the significant footprint in the Southwestern United States.

Acquisition of Holiday Stationstores, LLC

On December 22, 2017, the Corporation acquired all the membership interest of Holiday Stationstores, LLC and certain affiliated companies ("Holiday") for a total cash consideration of approximately $1,600.0. The fair value of the contingent consideration, which is based on specific results achieved over a three-year period, was estimated at $25.0 using the Corporation's best estimate at the acquisition date. Holiday is an important convenience store and fuel player in the U.S. Midwest region. As of the closing of the transaction, it had 516 sites, of which 373 were operated by Holiday and 143 were operated by franchisees, as well as 27 dealer contracts. Holiday also operates a strong car wash business with 234 locations as at closing date, 2 food commissaries and a fuel terminal in Newport, Minnesota. Its stores are located in Minnesota, Wisconsin, Washington State, Idaho, Montana, Wyoming, North Dakota, South Dakota, Michigan and Alaska.

For the fiscal year ended April 29, 2018, acquisition costs of $4.1 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

The final estimates of the fair value of assets acquired and liabilities assumed for the Holiday acquisition are as follows:

	Preliminary estimate	Changes	Final estimate
			$
Assets			
Current assets			
Cash and cash equivalents	13.6	-	13.6
Accounts receivable[(a)]	64.3	-	64.3
Inventories	69.5	-	69.5
Prepaid expenses	4.2	-	4.2
	151.6	-	151.6
Property and equipment	459.2	192.9	652.1
Identifiable intangible assets	60.8	15.8	76.6
Other assets	15.4	-	15.4
Investment in joint ventures and associated companies	2.9	16.1	19.0
	689.9	224.8	914.7
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	194.9	(3.6)	191.3
Short-term provisions	5.0	-	5.0
Current portion of long-term debt	0.5	1.6	2.1
	200.4	(2.0)	198.4
Long-term debt	2.7	18.2	20.9
Long-term provisions	23.5	0.3	23.8
Deferred credits and other liabilities	1.0	3.8	4.8
	227.6	20.3	247.9
Net identifiable assets	462.3	204.5	666.8
Goodwill	1,195.9	(204.5)	991.4
Total consideration	1,658.2	-	1,658.2
Consideration receivable	4.4	-	4.4
Contingent consideration payable	(25.0)	-	(25.0)
Cash and cash equivalents acquired	(13.6)	-	(13.6)
Net cash flow for the acquisition	1,624.0	-	1,624.0

(a) The fair value of acquired accounts receivable represents the gross contractual amount for accounts receivable of $65.3, net of the uncollectible amount estimated to $1.0.

All of the goodwill related to this transaction was deductible for tax purposes.

The Holiday acquisition was concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale and was financed using the Corporation's available cash and existing credit facilities. This acquisition generated goodwill mainly due to the significant footprint of Holiday in the Midwest region of the United States and the high profitability of its store network.

Other acquisitions

- On May 30, 2017, the Corporation acquired 53 company-operated sites located in Louisiana, United States, from American General Investments, LLC and North American Financial Group, LLC. The convenience stores operate under the *Cracker Barrel* brand. The Corporation owns the land and building for 47 sites and assumes the leases for the remaining 6 locations. On the same date, the Corporation closed seven of those stores.

- On July 7, 2017, the Corporation acquired from Empire Petroleum Partners, LLC, 53 fuel supply contracts with independent operators in the Atlanta, GA, metro area. As part of this transaction, the Corporation also acquired real estate for two sites.

- On November 28, 2017, the Corporation acquired certain assets from Jet Pep, Inc., including a fuel terminal, associated trucking equipment and 18 retail sites located in Alabama. The Corporation owns the land and building for 17 sites and assumes the lease for the remaining location.

  In addition, through a distinct transaction, CAPL purchased other assets of Jet Pep, Inc. consisting of 101 commission operated retail sites, including 92 owned sites, 5 leased sites and 4 independent commission accounts.

- During fiscal 2018, the Corporation also acquired 11 company-operated stores through distinct transactions. The Corporation owns the land and building for eight sites, leases the land and owns the building for two sites, and leases the land and the building for the remaining site.

These transactions were settled for a total consideration of $289.7 using available cash and existing credit facilities. For the fiscal year ended April 29, 2018, acquisition costs of $1.9 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

The final estimates of the fair value of assets acquired and liabilities assumed for other acquisitions are as follows:

	Preliminary estimate	Changes	Final estimate
			$
Tangible assets acquired			
Cash and cash equivalents	2.2	-	2.2
Accounts receivable	0.8	-	0.8
Inventories	25.6	-	25.6
Prepaid expenses	0.2	-	0.2
Income taxes receivable	0.3	-	0.3
Property and equipment	185.7	6.4	192.1
Other assets	0.3	-	0.3
Assets held for sale	2.0	-	2.0
Total tangible assets	217.1	6.4	223.5
Liabilities assumed			
Accounts payable and accrued liabilities	6.8	-	6.8
Provisions	4.8	-	4.8
Long-term debt	0.8	-	0.8
Deferred credits and other liabilities	3.9	-	3.9
Deferred income taxes	7.7	-	7.7
Total liabilities	24.0	-	24.0
Net tangible assets acquired	193.1	6.4	199.5
Intangible assets	30.1	-	30.1
Goodwill	69.3	(6.4)	62.9
Negative goodwill	(2.8)	-	(2.8)
Total cash consideration paid	289.7	-	289.7
Cash and cash equivalents acquired	2.2	-	2.2
Net cash flow for the acquisition	287.5	-	287.5

Almost all of the goodwill related to these transactions was deductible for tax purposes.

These acquisitions were concluded in order to expand the Corporation’s market share, to penetrate new markets and to increase its economies of scale. These acquisitions generated goodwill mainly due to the strategic location of stores acquired.

5. CROSSAMERICA PARTNERS LP

As at April 28, 2019, the Corporation owns 100% of the equity interests of the sole member of the General Partner, 100% of the IDRs and 21.7% of the outstanding common units of CAPL. Following the Corporation’s evaluation of its relationship with CAPL, the Corporation concluded that it controls the partnership’s operations and activities even though it does not have a majority ownership of CAPL’s outstanding common units. As a result, the Corporation fully consolidates CAPL in its consolidated financial statements.

CAPL’s accounting periods do not coincide with the Corporation’s accounting periods. The consolidated statement of earnings, comprehensive income, changes in equity and cash flows for the fiscal year ended April 28, 2019 include those of CAPL for the period beginning April 1, 2018 and ending March 31, 2019 (June 28, 2017 to March 31, 2018 for the fiscal year ended April 29, 2018), adjusted for significant transactions, if any. The consolidated balance sheet as at April 28, 2019 includes the balance sheet of CAPL as at March 31, 2019 (March 31, 2018 for the consolidated balance sheet as at April 29, 2018), adjusted for significant transactions, if any.

All transactions between the Corporation and CAPL are eliminated from the Corporation’s consolidated financial statements. These transactions consist of motor fuel purchased and sold between the Corporation and CAPL, rent charged by CAPL to the Corporation, earnings from CAPL’s equity ownership interest in CST Fuel Supply, a subsidiary of the Corporation, the Corporation’s portion of CAPL’s common unit distributions and the Corporation’s revenues from CAPL’s IDRs. Additionally, the Corporation provides management and corporate support services to CAPL and charges CAPL a management fee under the terms of the Amended and Restated Omnibus Agreement, as well as an allocation of certain incentive compensation. Approximately 78.3% of CAPL’s operating results were attributable to non-controlling interests for the fiscal year ended April 28, 2019 (78.3% for the fiscal year 2018). Therefore, the Corporation’s shareholders do not have rights to a substantial portion of the operating results of CAPL. The earnings attributable to CAPL’s other units holders are presented as non-controlling interests.

CAPL is a publicly traded Delaware limited partnership and its common units are listed for trading on the New York Stock Exchange under the symbol "CAPL." As a result, CAPL is required to file reports with the United States Securities and Exchange Commission ("SEC"), where additional information about its results of operations prepared in accordance with US Generally Accepted Accounting Principles can be found and should be read in conjunction with the table below, which highlights the results of its operations and certain of its financial metrics since June 28, 2017, which are in accordance with IFRS:

Statements of Earnings for the periods from(1)	**April 1, 2018 to March 31, 2019**	June 28, 2017 to March 31, 2018
	$	$
Revenues	**2,368.8**	1,671.8
Gross profit	**188.1**	135.8
Total operating expenses (excluding depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets)	**89.3**	75.1
Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets (Notes 16 and 17)	**143.5**	61.1
Net financial expenses	**29.3**	19.4
Loss before income taxes	**(74.0)**	(19.8)
Income tax recovery	**(2.8)**	(28.6)
Net (loss) earnings	**(71.2)**	8.8

Statements of Cash Flows for the periods from(1)	**April 1, 2018 to March 31, 2019**	June 28, 2017 to March 31, 2018
	$	$
Net cash provided by operating activities	**86.8**	30.4
Net cash used in investing activities	**(14.9)**	(52.8)
Net cash (used in) provided by financing activities, including $15.7 and $13.3 of distributions paid to the Corporation, respectively	**(67.3)**	13.5

Balance Sheets as at(1)	**March 31, 2019**	March 31, 2018
	$	$
Cash and cash equivalents	**6.3**	1.7
Current assets (other than cash and cash equivalents)	**49.5**	68.0
Long-term assets	**1,089.6**	1,224.9
Current liabilities	**64.7**	64.9
Long-term liabilities	**676.0**	665.2

(1) Adjusted for significant transactions, if any.

Assets exchange agreement

On December 17, 2018, the Corporation entered into an asset exchange agreement with CAPL under which 192 of the Circle K U.S. company-operated stores will be exchanged against the real estate property currently held by CAPL for 56 U.S. company-operated stores currently leased and operated by the Corporation pursuant to a master lease that CAPL had previously purchased jointly with or from CST, and 17 company-operated stores currently owned and operated by CAPL in the U.S. Upper Midwest. The aggregate value of this agreement is approximately $185.0. As CAPL is fully consolidated in the Corporation's consolidated financial statements, no gains or losses are expected from these transactions.

As at April 28, 2019, no assets had been exchanged under the asset exchange agreement.

On May 22, 2019, subsequent to the fiscal year ended April 28, 2019, the first transaction was closed for an approximative value of $58.0. The remaining transactions are expected to be completed by the end of the first quarter of calendar year 2020.

6. DISPOSAL OF BUSINESS

Disposal of retail sites

On February 5, 2019, the Corporation sold 19 retail sites in Oregon and West Washington for a cash consideration of approximately $30.0. This transaction resulted in a gain of $17.3 for the fiscal year ended April 28, 2019.

On July 3, 2018, the Corporation sold to Irving Oil Ltd. 13 retail sites in the Canadian Atlantic provinces for a cash consideration of approximately $30.0. This transaction resulted in a gain of $4.5 for the fiscal year ended April 28, 2019. These stores, which will continue to be operated by the Corporation, were previously acquired through the CST acquisition.

Statoil Fuel & Retail Marine AS

On November 27, 2017, the Corporation reached an agreement to sell 100% of its shares in Statoil Fuel & Retail Marine AS to St1 Norge AS. The transaction was subject to the customary regulatory approvals and closing conditions. Therefore, as at April 29, 2018, criteria for its classification as an asset for sale had been met. The Corporation's marine fuel business' contribution to each line of its consolidated balance sheet as at April 29, 2018 has been grouped under the lines Assets held for sale and Liabilities associated with assets held for sale and stated at the lower of its carrying amount and fair value less costs to sell.

On December 1, 2018, the Corporation completed the disposal of its marine fuel business through a share purchase agreement pursuant to which St1 Norge AS acquired 100% of all issued and outstanding shares of Statoil Fuel & Retail Marine AS. Total proceeds from the disposal were $24.3. The Corporation recognized a gain on disposal of $3.2 in relation to this transaction. The disposal also resulted in a $0.8 cumulated gain on translation adjustments being reclassified to earnings. These gains are included in Gain on disposal of property and equipment and other assets in the consolidated statement of earnings for the fiscal year ended April 28, 2019.

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATED COMPANIES

	2019	2018 (adjusted, Note 2)
	$	$
Investment in joint ventures	**134.5**	138.0
Investment in associated companies	**1.5**	1.4
	136.0	139.4

The Corporation's investment in joint ventures and associated companies, none of which are individually significant to the Corporation, are recorded according to the equity method. The following amounts represent the Corporation's share of the joint ventures' and associated companies' net earnings and comprehensive income:

	2019	2018
	$	$
Joint ventures' net earnings and comprehensive income	**23.2**	31.9
Associated companies' net earnings and comprehensive income	**0.2**	0.1
	23.4	32.0

8. SUPPLEMENTARY INFORMATION RELATING TO EXPENSES

	2019	2018 (adjusted, Note 2)
	$	$
Cost of sales	**49,922.7**	43,282.9
Selling expenses	**5,852.6**	5,160.3
Administrative expenses	**758.4**	805.4
Other operating expenses	**95.0**	108.9
Total operating expenses	**6,706.0**	6,074.6

The above expenses include rent expense of $416.8 ($412.8 in 2018), net of sub-leasing income of $28.7 ($25.8 in 2018).

	2019	2018
	$	$
Employee benefit charges		
Salaries	**2,373.4**	1,991.7
Fringe benefits and other employer contributions	**280.1**	260.6
Employee future benefits (Note 27)	**126.0**	107.1
Termination benefits	**10.0**	4.9
Stock-based compensation and other stock-based payments (Note 25)	**15.4**	8.5
	2,804.9	2,372.8

9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2019	2018
	$	$
Salaries and other current benefits	**14.5**	12.7
Stock-based compensation and other stock-based payments	**9.5**	7.0
Employee future benefits (Note 27)	**2.9**	2.8
	26.9	**22.5**

Key management personnel comprise members of the Board of Directors and senior management.

10. NET FINANCIAL EXPENSES

	2019	2018
	$	$
Financial expenses		
Interest expense		
Interest on long-term debt	**259.0**	214.9
Interest on finance lease obligations	**28.5**	28.2
Accretion of provisions (Note 22)	**20.4**	17.2
Interest on bank overdrafts and bank loans	**3.2**	19.1
Net interest on defined benefit plans (Note 27)	**1.8**	2.4
Other finance costs	**25.8**	14.0
	338.7	295.8
Financial revenues		
Interest on bank deposits	**(5.0)**	(5.0)
Other financial revenues	**(8.3)**	(3.9)
	(13.3)	(8.9)
Foreign exchange (gain) loss	**(5.3)**	48.4
Net financial expenses	**320.1**	335.3

11. INCOME TAXES

	2019	2018 (adjusted, Note 2)
	$	$
Current income tax expense	**279.2**	265.9
Deferred income tax expense (recovery)	**91.7**	(209.8)
	370.9	56.1

The principal items which resulted in differences between the Corporation's effective income tax rates and the combined statutory rates in Canada are detailed as follows:

	2019	2018 (adjusted, Note 2)
	%	%
Combined statutory income tax rate in Canada[(a)]	**26.67**	26.77
Impact of other jurisdictions' tax rates	**(4.59)**	0.31
Impact of tax rate changes	**(0.23)**	(22.73)
Other permanent differences	**(4.93)**	(1.11)
Effective income tax rate	**16.92**	3.24

(a) The Corporation's combined statutory income tax rate in Canada includes the appropriate provincial income tax rates.

The components of deferred income tax assets and liabilities are as follows:

					2019
	Balance as at April 29, 2018	**Recognized to earnings**	**Recognized directly to other comprehensive income (loss) or equity**	**Recognized through business acquisitions and disposals (Note 4)**	**Balance as at April 28, 2019**
	$	**$**	**$**	**$**	**$**
Deferred income tax assets					
Property and equipment	**1.2**	**(7.9)**	**(1.8)**	**0.5**	**(8.0)**
Expenses deductible during the following years	**(2.0)**	**(0.1)**	**(0.3)**	**-**	**(2.4)**
Intangible assets	**25.0**	**(5.0)**	**0.3**	**-**	**20.3**
Goodwill	**-**	**(0.1)**	**-**	**-**	**(0.1)**
Deferred charges	**18.9**	**7.8**	**(1.2)**	**-**	**25.5**
Tax losses and tax credits carried forward	**3.4**	**16.5**	**(5.3)**	**-**	**14.6**
Asset retirement obligations	**1.2**	**6.8**	**(0.4)**	**-**	**7.6**
Deferred credits	**(4.6)**	**(1.1)**	**(1.1)**	**-**	**(6.8)**
Revenues taxable during the following years	**-**	**3.2**	**(0.2)**	**-**	**3.0**
Unrealized exchange loss	**14.4**	**2.6**	**15.7**	**-**	**32.7**
	57.5	**22.7**	**5.7**	**0.5**	**86.4**

					2019
	Balance as at April 29, 2018	**Recognized to earnings**	**Recognized directly to other comprehensive income (loss) or equity**	**Recognized through business acquisitions and disposals (Note 4)**	**Balance as at April 28, 2019**
	$	**$**	**$**	**$**	**$**
Deferred income tax liabilities					
Property and equipment	**841.8**	**126.3**	**(16.7)**	**-**	**951.4**
Expenses deductible during the following years	**(14.2)**	**(52.1)**	**(6.7)**	**-**	**(73.0)**
Intangible assets	**53.8**	**(7.4)**	**(2.4)**	**-**	**44.0**
Goodwill	**174.4**	**62.9**	**(1.6)**	**-**	**235.7**
Deferred Charges	**(56.3)**	**(16.8)**	**(1.1)**	**-**	**(74.2)**
Tax losses and tax credits carried forward	**(51.0)**	**77.8**	**23.1**	**-**	**49.9**
Asset retirement obligations	**(58.2)**	**(28.4)**	**3.0**	**-**	**(83.6)**
Deferred credits	**(46.8)**	**(4.8)**	**0.4**	**-**	**(51.2)**
Revenues taxable during the following years	**-**	**28.8**	**(2.0)**	**-**	**26.8**
Unrealized exchange (loss) gain	**37.2**	**(49.2)**	**-**	**-**	**(12.0)**
Investment	**38.0**	**(14.2)**	**-**	**-**	**23.8**
Other	**8.0**	**(8.5)**	**-**	**-**	**(0.5)**
	926.7	**114.4**	**(4.0)**	**-**	**1,037.1**

					2018 (adjusted, Note 2)
	Balance as at April 30, 2017	Recognized to earnings	Recognized directly to other comprehensive income (loss) or equity	Recognized through business acquisitions and disposals (Note 4)	Balance as at April 29, 2018
	$	$	$	$	$
Deferred income tax assets					
Property and equipment	21.1	(19.9)	-	-	1.2
Expenses deductible during the following years	16.5	(18.5)	-	-	(2.0)
Intangible assets	-	25.0	-	-	25.0
Goodwill	(4.0)	4.0	-	-	-
Deferred charges	3.7	14.9	0.3	-	18.9
Unused tax losses and unused tax credits	-	1.4	2.0	-	3.4
Asset retirement obligations	1.8	(0.6)	-	-	1.2
Deferred credits	(7.3)	2.7	-	-	(4.6)
Revenues taxable during the following years	-	0.2	(0.2)	-	-
Unrealized exchange loss (gain)	1.8	14.6	(2.0)	-	14.4
Other	6.1	(22.9)	16.8	-	-
	39.7	0.9	16.9	-	57.5
Deferred income tax liabilities					
Property and equipment	742.1	(167.0)	8.4	258.3	841.8
Goodwill	94.2	79.8	-	0.4	174.4
Expenses deductible during the following years	(130.2)	109.7	(0.1)	6.4	(14.2)
Intangible assets	81.7	(39.6)	2.5	9.2	53.8
Asset retirement obligations	(63.5)	15.8	(0.3)	(10.2)	(58.2)
Unused tax losses and unused tax credits	(34.0)	(13.6)	5.7	(9.1)	(51.0)
Deferred charges	(2.7)	(125.4)	0.1	71.7	(56.3)
Deferred credits	(17.7)	(12.4)	0.1	(16.8)	(46.8)
Revenues taxable during the following years	69.0	(69.0)	-	-	-
Investment	-	(20.9)	(1.4)	60.3	38.0
Unrealized exchange gain	15.8	18.4	3.0	-	37.2
Other	(6.6)	15.3	3.2	(3.9)	8.0
	748.1	(208.9)	21.2	366.3	926.7

On December 22, 2017, the United States enacted the “U.S. Tax Cuts and Jobs Act”, commonly referred to as the U.S. tax reform, which resulted in the U.S. statutory federal income tax rate to be reduced to 21.0% from the previous rate of 35.0%, effective January 1, 2018.

The Corporation recorded a net tax benefit of $288.3 for the fiscal year ended April 29, 2018, which is mostly derived from the remeasurement of the Corporation's deferred income tax balances using the new U.S. statutory federal income tax rate, partly offset by the Deemed Repatriation Transition Tax ("Transition tax").

The losses carried forward and deductible temporary differences for which deferred tax assets have not been recognized amounted to $1,272.5 as at April 28, 2019 ($783.3 as at April 29, 2018), of which $554.2 will reverse through Other comprehensive income (loss) ($321.0 as at April 29, 2018).

Of these amounts, approximately $705.6 as at April 28, 2019 had no expiration date ($479.3 as at April 29, 2018). Net capital losses can be carried forward indefinitely and can only be used against future taxable gains. Other losses carried forward and deductible temporary differences will expire as follows:

	$
Less than one year	-
One to two years	9.5
Two to three years	6.4
Three to four years	26.5
Four to five years	231.8
Five to ten years	15.9
Ten to twenty years	276.8
	566.9

Deferred income tax liabilities that would be payable upon repatriation of the retained earnings of certain foreign subsidiaries have not been recognized because such amounts are not expected to materialize in the foreseeable future. Temporary differences related to these investments amounted to $2,685.1 ($2,177.7 in 2018).

12. NET EARNINGS PER SHARE

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

	2019	2018 (adjusted, Note 2)
	$	$
Net earnings available to Class A and B shareholders	**1,833.9**	1,670.6
Weighted average number of shares (in thousands)	**564,289**	566,090
Dilutive effect of stock options (in thousands)	**766**	788
Weighted average number of diluted shares (in thousands)	**565,055**	566,878
Basic net earnings per share available to Class A and B shareholders	**3.25**	2.95
Diluted net earnings per share available to Class A and B shareholders	**3.25**	2.95

In calculating diluted net earnings per share for 2019, 161,768 stock options are excluded due to their antidilutive effect (315,938 stock options excluded in 2018).

For fiscal 2019, the Board declared total dividends of CA 45.00¢ per share (CA 37.00¢ per share in 2018).

13. SUPPLEMENTARY INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash working capital

	2019	2018
	$	$
Accounts receivable	**40.2**	(299.7)
Inventories	**(126.3)**	(204.5)
Prepaid expenses	**14.8**	(14.4)
Accounts payable and accrued liabilities	**205.9**	343.9
Income taxes payable	**(55.1)**	(32.0)
	79.5	(206.7)

Changes in debt arising from financing activities

	2019		2018 (adjusted, Note 2)	
	Obligations under finance leases and other debts	**Long-term debt, excluding obligations under finance leases and other debts**	Obligations under finance leases and other debts	Long-term debt, excluding obligations under finance leases and other debts
	$	**$**	$	$
Balance, beginning of year	**372.2**	**8,534.5**	304.7	3,050.2
Cash flows				
Net (decrease) increase in long-term debt	**(52.2)**	**(1,767.0)**	(42.9)	4,882.9
Repayment of debts assumed on the CST acquisition (Note 4)	**-**	**-**	-	(1,075.9)
Non-cash movements				
New obligations under finance leases, net of disposals	**29.6**	**-**	29.2	-
Business acquisitions	**-**	**-**	63.2	1,520.4
Change in fair value of associated swaps	**-**	**2.9**	-	(6.8)
Amortization of financing costs	**-**	**8.3**	-	6.9
Reclassified to assets held for sale	**-**	**-**	(0.7)	-
Effect of exchange rate fluctuations	**(16.0)**	**(160.9)**	18.7	156.8
Balance, end of year	**333.6**	**6,617.8**	372.2	8,534.5

Changes in net other financial liabilities arising from financing activities

	2019	2018
	$	$
Balance, beginning of year	**171.7**	304.1
Cash flows		
Settlement of derivative financial instruments	**3.0**	(81.3)
Non-cash movements		
Change in fair value	**84.0**	(51.1)
Balance, end of year	**258.7**	171.7

14. ACCOUNTS RECEIVABLE

	2019	2018
	$	$
Trade accounts receivable and vendor rebates receivable[(a)]	**846.9**	989.7
Credit and debit cards receivable[(a)]	**801.8**	784.4
Provision for credit losses	**(30.8)**	(31.0)
Credit and debit cards receivable and trade accounts receivable and vendor rebates receivable – net	**1,617.9**	1,743.1
Other accounts receivable	**246.0**	264.0
Provision for credit losses	**-**	(0.7)
	1,863.9	2,006.4

(a) These amounts are presented net of an amount of $338.1 from Accounts payable and accrued expenses due to netting arrangements ($313.4 as at April 29, 2018).

The following table details the aging of credit and debit cards receivable and trade accounts receivable and vendor rebates receivable on a gross basis as well as the aging of provision for expected credit loss based on expected loss rate for fiscal year ended April 28, 2019:

	Gross carrying amount	**Expected loss rate**	**Loss allowance**
	$	**%**	**$**
Not past due	**1,460.1**	**0.1**	**1.6**
Past due 1-30 days	**94.6**	**0.5**	**0.5**
Past due 31-60 days	**17.9**	**1.7**	**0.3**
Past due 61-90 days	**15.1**	**8.6**	**1.3**
Past due 91 days and over	**61.0**	**44.4**	**27.1**
	1,648.7		**30.8**

The following table details the aging of credit and debit cards receivable and trade accounts receivable and vendor rebates receivable that are not impaired for fiscal year ended April 29, 2018:

	2018
	$
Not past due	1,554.6
Past due 1-30 days	128.8
Past due 31-60 days	16.0
Past due 61-90 days	21.2
Past due 91 days and over	22.5
	1,743.1

Movement in the provisions for credit loss is as follows:

	2019	2018
	$	$
Balance, beginning of year	**31.7**	27.4
Provision for credit loss, net of unused beginning balance	**11.3**	9.7
Receivables written off during the year	**(10.0)**	(7.7)
Effect of exchange rate variations	**(2.2)**	2.3
Balance, end of year	**30.8**	31.7

15. INVENTORIES

	2019	2018
	$	$
Merchandise	**782.7**	762.0
Road transportation fuel	**665.2**	594.3
Other products	**19.8**	12.7
	1,467.7	1,369.0

The cost of sales amounts presented in the consolidated statements of earnings are almost entirely composed of inventory recognized as an expense.

16. PROPERTY AND EQUIPMENT

	Land	**Buildings and building components**	**Equipment(b)**	**Leasehold improvements**	**Total**
	$	**$**	**$**	**$**	**$**
Year ended April 28, 2019					
Net book amount, beginning	**3,917.2**	**3,306.6**	**3,768.7**	**293.3**	**11,285.8**
Additions	**23.6**	**98.0**	**1,060.6**	**36.0**	**1,218.2**
Business acquisitions (Note 4)	**2.1**	**4.8**	**3.2**	**-**	**10.1**
Disposals	**(52.1)**	**(47.6)**	**(87.7)**	**(4.0)**	**(191.4)**
Depreciation, amortization and impairment expense	**(12.7)**	**(273.7)**	**(553.3)**	**(69.6)**	**(909.3)**
Transfers	**47.7**	**96.1**	**(245.3)**	**101.5**	**-**
Effect of exchange rate variations	**(97.6)**	**(88.8)**	**(93.3)**	**(3.8)**	**(283.5)**
Net book amount, end(a)	**3,828.2**	**3,095.4**	**3,852.9**	**353.4**	**11,129.9**
As at April 28, 2019					
Cost	**3,866.4**	**4,382.2**	**6,368.2**	**828.6**	**15,445.4**
Accumulated depreciation, amortization and impairment	**(38.2)**	**(1,286.8)**	**(2,515.3)**	**(475.2)**	**(4,315.5)**
Net book amount (a)	**3,828.2**	**3,095.4**	**3,852.9**	**353.4**	**11,129.9**
Portion related to finance leases	**143.2**	**105.2**	**58.1**	**-**	**306.5**
Year ended April 29, 2018 (adjusted, Note 2)					
Net book amount, beginning	2,619.5	2,060.8	2,574.3	256.8	7,511.4
Additions	33.9	141.0	1,024.6	9.0	1,208.5
Business acquisitions (Note 4)	1,215.0	1,208.2	821.0	45.5	3,289.7
Disposals	(41.1)	(53.5)	(59.9)	(1.4)	(155.9)
Depreciation and amortization expense	(9.8)	(278.5)	(446.6)	(57.6)	(792.5)
Transfers	5.7	157.7	(199.8)	36.4	-
Reclassified to assets held for sale	-	(2.9)	(17.5)	-	(20.4)
Effect of exchange rate variations	94.0	73.8	72.6	4.6	245.0
Net book amount, end(a)	3,917.2	3,306.6	3,768.7	293.3	11,285.8
As at April 29, 2018 (adjusted, Note 2)					
Cost	3,944.6	4,391.4	5,994.1	724.9	15,055.0
Accumulated depreciation, amortization and impairment	(27.4)	(1,084.8)	(2,225.4)	(431.6)	(3,769.2)
Net book amount (a)	3,917.2	3,306.6	3,768.7	293.3	11,285.8
Portion related to finance leases	147.4	122.8	60.1	-	330.3

(a) The net book amount as at April 28, 2019 includes $818.2 related to construction in progress ($677.5 as at April 29, 2018).

(b) For the fiscal year ended April 28, 2019, an impairment expense of $13.0 was recorded for this category in Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets and other assets on the consolidated statement of earnings (nil for the fiscal year ended April 29, 2018).

17. GOODWILL AND INTANGIBLE ASSETS

Goodwill

	2019	2018 (adjusted, Note 2)
	$	$
Net book amount, beginning of year	**5,845.8**	2,370.2
CAPL's goodwill impairment	**(55.0)**	-
Disposal of business (Note 6)	**(25.5)**	-
Business acquisitions (Note 4)	**2.2**	3,394.7
Reclassified to assets held for sale	**-**	(4.4)
Effect of exchange rate variations	**(84.4)**	85.3
Net book amount, end of period	**5,683.1**	5,845.8

Intangible assets

	Trademarks	Franchise agreements	Software[a]	Fuel supply agreements	Favorable leases	Other	Total
	$	$	$	$	$	$	$
Year ended April 28, 2019							
Net book amount, beginning	**275.3**	**75.2**	**177.7**	**297.9**	**129.7**	**92.2**	**1,048.0**
Additions	**-**	**0.2**	**41.6**	**-**	**-**	**4.9**	**46.7**
Business acquisitions (Note 4)	**-**	**-**	**-**	**-**	**-**	**0.3**	**0.3**
Disposals	**(0.8)**	**-**	**(0.5)**	**(1.2)**	**(1.5)**	**(0.8)**	**(4.8)**
Rent, depreciation and amortization expense	**(10.9)**	**(12.3)**	**(37.4)**	**(28.9)**	**(19.4)**	**(8.2)**	**(117.1)**
Transfers	**-**	**-**	**(0.9)**	**0.1**	**(0.1)**	**0.9**	**-**
Effect of exchange rate variations	**(8.0)**	**(2.1)**	**(10.1)**	**-**	**(4.2)**	**(4.3)**	**(28.7)**
Net book amount, end	**255.6**	**61.0**	**170.4**	**267.9**	**104.5**	**85.0**	**944.4**
As at April 28, 2019							
Cost	**295.3**	**149.7**	**335.6**	**360.7**	**152.0**	**199.2**	**1,492.5**
Accumulated depreciation and amortization	**(39.7)**	**(88.7)**	**(165.2)**	**(92.8)**	**(47.5)**	**(114.2)**	**(548.1)**
Net book amount	**255.6**	**61.0**	**170.4**	**267.9**	**104.5**	**85.0**	**944.4**
Year ended April 29, 2018 (adjusted, Note 2)							
Net book amount, beginning	284.4	38.8	160.4	9.4	93.8	83.3	670.1
Additions	-	0.1	31.4	-	-	0.4	31.9
Business acquisitions (Note 4)	25.3	45.0	11.0	315.2	47.8	8.1	452.4
Disposals	(1.5)	-	(0.5)	(2.8)	(1.6)	(0.1)	(6.5)
Rent, depreciation and amortization expense	(41.5)	(10.8)	(33.1)	(23.9)	(15.8)	(7.9)	(133.0)
Effect of exchange rate variations	8.6	2.1	8.5	-	5.5	8.4	33.1
Net book amount, end	275.3	75.2	177.7	297.9	129.7	92.2	1,048.0
As at April 29, 2018 (adjusted, Note 2)							
Cost	305.2	158.4	315.6	364.4	162.9	208.0	1,514.5
Accumulated depreciation and amortization	(29.9)	(83.2)	(137.9)	(66.5)	(33.2)	(115.8)	(466.5)
Net book amount	275.3	75.2	177.7	297.9	129.7	92.2	1,048.0

(a) The net book amount as at April 28, 2019 includes $14.5 related to software in progress ($13.7 as at April 29, 2018).

Goodwill and intangible assets with indefinite useful lives are allocated to CGUs based on the geographical location of the acquired stores. Allocation as at April 28, 2019 and April 29, 2018 is as follows:

	2019		2018	
CGU	Intangible assets with indefinite useful lives	Goodwill	Intangible assets with indefinite useful lives	Goodwill (adjusted, Note 2)
	$	$	$	$
Canada	**-**	**773.8**	-	829.1
United States	**185.4**	**4,313.1**	185.2	4,320.7
CAPL[a]	**-**	**73.2**	-	128.5
Scandinavia	**59.5**	**444.6**	64.7	482.4
Central and Eastern Europe	**26.0**	**11.7**	28.4	12.6
Ireland	**-**	**66.7**	-	72.5
	270.9	**5,683.1**	278.3	5,845.8

(a) This amount is presented net of a $55.0 accumulated impairment loss as at April 28, 2019 (nil as at April 29, 2018).

The intangible assets with indefinite useful lives for the United States CGU are the Circle K trademark and licenses, which are expected to provide economic benefits to the Corporation indefinitely. The intangible asset with indefinite useful life for the Scandinavia and Central and Eastern Europe ("CEE") CGUs is the droplet logo, which are expected to provide economic benefits to the Corporation indefinitely. The Scandinavia CGU includes the activities of Norway, Sweden and Denmark, while the CEE CGU includes the activities of Estonia, Latvia, Lithuania, Poland and Russia.

For the annual impairment test, the recoverable amount of the CGUs is determined on the basis of their fair value less costs to sell. The Corporation uses an approach based on Earnings before interest, taxes, depreciation and amortization ("EBITDA", which is a non-IFRS measure) multiples of comparable corporations (Level 3) ranging from 8.7x to 11.3x to determine these values. For CAPL, the Corporation uses an approach based on its market capitalization (Level 1) and the discounted cash flows of its IDRs (Level 3).

During the first quarter of fiscal 2019, the Corporation performed its annual goodwill impairment test. As a result of the decrease in the market capitalization of the CAPL CGU, which is fully included in the United States geographic area, and the decrease in the fair value of the IDRs, an impairment loss on Goodwill of $55.0 was recorded to Depreciation, amortization and impairment of property and equipment, goodwill, intangible assets, and other assets in the consolidated statement of earnings.

At the time the goodwill impairment test was performed, the recoverable amount of the Corporation's share of the CAPL CGU was $157.3 and the impairment loss recorded reduced the carrying amount of the goodwill for the CAPL CGU to $73.2. The recoverable amount of the CAPL CGU was determined on the basis of its fair value less costs of disposal, which includes the Corporation's shares in CAPL's market capitalization (Level 1) and the discounted cash flows of its IDRs (Level 3).

The fair value less costs of disposal of the Corporation's shares in CAPL's market capitalization was determined using the following observable inputs:

CAPL's common unit closing value as at July 23, 2018, date of the annual goodwill impairment test	**$17.41**
Number of CAPL's outstanding common units as at July 22, 2018	**34,433,574**
% of CAPL's common units owned by the Corporation as at July 22, 2018	**21.7%**

With all other variables held constant, every $1.00 decrease in CAPL's common unit value would have increased the impairment loss recorded by $7.5.

The fair value less costs of disposal of the IDRs was determined using discounted cash flows based on CAPL's strategic plan which was established by its management based on past experience. The following key assumptions were used in establishing the recoverable amount of the IDRs and there were no changes in the valuation technique used:

Annual Distributable cash flows/Total distributions ratio[(a)]	**1.1x to 1.2x**
Debt/Equity financing ratio on business acquisitions[(b)]	**57/43**
Discount rate[(c)]	**12.5%**
Projection period of the cash flows	**4 years**

(a) Distributable cash flows/Total distributions ratio

Based on past experience and management's expectations for the future. With all other variables held constant, a 0.01x increase for each year would have increased by $1.8 the impairment loss recorded.

(b) Debt/Equity financing ratio on business acquisitions

Based on past experience and management's expectations for the future. With all other variables held constant, a 5.00% decrease in Debt financing (5.00% increase in Equity financing) would have increased by $2.0 the impairment loss recorded.

(c) Discount rate

The discount rate used reflects specific risks relating to the CAPL CGU and its geographic area. With all other variables held constant, a 1.00% increase in the discount rate would have increased by $2.4 the impairment loss recorded.

Annual growth rate of CAPL's EBITDA

In addition to the above key assumptions, in establishing the discounted cash flows of the IDRs, the Corporation considered an annual growth rate of CAPL's EBITDA which was determined by taking into consideration organic growth, growth generated by business acquisitions as well as synergies.

18. OTHER ASSETS

	2019	2018
	$	$
Environmental costs receivable (Note 22)	75.5	77.9
Deferred compensation assets	49.1	40.9
Pension benefit assets (Note 27)	36.6	46.1
Indexed deposit contract (including an embedded total return swap in 2018) (Note 28)	39.7	29.9
Deferred incentive payments	38.2	34.5
Deposits	14.9	18.3
Other	52.6	55.5
	306.6	303.1

19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018 (adjusted, Note 2)
	$	$
Accounts payable and accrued expenses[(a)]	2,550.1	2,461.6
Sales and excise taxes	767.0	748.4
Salaries and related benefits	275.8	259.8
Other	324.2	339.4
	3,917.1	3,809.2

(a) This amount is presented net of an amount of $261.6 from Credit and debit cards receivable and $76.5 from Trade accounts receivable and vendor rebates receivable due to netting arrangements ($229.8 and $83.6, respectively as at April 29, 2018).

20. LONG-TERM DEBT

	2019	2018 (adjusted, Note 2)
	$	$
US-dollar-denominated senior unsecured notes[(a)]	3,379.9	3,373.6
Canadian-dollar-denominated senior unsecured notes[(a)]	1,774.5	1,857.3
Euro-denominated senior unsecured notes, maturing in May 2026[(b)]	831.2	900.7
CAPL US-dollar-denominated senior secured revolving credit facility, without recourse to the Corporation, maturing in April 2024[(c)]	514.8	-
NOK-denominated senior unsecured notes, maturing in February 2026[(d)]	77.4	83.9
US-dollar-denominated term revolving unsecured operating credit D, maturing in December 2023[(e)]	40.0	1,397.4
Acquisition facility[(f)]	-	412.1
Former CAPL US-dollar-denominated senior secured revolving credit facility[(c)]	-	509.5
Obligations related to buildings and equipment under finance leases, with an average rate of 8.689%, payable on various dates until 2070, and other debts	333.6	372.2
	6,951.4	8,906.7
Current portion of long-term debt	1,310.7	44.5
	5,640.7	8,862.2

(a) Canadian- and US-dollar-denominated senior unsecured notes

As at April 28, 2019, the Corporation had Canadian-dollar-denominated senior unsecured notes totaling CA $2,400.0, and US-dollar-denominated senior unsecured notes totaling $3,400.0, divided as follows:

	Notional amount	Maturity	Coupon rate	Effective rate as at April 28, 2019	Interest payment dates
Tranche 2 – November 1, 2012 issuance	CA $450.0	November 1, 2019	3.319%	3.404%	May 1st and November 1st
Tranche 3 – November 1, 2012 issuance	CA $250.0	November 1, 2022	3.899%	3.963%	May 1st and November 1st
Tranche 4 – August 21, 2013 issuance	CA $300.0	August 21, 2020	4.214%	4.317%	August 21st and February 21st
Tranche 5 – June 2, 2015 issuance	CA $700.0	June 2, 2025	3.600%	3.649%	June 2nd and December 2nd
Tranche 6 – July 26, 2017 issuance	$1,000.0	July 26, 2022	2.700%	2.819%	July 26th and January 26th
Tranche 7 – July 26, 2017 issuance	CA $700.0	July 26, 2024	3.056%	3.133%	July 26th and January 26th
Tranche 8 – July 26, 2017 issuance	$1,000.0	July 26, 2027	3.550%	3.642%	July 26th and January 26th
Tranche 9 – July 26, 2017 issuance	$500.0	July 26, 2047	4.500%	4.576%	July 26th and January 26th
Tranche 10 – December 14, 2017 issuance	$600.0	December 13, 2019	2.350%	2.557%	June 13th and December 13th
Tranche 11 – December 14, 2017 issuance	$300.0	December 13, 2019	Three-month LIBOR plus 0.500%	3.358%	June 13th, September 13th, December 13th and March 13th

Canadian-dollar-denominated notes issued on November 1, 2012, June 2, 2015 and July 26, 2017 are associated with cross-currency interest rate swaps, and fixed interest rate US-dollar-denominated senior unsecured notes issued on December 14, 2017 are subject to fixed-to-floating interest rate swaps (Note 21).

Also, a portion of the US-dollar-denominated senior unsecured notes issued on July 26, 2017 were subject to interest rate locks in anticipation of their issuance. The settlement of the interest rate locks on July 20, 2017 resulted in a loss which was

recognized to Accumulated other comprehensive loss and is amortized over the term of the related US-dollar-denominated senior unsecured notes issued on July 26, 2017 as an adjustment to the related interest expense.

On May 28, 2019, subsequent to the fiscal year ended April 28, 2019, the Corporation repaid $150.0 on Tranche 11 of its US-dollar-denominated senior unsecured notes.

(b) Euro-denominated senior unsecured notes

As at April 28, 2019, the Corporation had Euro-denominated senior unsecured notes totaling €750.0 with a coupon rate of 1.875% and maturing on May 6, 2026. Interest is payable annually on May 6 and the effective rate is 1.944%.

(c) CAPL US-dollar-denominated senior secured revolving credit facility, without recourse to the Corporation

On April 1, 2019, CAPL fully repaid its credit agreement consisting of a US-dollar-denominated senior secured revolving credit facility of a maximum amount of $650.0, under which swing-line loans could be drawn up to $25.0 and standby letters of credit could be issued up to an aggregate of $45.0 (the “Former CAPL US-dollar-denominated senior secured revolving credit facility“). On the same day, CAPL entered into a new credit agreement consisting of a US-dollar-denominated senior secured revolving credit facility of a maximum amount of $750.0, maturing on April 25, 2024, under which swing-line loans may be drawn up to $35.0 and standby letters of credit may be issued up to an aggregate of $65.0 (the “CAPL US-dollar-denominated senior secured revolving credit facility“). This facility replaced the Former CAPL US-dollar-denominated senior secured revolving credit facility and is without recourse to the Corporation.

As at April 28, 2019, the effective interest rate was 4.730% (4.740% as at April 29, 2018) and CAPL was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(d) Norwegian-krone-denominated senior unsecured notes

As at April 28, 2019, the Corporation had Norwegian-krone-denominated senior unsecured notes totaling NOK 675.0 with a coupon rate of 3.850% and maturing on February 18, 2026. Interest is payable semi-annually on April 20 and October 20 of each year and the effective rate is 3.927%.

(e) Term revolving unsecured operating credit D

As at April 28, 2019, the Corporation had a credit agreement consisting of a revolving unsecured facility of a maximum amount of $2,525.0. The credit facility was available in the following forms:

- A term revolving unsecured operating credit, available i) in Canadian dollars, ii) in US dollars, iii) in Euros, and iv) in the form of standby letters of credit not exceeding $150.0 or the equivalent in Canadian dollars, with applicable fees. Depending on the form and the currency of the loan, the amounts borrowed bear interest at variable rates based on the Canadian prime rate, the bankers’ acceptance rate, the US base rate, LIBOR or EURIBOR plus a variable margin; and
- An unsecured line of credit in the maximum amount of $115.0, available in Canadian or US dollars, bearing interest at variable rates based, depending on the form and currency of the loan, on the Canadian prime rate, the US prime rate or the US base rate plus a variable margin.

Standby fees, which vary based on the Corporation’s credit rating, were applied to the unused portion of the credit facility. Letters of credit fees and the variable margin used to determine the interest rate applicable to borrowed amounts were determined according to the Corporation’s credit rating as well. Under this credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

On November 9, 2018, this operating credit’s maturity was extended to December 2023 and the maximum amount available on the unsecured line of credit was increased from $50.0 to $115.0.

As at April 28, 2019, the term revolving unsecured operating credit was unused ($1,370.4 borrowed with a weighted average effective interest rate of 3.236% as at April 29, 2018) and the Corporation had $40.0 borrowed on the unsecured line of credit ($27.0 as at April 29, 2018) bearing interests at 5.625%. The Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(f) Acquisition facility

Tranche C of the acquisition facility was fully repaid by the Corporation during fiscal 2019.

US-dollar denominated unsecured non-revolving credit facility

On November 28, 2018, the Corporation entered into a new credit agreement consisting of an unsecured non-revolving credit facility of an aggregate maximum amount of $213.5, maturing June 27, 2020.

The unsecured non-revolving credit facility was available exclusively to repay a portion of amounts outstanding in principal, interest and fees under the acquisition facility. The unsecured non-revolving credit facility was available in US dollars by way of loans bearing interest at the US base rate or the LIBOR rate plus 0.850%.

The unsecured non-revolving credit facility was fully repaid by the Corporation on April 26, 2019.

Term revolving unsecured operating credit F

During the fiscal year ended April 28, 2019, the Corporation canceled its unused term revolving unsecured operating credit F, which was unused as at April 29, 2018.

Bank overdraft facilities

The Corporation had access to bank overdraft facilities totaling approximately $65.2 as at April 28, 2019 ($165.4 as at April 29, 2018). As at April 28, 2019 and April 29, 2018, they were unused.

Letters of credit

As at April 28, 2019, the Corporation had outstanding letters of credit related to its own operations of $81.0 ($97.9 as at April 29, 2018), of which $12.6 ($16.1 as at April 29, 2018) reduced funds available under the Corporation's term revolving unsecured operating credit D.

21. INTEREST RATE AND CROSS-CURRENCY SWAPS

The Corporation has entered into cross-currency interest rate swap agreements, allowing it to synthetically convert a portion of its Canadian-dollar-denominated senior unsecured notes into US dollars.

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity	Fair value as at (Note 28)	
					April 28, 2019	April 29, 2018
					$	$
CA $2,100.0	From 3.056% to 3.899%	US $1,829.3	From 2.733% to 3.870%	From November 1, 2019 to June 2, 2025	**250.1**	166.7
			Current portion of financial liabilities		**115.0**	-
			Other long-term financial liabilities		**135.1**	166.7

These agreements are designated as foreign exchange hedges of the Corporation's net investment in its operations in the United States.

In addition to the agreements presented in the table above, the Corporation enters from time to time into short-term cross-currency interest rate swap agreements. As at April 28, 2019, the Corporation was not taking part in any of these agreements. As at April 29, 2018, these agreements had a fair value of $1.8 and are presented in Other short-term financial assets.

Furthermore, the Corporation has entered into fixed-to-floating interest rate swap agreements, synthetically converting its Tranche 10 fixed interest rate US-dollar-denominated senior unsecured notes to floating interest rates. These agreements became effective on December 14, 2017, and all mature on December 13, 2019.

Notional amount	Receive – Rate	Pay – Rate	Fair value as at (Note 28)	
			April 29, 2018	April 29, 2018
$			**$**	$
600.0	2.350%	Three-month LIBOR plus rates varying from 0.350% to 0.355%	3.9	6.8

These agreements are designated as fair value hedges of the Corporation's US-dollar-denominated senior unsecured notes issued on December 14, 2017, which have a carrying amount of $595.4 and are presented in Current portion of long-term debt on the consolidated balance sheet as at April 28, 2019. This carrying amount includes an accumulated amount of fair value hedge adjustments of $3.9 and no ineffectiveness was recognized during the fiscal year ended April 28, 2019 in relation with this fair value hedge designation.

22. PROVISIONS

The reconciliation of the Corporation's main provisions is as follows:

	Asset retirement obligations[(a)]	Provision for environmental costs[(b)]	Restructuring provision[(c)]	Provision for workers' compensation[(d)]	Provision for general liability[(d)]	Other	Total
	$	$	$	$	$	$	$
2019							
Balance, beginning of year	**465.9**	**180.1**	**20.4**	**44.1**	**36.0**	**43.6**	**790.1**
Business acquisitions (Note 4)	**0.2**	**-**	**-**	**-**	**-**	**-**	**0.2**
Liabilities incurred	**2.7**	**14.4**	**10.5**	**23.5**	**27.5**	**4.2**	**82.8**
Liabilities settled	**(5.4)**	**(19.8)**	**(14.2)**	**(25.6)**	**(24.5)**	**(11.0)**	**(100.5)**
Accretion expense	**18.2**	**1.6**	**-**	**0.5**	**0.1**	**-**	**20.4**
Reversal of provisions	**(4.9)**	**(6.8)**	**(1.0)**	**(0.1)**	**(0.1)**	**(2.8)**	**(15.7)**
Change in estimates	**(5.8)**	**1.4**	**-**	**(1.4)**	**3.3**	**-**	**(2.5)**
Effect of exchange rate variations	**(18.7)**	**(4.2)**	**(0.8)**	**(0.3)**	**-**	**(0.7)**	**(24.7)**
Balance, end of year	**452.2**	**166.7**	**14.9**	**40.7**	**42.3**	**33.3**	**750.1**
Current portion	**72.1**	**47.4**	**14.3**	**12.5**	**8.7**	**5.0**	**160.0**
Long-term portion	**380.1**	**119.3**	**0.6**	**28.2**	**33.6**	**28.3**	**590.1**
2018 (adjusted, Note 2)							
Balance, beginning of year	368.1	159.2	12.5	35.3	35.4	9.4	619.9
Business acquisitions (Note 4)	75.8	29.9	-	4.9	3.3	33.8	147.7
Liabilities incurred	3.1	9.1	56.9	26.0	19.5	4.6	119.2
Liabilities settled	(7.3)	(10.1)	(49.7)	(21.7)	(18.0)	(4.4)	(111.2)
Accretion expense	15.8	0.8	-	0.5	0.1	-	17.2
Reversal of provisions	(6.0)	(7.7)	-	-	(0.1)	(0.6)	(14.4)
Change in estimates	3.3	(4.3)	-	(1.2)	(4.2)	-	(6.4)
Reclassified to assets held for sale	(0.6)	-	-	-	-	-	(0.6)
Effect of exchange rate variations	13.7	3.2	0.7	0.3	-	0.8	18.7
Balance, end of year	465.9	180.1	20.4	44.1	36.0	43.6	790.1
Current portion	80.9	45.5	17.6	20.1	12.1	3.2	179.4
Long-term portion	385.0	134.6	2.8	24.0	23.9	40.4	610.7

(a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately $826.6 and is expected to be incurred over the next 40 years. Should changes occur in estimated future removal costs, tank useful lives, lease terms or governmental regulatory requirements, revisions to the liability could be made.
(b) Environmental costs should be disbursed over the next 20 years.
(c) Restructuring costs should be settled over the next two years.
(d) Workers' compensation and general liability indemnities should be disbursed over the next five years.

Environmental costs

The Corporation is subject to Canadian, United States and European legislation governing the storage, handling and sale of road transportation fuel and other petroleum-based products. The Corporation considers that it is compliant with all important aspects of current environmental legislation.

The Corporation has an ongoing training program for its employees on environmental issues and performs preventative site testing and site restoration in cooperation with regulatory authorities. The Corporation also examines its motor fuel equipment annually.

In most of the U.S. states in which the Corporation operates, with the exception of Alaska, California, Florida, Iowa, Maryland, New York, Oregon, Texas, Washington, West Virginia and Wisconsin, the Corporation participates in a state fund to cover the cost of certain environmental remediation activities after the applicable trust fund deductible is met, which varies by state. These state funds provide insurance for motor fuel facilities operations to cover some of the costs of cleaning up certain environmental contamination caused by the use of road transportation fuel equipment. Road transportation fuel storage tank registration fees and/or a motor fuel tax in each of the states finance the trust funds. The Corporation pays annual registration fees and remits sales taxes to applicable states. Insurance coverage differs from state to state.

In order to provide for the above-mentioned environmental costs, the Corporation has recorded a $166.7 provision for environmental costs as at April 28, 2019 ($180.1 as at April 29, 2018). Furthermore, the Corporation has recorded an amount of $87.3 for environmental costs receivable from trust funds as at April 28, 2019 ($87.0 as at April 29, 2018), of which $11.8 ($9.1 as at April 29, 2018) is included in Accounts receivable and $75.5 in Other assets.

23. DEFERRED CREDITS AND OTHER LIABILITIES

	2019	2018 (adjusted, Note 2)
	$	$
Unfavorable leases	**102.7**	130.9
Deferred compensation liabilities	**75.2**	63.7
Deferred rent expense	**55.6**	60.3
Deposits	**39.4**	36.9
Deferred credits	**29.5**	19.2
Deferred branding credits	**22.9**	16.1
Other liabilities	**23.7**	24.2
	349.0	351.3

24. CAPITAL STOCK

Authorized

Unlimited number of shares without par value

- First and second preferred shares issuable in series, non-voting, ranking prior to other classes of shares with respect to dividends and payment of capital upon dissolution. The Board of Directors is authorized to determine the designation, rights, privileges, conditions and restrictions relating to each series of shares prior to their issuance.
- Class A multiple voting and participating shares, ten votes per share except for certain situations which provide for only one vote per share, convertible into Class B subordinate voting shares on a share-for-share basis at the holder's option. Under the articles of amendment, no new Class A multiple voting shares may be issued.
- Class B subordinate voting and participating shares, convertible automatically into Class A multiple voting shares on a share-for-share basis on the earlier of the following:
  - When all 4 of the Corporation's co-founders will have reached the age of 65 years old; or
  - When all 4 of the Corporation's co-founders will hold, directly or indirectly, less than 50% of the voting rights attached to all of the Corporation's outstanding Class A multiple voting shares and Class B subordinate voting shares.

The order of priority for the payment of dividends is as follows:

- First preferred shares;
- Second preferred shares; and
- Class B subordinate voting shares and Class A multiple voting shares, ranking pari passu.

Issued and fully paid

The changes in the number of outstanding shares are as follows:

	2019	2018
Class A multiple voting shares		
Balance, beginning of year	**132,023,873**	147,766,540
Conversion into Class B shares	**(5,114,923)**	(15,742,667)
Balance, end of year	**126,908,950**	132,023,873
Class B subordinate voting shares		
Balance, beginning of year	**432,194,025**	420,683,538
Issued on conversion of Class A shares	**5,114,923**	15,742,667
Repurchased and cancelled shares[(a) (b)]	**-**	(4,372,923)
Stock options exercised	**192,962**	140,743
Balance, end of year	**437,501,910**	432,194,025

(a) Share repurchase program

On April 8, 2019, the Toronto Stock Exchange approved the implementation of a new share repurchase program, which took effect on April 10, 2019. This program allows the Corporation to repurchase up to 16,977,576 Class B subordinate voting shares, representing 4.00% of the 424,439,404 Class B subordinate voting shares of the public float issued and outstanding as at April 5, 2019 (3.88% of the 437,425,103 Class B subordinate voting shares issued and outstanding as at April 5, 2019). In accordance with the Toronto Stock Exchange requirements, the Corporation is entitled to purchase, on any trading day, up to a total of 245,374 Class B subordinate voting shares representing 25.00% of the net average daily trading volume of the Class B subordinate voting shares for the six-month period preceding April 1, 2019. 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 will be cancelled upon repurchase. The share repurchase period will end no later than April 9, 2020.

As at April 28, 2019, the Corporation had not repurchased any Class B subordinate voting shared under the share repurchase program.

During the month of May 2019, subsequent to the fiscal year ended April 28, 2019, the Corporation repurchased 245,274 Class B subordinate voting shares under its share repurchase program, for a net amount of $14.4. All shares repurchased were cancelled.

(b) Share repurchase and conversion

On October 11, 2017, the Corporation repurchased 4,372,923 Class B subordinate voting shares held by Metro Canada Holdings Inc., a wholly owned subsidiary of Metro Inc., for a net amount of $193.1. The Class A shares held by Metro Canada Holdings Inc. were converted into an equivalent number of Class B shares before the repurchase. The transaction closed on October 17, 2017, and all shares repurchased were cancelled. The dividend deemed to have been paid to Metro Canada Holdings Inc. as a result of this repurchase was an eligible dividend within the meaning of the *Income Tax Act* (Canada) and the *Taxation Act* (Quebec).

25. STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

Stock option plan

The Corporation has a stock option plan (the "Plan") under which it has authorized the grant of up to 50,676,000 stock options for the purchase of its Class B subordinate voting shares.

Stock options have up to a 10-year term, vest 20.0% on the date of the grant and cumulatively thereafter on each anniversary date of the grant and are exercisable at the designated market price on the date of the grant. The grant price of each stock option shall not be set below the weighted average closing price for a board lot of the Class B shares on the Toronto Stock Exchange for the five days preceding the grant. Each stock option is exercisable into one Class B share of the Corporation at the price specified in the terms of the stock option. To enable option holders to proceed with a cashless exercise of their options, the Plan allows them to elect to receive a number of subordinate shares equivalent to the difference between the total number of subordinate shares underlying the options exercised and the number of subordinate shares required to settle the exercise of the options.

The table below presents the status of the Corporation's Plan as at April 28, 2019 and April 29, 2018 and the changes therein during the years then ended:

		2019		2018
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
		CA $		CA $
Outstanding, beginning of year	**1,726,482**	**33.36**	1,715,070	28.27
Granted	**163,593**	**61.86**	161,682	61.43
Exercised	**(224,982)**	**10.03**	(150,270)	5.43
Forfeited	**(12,297)**	**54.29**	-	-
Outstanding, end of year	**1,652,796**	**39.20**	1,726,482	33.36
Exercisable, end of year	**1,333,419**	**34.07**	1,290,792	27.08

For options exercised in fiscal 2019, the weighted average share price at the date of exercise was CA $71.87 (CA $62.86 in 2018).

The following table presents information on the stock options outstanding and exercisable as at April 28, 2019:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of stock options outstanding as at April 28, 2019	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 28, 2019	Weighted average exercise price
CA $			CA $		CA $
4 – 16	345,270	1.54	8.74	345,270	8.74
16 – 35	648,891	5.41	34.44	648,891	34.44
35 – 65	658,635	7.72	59.88	339,258	59.12
	1,652,796			1,333,419	

The fair value of stock options granted is estimated at the grant date using the Black-Scholes option pricing model on the basis of the following weighted average assumptions for the stock options granted during the year:

	2019	2018
Expected dividends (per share)	**CA $0.40**	CA $0.36
Expected volatility	**24%**	25%
Risk-free interest rate	**2.12%**	1.77%
Expected life	**8 years**	8 years

The fair value of stock options granted was CA $17.67 in 2019 (weighted average fair value of CA $17.55 in 2018).

For 2019, the compensation cost charged to the consolidated statements of earnings amounts to $2.4 ($2.2 in 2018).

Deferred share unit plan

The Corporation has a DSU plan for the benefit of its external directors which allows them, at their option, to receive all or a portion of their annual compensation and directors' fee in the form of DSUs. A DSU is a notional unit, equivalent in value to the Corporation's Class B share. Upon leaving the Board of Directors, participants are entitled to receive the payment of their cumulated DSUs either in a) the form of cash based on the price of the Corporation's Class B shares as traded on the open market on the date of payment, or b) Class B shares bought by the Corporation on the open market on behalf of the participant.

The DSU expense and the related liability are recorded at the grant date. The liability is adjusted periodically to reflect any variation in the market value of the Class B shares. As at April 28, 2019, the Corporation had a total of 176,982 DSUs outstanding (260,374 as at April 29, 2018) and an obligation related to this plan of $10.4 ($11.5 as at April 29, 2018) was recorded in Deferred credits and other liabilities. The exposure to the Corporation's share price risk is managed with an embedded total return swap (Note 28). For 2019, the net compensation cost amounted to $0.9 ($0.5 of net compensation recovery in 2018).

Phantom stock units

The Corporation has a PSU plan allowing the Board of Directors, through its Human Resources and Corporate Governance Committee, to grant PSUs to the officers and selected key employees of the Corporation (the "participants"). A PSU is a notional unit whose value is based on the weighted average reported closing price for a board lot of the Corporation's Class B subordinated voting share (the "Class B share") on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The PSU provides the participant with the opportunity to earn a cash award. Each PSU initially granted vests no later than one day prior to the third anniversary of the grant date subject, namely, to the achievement of performance objectives of the Corporation, based on external and internal benchmarks, over a three-year performance period. PSUs are antidilutive since they are payable solely in cash.

The table below presents the status of the Corporation's PSU plan as at April 28, 2019 and April 29, 2018 and the changes therein during the years then ended in number of units:

	2019	2018
Outstanding, beginning of year	**725,652**	727,331
Granted	**296,996**	311,541
Paid	**(162,534)**	(297,712)
Forfeited	**(109,722)**	(15,508)
Outstanding, end of year	**750,392**	725,652

As at April 28, 2019, an obligation related to this notional unit allocation plan of $9.2 was recorded in Accounts payable and accrued liabilities ($4.1 as at April 29, 2018) and $12.4 was recorded in Deferred credits and other liabilities ($7.3 as at April 29, 2018). The price risk of this obligation is also managed with the embedded total return swap (Note 28). For 2019, the compensation cost amounted to $12.1 ($6.8 for 2018).

26. ACCUMULATED OTHER COMPREHENSIVE LOSS

As at April 28, 2019

	Attributable to shareholders of the Corporation				
	Items that may be reclassified to earnings			Will never be reclassified to earnings	
	Cumulative translation adjustments	**Net investment hedge**	**Cash flow hedge**	**Cumulative net actuarial loss**	**Accumulated other comprehensive loss**
	$	**$**	**$**	**$**	**$**
Balance, before income taxes	**(496.1)**	**(354.3)**	**(7.0)**	**(6.9)**	**(864.3)**
Less: Income taxes	**-**	**(6.1)**	**1.3**	**(2.9)**	**(7.7)**
Balance, net of income taxes	**(496.1)**	**(348.2)**	**(8.3)**	**(4.0)**	**(856.6)**

As at April 29, 2018

	Attributable to shareholders of the Corporation				
	Items that may be reclassified to earnings			Will never be reclassified to earnings	
	Cumulative translation adjustments	Net investment hedge	Cash flow hedge	Cumulative net actuarial loss	Accumulated other comprehensive loss
	$	$	$	$	$
Balance, before income taxes	(287.4)	(266.4)	(14.0)	(3.1)	(570.9)
Less: Income taxes	-	(2.7)	(0.5)	(1.4)	(4.6)
Balance, net of income taxes	(287.4)	(263.7)	(13.5)	(1.7)	(566.3)

27. EMPLOYEE FUTURE BENEFITS

The Corporation has a number of funded and unfunded defined benefit and defined contribution plans that provide retirement benefits to certain employees.

Defined benefit plans

The Corporation measures its accrued defined benefit obligation and the fair value of plan assets for accounting purposes on the last Sunday of April of each year.

The Corporation has defined benefit plans in Canada, the United States, Norway, Sweden and Ireland. Those plans provide benefits based on average earnings at retirement, or based on the years with the highest salaries and the number of years of service. The most recent actuarial valuation of the pension plans for funding purposes was as at December 31, 2018, and the next required valuation will be as at December 31, 2019.

Some plans include benefit adjustments in line with the consumer price index, whereas most of them do not provide such adjustments. The majority of the benefit payments are from trustee-administered funds. However, there is also a number of unfunded plans where the Corporation meets the benefit payment obligation as it falls due. Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the Corporation and the trustees and their composition. Responsibility for governance of the plans, investment decisions and contribution schedules lies jointly with the plan committees and the Corporation.

Reconciliation of the funded status of the benefit plans to the amount recorded in the consolidated financial statements:

	2019	2018
	$	$
Present value of defined benefit obligation for funded pension plans	**(125.9)**	(124.9)
Fair value of plans' assets	**165.9**	172.2
Net funded status of funded plans – net surplus	**40.0**	47.3
Present value of defined benefit obligation for unfunded pension plans	**(96.0)**	(101.2)
Net accrued pension benefit liability	**(56.0)**	(53.9)

The pension benefit asset of $36.6 ($46.1 as at April 29, 2018) is included in Other assets and the Pension benefit liability of $92.6 ($100.0 as at April 29, 2018) is presented separately in the consolidated balance sheets.

The defined benefit obligation and plan assets are composed by country as follows:

	Canada	United States	Norway	Sweden	Ireland	Total
2019	**$**	**$**	**$**	**$**	**$**	**$**
Present value of defined benefit obligation	**(57.6)**	**(14.5)**	**(34.9)**	**(106.3)**	**(8.6)**	**(221.9)**
Fair value of plans' assets	**21.4**	**-**	**1.8**	**142.7**	**-**	**165.9**
Funded status of plan – (deficit) surplus	**(36.2)**	**(14.5)**	**(33.1)**	**36.4**	**(8.6)**	**(56.0)**
2018						
Present value of defined benefit obligation	(59.6)	(14.1)	(40.4)	(102.7)	(9.3)	(226.1)
Fair value of plans' assets	22.0	-	2.0	148.2	-	172.2
Funded status of plan – (deficit) surplus	(37.6)	(14.1)	(38.4)	45.5	(9.3)	(53.9)

As at the measurement date, the plans' assets consisted of:

				2019				2018
	Quoted	**Unquoted**	**Total**	**Plan's assets allocation**	Quoted	Unquoted	Total	Plan's assets allocation
	$	**$**	**$**	**%**	$	$	$	%
Cash and cash equivalents	**0.3**	**-**	**0.3**	**0.2**	0.1	-	0.1	0.1
Equity securities	**88.7**	**-**	**88.7**	**53.5**	92.8	-	92.8	53.9
Debt instruments								
Government	**66.5**	**-**	**66.5**	**40.1**	68.2	-	68.2	39.6
Corporate	**4.0**	**-**	**4.0**	**2.4**	4.8	-	4.8	2.8
Real estate	**-**	**0.9**	**0.9**	**0.5**	-	0.9	0.9	0.5
Other assets	**5.5**	**-**	**5.5**	**3.3**	5.4	-	5.4	3.1
Total	**165.0**	**0.9**	**165.9**	**100.0**	171.3	0.9	172.2	100.0

The Corporation's pension benefit expense for the fiscal year is determined as follows:

	2019	2018
	$	$
Current service cost, net of employee contributions	**3.7**	3.6
Administrative expenses	**0.1**	0.1
Pension expense for the year	**3.8**	3.7
Net interest expense	**1.8**	2.4
Curtailment gain	**(2.7)**	(0.6)
Amount recognized in earnings for the year	**2.9**	5.5

The amount recognized in Other comprehensive income (loss) for the fiscal year is determined as follows:

	2019	2018
	$	$
Losses (gains) from change in financial assumptions	**16.7**	(1.9)
Experience gains	**(4.9)**	(4.5)
Return on assets (excluding amounts included in interest income)	**(8.0)**	(26.3)
Amount recognized in Other comprehensive income (loss)	**3.8**	(32.7)

The Corporation expects to make a contribution of $5.8 to the defined benefit plans during the next fiscal year.

The significant weighted average actuarial assumptions, which management considers the most likely to determine the accrued benefit obligations and the pension expense, are the following:

					2019					2018
	Canada	**United States**	**Norway**	**Sweden**	**Ireland**	Canada	United States	Norway	Sweden	Ireland
	%	**%**	**%**	**%**	**%**	%	%	%	%	%
Discount rate	**3.30**	**4.00**	**2.50**	**2.25**	**1.20**	3.65	4.25	2.50	2.75	1.50
Rate of compensation increase	**3.00**	**3.00**	**2.75**	**2.75**	**-**	3.71	4.00	2.50	2.75	-
Rate of benefit increase	**2.00**	**2.00**	**0.80**	**1.75**	**1.30**	2.00	2.00	0.10	1.75	1.60
Rate of social security base amount increase (*G-amount*)	**-**	**-**	**2.50**	**2.75**	**-**	-	-	2.25	2.75	-

The Corporation uses mortality tables provided by regulatory authorities and actuarial associations in each country. The social security base amount (*G-amount*) is the expected increase of pensions paid from the state. In some European countries, the Corporation is responsible for the difference between what the pensioners receive from the state and the entitled pension based on their salary at the time of retirement.

The weighted average duration of the defined benefit obligation of the Corporation is 20 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal actuarial assumptions is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 9.5%	Increase by 10.6%
Rate of compensation increase	0.50%	Increase by 2.2%	Decrease by 2.9%
Rate of benefit increase	0.50%	Increase by 7.7%	Decrease by 7.7%
Increase of life expectancy	1 year	Increase by 4.1%	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, because changes in some of the assumptions may be correlated. When calculating the above sensitivity analysis, the same method has been applied as when calculating the pension liability recognized in the consolidated balance sheets.

Through its defined benefit pension plans, the Corporation is exposed to the following risks:

Asset returns: The value of the defined benefit pension plan obligations is calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. All of the capitalized plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term. Furthermore, the Corporation actively monitors the performance of the assets to ensure the expected return. To mitigate the risks of assets underperforming, investment policies require a diversified portfolio that spreads risk across different types of instruments.

Changes in bond yields: A decrease in corporate bond yields will increase defined benefit pension plan obligations. However, this same decrease will increase existing bond values held by the various plans.

Change in demographic assumptions: A change in demographic assumptions (rate of salary increase or pension increase, change in mortality tables) will increase or decrease the obligation.

For funded plans, the individual plans have investment policy objectives to bring investment average duration in line with the average expected life of the obligation and scheduled benefit payments. The Corporation and the trustees actively monitor the duration and the expected yield of the investments to ensure they match the expected cash outflows arising from the pension benefit payments. Also, as presented above, to mitigate the risks, the investments are well diversified. The Corporation does not use derivatives to offset its risk and has not changed the processes from the previous fiscal year.

In Europe, it is the Corporation's responsibility to make or not to make contributions to the defined benefit plans. The Corporation contributes to these plans except when they are overcapitalized. For funded plans that are running a deficit, the Corporation makes payments based on the actuaries' recommendations and existing regulations. The Corporation is committed to making special payments in the coming years to eliminate the deficit. These contributions have no significant impact on the Corporation's cash flows. The Corporation does not have a funded plan in the United States.

Defined contribution plans

The Corporation's total pension expense under its defined contribution plans and mandatory governmental plans for the fiscal year 2019 is $125.0 ($104.1 for 2018).

Deferred compensation plan – United States operations

The Corporation sponsors a deferred compensation plan that allows certain employees in its United States operations to defer up to 25.0% of their base salary and 100.0% of their cash bonuses for any given year. Interest accrued on the deferral and amounts due to the participants are generally payable on retirement, except in certain limited circumstances. Obligations under this plan amount to $52.4 as at April 28, 2019 ($44.4 as at April 29, 2018) and are included in Deferred credits and other liabilities. The assets of the plan are held in a trust and are subject to the claims of the Corporation's general creditors under federal and state laws in the event of insolvency, the trust therefore qualifies as a Rabbi trust for income tax purposes. The plan's assets mainly consist of mutual funds and are classified as investments measured at fair value through earnings or loss. Assets under this plan amount to $49.1 as at April 28, 2019 ($40.9 as at April 29, 2018) and are included in Other assets (Note 18).

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

Financial risk management objectives and policies

The Corporation's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk, liquidity risk and price risk. The Corporation uses cross-currency interest rate swaps to hedge its foreign currency risk related to its net investments in its operations in the United States, Norway, Denmark, the Baltics and Ireland. The Corporation also uses from time to time interest rate locks to hedge the interest rates on forecasted debt issuance, and fixed-to-floating interest rate swaps to hedge the interest rates associated with fixed interest rate debt.

The Corporation's risk management is predominantly controlled by its treasury department and its road transportation fuel and other fossil fuel supply group under policies approved by the Board of Directors. These groups controlling risk management identify, evaluate and hedge financial risks in close co-operation with the Corporation's operating units. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, investment of excess liquidity and capital risk management.

Foreign currency risk

A large portion of the Corporation's consolidated revenues and expenses are received or denominated in the functional currency of the business units operating in the markets in which it does business. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

The Corporation is exposed to foreign currency risk with respect to its cash and cash equivalents denominated in foreign currencies, long-term debt denominated in US dollars, its Norwegian-krone and Euro-denominated senior unsecured notes and the cross-currency interest rate swaps, a portion of which are designated as net investment hedges of its operations in the United States, Norway, Denmark, the Baltics and Ireland. As the Corporation uses the US dollar as its reporting currency, part of these impacts is compensated by the translation of the Canadian-dollar consolidated financial statements into US dollars. For the long-term debt denominated in US dollars, Norwegian-krone and Euro-denominated senior unsecured notes and cross-currency interest rate swaps, as at April 28, 2019 and with all other variables held constant, a hypothetical variation of 5.0% of the US-dollar would have had a net impact of $36.0 on Other comprehensive income (loss) which would be offset by equivalent amounts from the hedged net investments. For the cash and cash equivalent denominated in foreign currencies, as at April 28, 2019 and with all other variables held constant, a hypothetical variation of 5.0% of the US-dollar would have had a net impact of $8.3 on Other comprehensive income (loss).

Interest rate risk

The Corporation's fixed rate long-term debt is exposed to a risk of change in fair value due to changes in interest rates. To mitigate a portion of this risk, the Corporation has entered into fixed-to-floating interest rate swaps in order to hedge a portion of the interest rate fair value risk associated with fixed interest rate debt.

The Corporation is exposed to a risk of change in cash flows due to changes in interest rates on its variable rate long-term debt. As at April 28, 2019, the Corporation did not hold any derivative instruments to mitigate this risk. The Corporation analyzes its cash flow exposure on an ongoing basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Corporation calculates the impact on net financial expenses of a defined interest rate shift. Based on variable rate and synthetically variable rate long-term debt balances as at April 28, 2019, the annual impact on net financial expenses of a 1.0% shift in interest rates would have been $14.2 ($31.9 based on balances as at April 29, 2018).

The Corporation is exposed to a risk of change in cash flows due to changes in interest rates on future debt issuance. To mitigate this risk, the Corporation enters from time to time into interest rate locks in order to hedge the interest rates on forecasted debt issuance.

Credit risk

The Corporation is exposed to credit risk with respect to Cash and cash equivalents, Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable, the indexed deposit contract including an embedded total return swap and derivative financial instruments when their fair value is favorable to the Corporation.

Key elements of the Corporation's credit risk management approach include credit risk policies, credit mandates, an internal credit rating process, credit risk mitigation tools and continuous monitoring and management of credit exposures. Prior to entering into transactions with new counterparties, the Corporation's credit policy requires counterparties to be formally identified, approved, and assigned internal credit ratings as well as exposure limits. Once established, counterparties are reassessed

according to policy and monitored on a regular basis. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial statements, when available, and other relevant business information. In addition, the Corporation evaluates any past payment performance, the counterparties' size and business diversification, and the inherent industry risk. The internal credit ratings reflect the Corporation's assessment of the counterparties' credit risk. The Corporation has maximum credit exposures for individual counterparties. The Corporation monitors outstanding balances and individual exposures against limits on a regular basis.

Credit risk related to Trade accounts receivable and vendor rebates receivable related to convenience store operations is limited considering the nature of the Corporation's activities and its counterparties. As at April 28, 2019, no single creditor accounted for over 10.0% of total Trade accounts receivable and vendor rebates receivable and the related maximum credit risk exposure corresponds to their carrying amount.

The Corporation mitigates the credit risk related to Cash and cash equivalents and Credit and debit cards receivable by dealing with major financial institutions that have very low or minimal credit risk. As at April 28, 2019, the maximum credit risk exposure related to Cash and cash equivalents and Credit and debit cards receivable corresponds to their carrying amount in addition to the credit risk exposure related to the Circle K/MasterCard credit cards as described below.

In some European markets, customers can settle their purchases at the Corporation's multiple points of sale or at any other merchants with a combined Circle K/MasterCard credit card. The Corporation has entered into agreements whereby the risks and rewards related to the credit cards, such as fee income, administration expenses and bad debt, are shared between the Corporation and external banks. Outstanding balances are charged to the customer monthly. The Corporation's exposure as at April 28, 2019, relates to receivables of $147.2, of which $64.5 was interest-bearing. These receivables from cardholders are not recognized in the Corporation's consolidated balance sheet. For fiscal year 2019, the expensed losses were not significant. In light of accurate credit assessments and continuous monitoring of outstanding balances, the Corporation believes that the credits do not represent any significant risk. The income and risks related to these arrangements with the banks are reported, settled and accounted for on a monthly basis.

The Corporation is exposed to credit risk arising from the indexed deposit contract containing an embedded total return swap and from derivative financial instruments when their fair value is favorable to the Corporation. In accordance with its risk management policy, to reduce this risk, the Corporation has entered into these derivatives with major financial institutions with a very low credit risk.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its obligations associated with financial liabilities and lease commitments. The Corporation is exposed to this risk mainly through its Long-term debt, Accounts payable and accrued expenses, lease agreements and derivative financial instruments when their fair value is unfavorable to the Corporation. The Corporation's liquidity is provided mainly by cash flows from operating activities and borrowings available under its revolving credit facilities.

On an ongoing basis, the Corporation monitors rolling forecasts of its liquidity reserve on the basis of expected cash flows taking into account operating needs, the tax situation and capital requirements and ensures that it has sufficient flexibility under its available liquidity resources to meet its obligations.

The contractual maturities of financial liabilities and their related interest as at April 28, 2019, are as follows:

	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	More than five years
	$	$	$	$	$	$
Non-derivative financial liabilities[1]						
Accounts payable and accrued liabilities[2]	3,091.5	3,091.5	3,091.5	-	-	-
US-dollar-denominated senior unsecured notes	3,379.9	4,458.6	1,006.1	85.0	1,214.5	2,153.0
Canadian-dollar-denominated senior unsecured notes	1,774.5	2,041.5	395.7	268.8	303.4	1,073.6
US-dollar-denominated term revolving unsecured operating credit D	40.0	40.0	40.0	-	-	-
Euro-denominated senior unsecured notes	831.2	960.3	15.7	15.7	47.0	881.9
CAPL senior secured revolving credit facility	514.8	638.0	24.4	24.4	589.2	-
NOK-denominated senior unsecured notes	77.4	98.2	3.0	3.0	9.0	83.2
Obligations related to buildings and equipment under finance leases and other debts[3]	333.6	488.4	64.6	80.0	133.4	210.4
Cross-currency interest rate swaps payable[1]	250.1	2,119.3	512.6	48.9	388.6	1,169.2
Cross-currency interest rate swaps receivable[1]		(1,805.1)	(386.3)	(41.8)	(303.4)	(1,073.6)
Fixed-to-floating interest rate swaps payable[1]	3.9	3.7	3.7	-	-	-
	10,296.9	12,134.4	4,771.0	484.0	2,381.7	4,497.7

(1) Based on spot rates, as at April 28, 2019, for balances in Canadian dollars, in Norwegian krone, in Euros and for balances bearing interest at variable rates.
(2) Excludes deferred credits as well as statutory accounts payable and accrued liabilities such as sales taxes, excise taxes and property taxes.
(3) For these items, the present value of future minimum payments as at April 28, 2019 is broken down as follows:

	Obligations related to buildings and equipment under finance leases	Other debts	Total
	$	$	$
Less than one year	40.2	1.2	41.4
One to five years	134.7	3.6	138.3
More than five years	153.4	0.5	153.9
	328.3	5.3	333.6

Price risk

The Corporation’s sales of refined oil products, which include road transportation fuel and energy for stationary engines, constitute a material share of its gross profit. As a result, its business, financial position, results of operation and cash flows are affected by changes in the commodity prices of such products. The Corporation seeks to pass on any changes in purchase prices to its customers by adjusting sale prices to reflect changes in refined oil product prices. The time lag between a change in refined oil product prices and a change of prices of fuel sold by the Corporation can impact the gross profit on sales of these products. From time to time, based on purchases timing and price risk assessments, the Corporation enters into commodity financial derivatives to mitigate a portion of this risk for its sales and purchases of road transportation fuel and other fossil fuels. As at April 28, 2019, the notional volume of such financial derivatives was 95,000 metric tons of road transportation fuel and other fossil fuels and hedge accounting was not applied for any of these financial derivatives.

The Corporation’s obligations related to its PSU plan and DSU plan create a form of price risk as the recorded amounts of the related liabilities fluctuate in part with the fair value of the Corporation’s Class B shares. To mitigate this risk, the Corporation has entered into a indexed deposit contract with an investment grade financial institution which includes an embedded total return swap with an underlying index representing Class B shares recorded at fair market value on the consolidated balance sheets under Other assets and Other accounts receivable (for the fiscal year ended April 29, 2018, the embedded derivative was recorded at fair market value). As at April 28, 2019, the indexed deposit contract had a nominal value of $38.3. The indexed deposit contract is adjusted as needed to reflect new awards, adjustments and/or settlements of PSUs and DSUs. As at April 28, 2019, the impact on net earnings or shareholders’ equity of a 5.0% shift in the value of the Corporation’s share price would not have been significant.

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 fair value of Obligations related to buildings and equipment under finance leases is comparable to its carrying amount, given that implicit interest rates are generally consistent with equivalent market interest rates for similar obligations. The carrying values of the term revolving unsecured operating credit D and the CAPL senior secured revolving credit facility approximate their fair values given that their credit spreads are similar to the credit spread the Corporation would obtain under similar conditions at the reporting date.

Fair value hierarchy

Fair value measurements are categorized in accordance with the following levels:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 but which are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability which are not based on observable market data.

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

Financial instruments at fair value on the consolidated balance sheets:

- The fair value of the indexed deposit contract, which is mainly based on the fair market value of the Corporation's Class B shares, was $49.5 as at April 28, 2019 ($36.3 as at April 29, 2018) (Level 2). As at April 28, 2019, they are presented as Accounts receivable for an amount of $9.8 ($6.4 as at April 29, 2018) and Other assets for an amount of $39.7 ($29.9 as at April 29, 2018) on the consolidated balance sheets;
- The fair value of the cross-currency interest rate swaps, which is determined based on market rates, was $250.1 as at April 28, 2019 ($164.9 as at April 29, 2018) (Level 2). As at April 28, 2019, they are presented as Other short-term financial liabilities for an amount of $115.0 and Other long-term financial liabilities for an amount of $135.1, and as at April 29, 2018, they are presented as Other short-term financial assets for an amount of $1.8 and Other long-term financial liabilities for an amount of $166.7 on the consolidated balance sheets; and
- The fair value of the fixed-to-floating interest rate swaps, which is determined based on market rates, was $3.9 as at April 28, 2019 ($6.8 as at April 29, 2018) (Level 2). As at April 28, 2019, they are presented as Other short-term financial liabilities and as at April 29, 2018, they are presented as Other long-term financial liabilities on the consolidated balance sheets.
- The fair value of the fuel swaps, which is determined based on market rates, was $4.7 as at April 28, 2019 ($2.0 as at April 29, 2018) (Level 2). As at April 28, 2019, they are presented as Other short-term financial liabilities and as at April 29, 2018, they are presented as Accounts payable and accrued liabilities on the consolidated balance sheets.

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

- The table below presents the fair value, which is based on observable market data (Level 2), and the carrying value of the financial instruments which are not measured at fair value on the consolidated balance sheets:

		2019		2018
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
US-dollar-denominated senior unsecured notes	**3,379.9**	**3,347.6**	3,373.6	3,279.4
Canadian-dollar-denominated senior unsecured notes	**1,774.5**	**1,815.0**	1,857.3	1,873.5
Euro-denominated senior unsecured notes	**831.2**	**869.2**	900.7	925.9
NOK-denominated senior unsecured notes	**77.4**	**86.0**	83.9	90.5

Capital risk management

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital. The Corporation's capital comprises total Shareholders' equity and net interest-bearing debt. Net interest-bearing debt refers to Long-term debt and its current portion, net of Cash and cash equivalents and temporary investments, if any.

In order to maintain or adjust its capital structure, the Corporation may issue new shares, redeem its shares, sell less performing assets to reduce debt or adjust the amount of dividends paid to shareholders (Notes 20 and 24).

In its capital structure, the Corporation considers its stock option, PSU and DSU plans (Note 25). From time to time, the Corporation uses share repurchase programs to achieve its capital management objectives (Note 24).

The Corporation monitors capital on the basis of the net interest-bearing debt to total capitalization ratio and also monitors its credit ratings as determined by third parties. This measure is presented as if the Corporation's investment in CAPL was reported using the equity method as the Corporation believes it allows a more relevant presentation of its underlying performance. Also, for the purpose of this calculation, CAPL's long-term debt is excluded as it is a non-recourse debt to the Corporation.

As at the consolidated balance sheets dates, the net interest-bearing debt to total capitalization ratio was as follows:

	2019	2018 (adjusted, Note 2)
	$	$
Current portion of long-term debt	**1,308.4**	41.6
Long-term debt	**5,103.8**	8,328.3
Less: Cash and cash equivalents, including restricted cash	**736.6**	684.1
Net interest-bearing debt	**5,675.6**	7,685.8
Shareholders' equity	**8,923.2**	7,560.4
Net interest-bearing debt	**5,675.6**	7,685.8
Total capitalization	**14,598.8**	15,246.2
Net interest-bearing debt to total capitalization ratio	**38.9%**	50.4%

Under its term revolving unsecured operating credits, the Corporation must meet the following ratios on a consolidated basis, which however exclude CAPL's financial positions and results:

- An adjusted leverage ratio, which is the ratio of total Long-term debt plus the product of eight times consolidated rent expense of the Corporation less Cash and cash equivalents to Earnings before interest, taxes, depreciation and amortization and rent, which is a non-IFRS measure, for the four most recent quarters; and
- An interest coverage ratio, which is the ratio of EBITDA for the four most recent quarters to the total interest paid in the same periods.

The Corporation monitors these ratios regularly and was in compliance with these covenants as at April 28, 2019 and April 29, 2018.

The Corporation is not subject to any significant externally imposed capital requirements.

29. CONTRACTUAL OBLIGATIONS

Minimum lease payments

As at April 28, 2019, the Corporation has entered into operating lease agreements which call for aggregate minimum lease payments of $3,260.7 for the rental of commercial space, equipment and warehouses. Several of these leases contain renewal options, and certain sites are subleased to third parties. The minimum lease payments for the next fiscal years are including payments under the current lease term of each lease as well as payments under one or more options to extend these leases when the Corporation is reasonably certain to exercise these options. These minimum lease payments are as follows:

	$
Less than one year	459.8
One to five years	1,382.3
More than five years	1,418.6

As at April 28, 2019, the total amount of future minimum sublease payments expected to be received under sublease agreements related to these operating leases is $231.5. These minimum sublease payments are expected to be received as follows:

	$
Less than one year	42.5
One to five years	106.6
More than five years	82.4

Purchase commitments

The Corporation has entered into various property purchase agreements, as well as product purchase agreements, which require the Corporation to purchase minimum amounts or quantities of merchandise and road transportation fuel annually. The Corporation has generally exceeded such minimum requirements in the past and expects to continue doing so for the foreseeable future. Failure to satisfy the minimum purchase requirements could result in termination of the contracts, penalties for shortfall volumes, change in pricing of the products, payments to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received.

30. CONTINGENCIES AND GUARANTEES

Contingencies

Various claims and legal proceedings have been initiated against the Corporation in the normal course of its operations and through acquisitions. Although the outcome of such matters is not predictable with assurance, the Corporation has no reason to believe that the outcome of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

Guarantees

The Corporation assigned a number of lease agreements for premises to third parties. Under some of these agreements, the Corporation retains ultimate responsibility to the landlord for payment of amounts under the lease agreements should the sub lessees fail to pay. As at April 28, 2019, the total future lease payments under such agreements are approximately $3.4 and the fair value of the guarantee is not significant. Historically, the Corporation has not made any significant payments in connection with these indemnification provisions.

The Corporation has also issued guarantees to third parties and on behalf of third parties for maximum undiscounted future payments totaling $16.7. These guarantees primarily relate to financial guarantee commitments under car rental agreements and on behalf of retailers in Sweden. Guarantees on behalf of retailers in Sweden comprise items such as guarantees towards retailers' store inventory, in addition to guarantees towards leased store equipment. The carrying amount and fair value of the guarantee commitments recognized in the consolidated balance sheet as at April 28, 2019 were not significant.

31. SEGMENTED INFORMATION

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

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

				2019				2018 (Adjusted, Note 2)
	United States	**Europe**	**Canada**	**Total**	United States	Europe	Canada	Total
	$	**$**	**$**	**$**	$	$	$	$
External customer revenues[a]								
Merchandise and services	**10,874.9**	**1,457.8**	**2,172.7**	**14,505.4**	9,508.6	1,413.9	2,053.5	12,976.0
Road transportation fuel	**29,962.7**	**8,380.7**	**4,957.9**	**43,301.3**	24,612.5	7,684.1	4,819.9	37,116.5
Other	**65.7**	**1,220.7**	**24.5**	**1,310.9**	56.6	1,217.7	27.6	1,301.9
	40,903.3	**11,059.2**	**7,155.1**	**59,117.6**	34,177.7	10,315.7	6,901.0	51,394.4
Gross profit								
Merchandise and services	**3,667.3**	**609.0**	**729.7**	**5,006.0**	3,158.7	602.3	707.7	4,468.7
Road transportation fuel	**2,575.1**	**981.1**	**392.8**	**3,949.0**	1,937.7	1,024.2	424.9	3,386.8
Other	**65.7**	**149.7**	**24.5**	**239.9**	54.7	173.7	27.6	256.0
	6,308.1	**1,739.8**	**1,147.0**	**9,194.9**	5,151.1	1,800.2	1,160.2	8,111.5
Total long-term assets[b]	**12,617.5**	**3,402.1**	**2,104.1**	**18,123.7**	12,585.0	3,726.7	2,234.5	18,546.2

(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.

32. SUBSEQUENT EVENT

Dividends

During its July 9, 2019 meeting, the Corporation's Board of Directors declared a quarterly dividend of CA 12.5¢ per share for the fourth quarter of fiscal 2019 to shareholders on record as at July 18, 2019, and approved its payment for August 1, 2019. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).