

# Fiscal Year 2022

**Alimentation Couche-Tard Inc.**  
Consolidated Financial Statements  
April 24, 2022

Management's Report .....	2
Management's Report on Internal Control over Financial Reporting .....	3
Independent Auditor's Reports .....	4
Consolidated Statements of Earnings .....	8
Consolidated Statements of Comprehensive Income .....	9
Consolidated Statements of Changes in Equity .....	10
Consolidated Statements of Cash Flows .....	11
Consolidated Balance Sheets .....	12
Notes to the Consolidated Financial Statements .....	13



## 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 24, 2022, and April 25, 2021, 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.

June 28, 2022

*/s/ Brian Hannasch*

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Brian Hannasch  
President and  
Chief Executive Officer

*/s/ Claude Tessier*

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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 24, 2022. 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 24, 2022.

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 24, 2022 and expressed an unqualified opinion thereon, which is included herein.

June 28, 2022

*/s/ Brian Hannasch*

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Brian Hannasch  
President and  
Chief Executive Officer

*/s/ Claude Tessier*

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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 24, 2022 and April 25, 2021, 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 statements of earnings for the years ended April 24, 2022 and April 25, 2021;
- The consolidated statements of comprehensive income for the years ended April 24, 2022 and April 25, 2021;
- The consolidated statements of changes in equity for the years ended April 24, 2022 and April 25, 2021;
- The consolidated statements of cash flows for the years ended April 24, 2022 and April 25, 2021;
- The consolidated balance sheets as at April 24, 2022 and April 25, 2021; and
- The notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

### 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.

### Key audit matters

We have determined that there are no key audit matters to communicate in our report.

### Other matter – audit of internal control over financial reporting

We also have audited, in accordance with the standard 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 24, 2022, 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 June 28, 2022.

### 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/ PricewaterhouseCoopers LLP<sup>1</sup>

Montréal, Quebec  
June 28, 2022

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<sup>1</sup>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 24, 2022.

### 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 audits 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 as issued by the International Accounting Standards Board (IFRS). 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 IFRS, 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 24, 2022, in accordance with the criteria established in *Internal Control – Integrated Framework (2013)*, issued by COSO.

We also have audited, in accordance with Canadian generally accepted auditing standards, the consolidated financial statements of Alimentation Couche-Tard Inc. and its subsidiaries as at April 24, 2022 and April 25, 2021 and for the years then ended and issued our report dated June 28, 2022.

/s/ PricewaterhouseCoopers LLP<sup>1</sup>

Montréal, Quebec  
June 28, 2022

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<sup>1</sup>FCPA auditor, FCA, public accountancy permit No. A116853

## Consolidated Statements of Earnings

For the fiscal years ended April 24, 2022 and April 25, 2021  
(in millions of US dollars (Note 2), except per share amounts)

	2022	2021
	\$	\$
<b>Revenues</b>	<b>62,809.9</b>	45,760.1
Cost of sales, excluding depreciation, amortization and impairment (Note 8)	<b>51,805.1</b>	35,644.8
Operating, selling, administrative and general expenses (Note 8)	<b>5,884.5</b>	5,148.6
Gain on disposal of property and equipment and other assets (Notes 5, 8 and 17)	<b>(103.9)</b>	(67.8)
Depreciation, amortization and impairment (Notes 5, 6, 8, 16, 17 and 18)	<b>1,545.7</b>	1,358.9
<b>Operating income</b>	<b>3,678.5</b>	3,675.6
Share of earnings of joint ventures and associated companies (Note 7)	<b>20.1</b>	26.0
Financial expenses (Note 10)	<b>325.8</b>	357.0
Other financial items (Note 10)	<b>(24.1)</b>	(59.4)
Foreign exchange (gain) loss	<b>(20.7)</b>	44.9
<b>Net financial expenses</b>	<b>281.0</b>	342.5
Earnings before income taxes	<b>3,417.6</b>	3,359.1
Income taxes (Note 11)	<b>734.3</b>	653.6
<b>Net earnings</b>	<b>2,683.3</b>	2,705.5
Net earnings per share (Note 12)		
Basic	<b>2.53</b>	2.45
Diluted	<b>2.52</b>	2.44

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



## Consolidated Statements of Comprehensive Income

For the fiscal years ended April 24, 2022 and April 25, 2021  
(in millions of US dollars (Note 2))

	2022	2021
	\$	\$
<b>Net earnings</b>	<b>2,683.3</b>	2,705.5
<b>Other comprehensive (loss) income</b>		
<b>Items that may be reclassified subsequently to earnings</b>		
<b>Translation adjustments</b>		
Change in cumulative translation adjustments <sup>(1)</sup>	(275.2)	507.1
Cumulative translation adjustments reclassified to earnings (Note 5)	10.5	—
Change in fair value and net interest on cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in some of its foreign operations <sup>(2)</sup> (Note 23)	(11.8)	170.4
<b>Cash flow hedges</b>		
Change in fair value of financial instruments <sup>(2)</sup> (Note 30)	32.0	(5.6)
(Gain) loss realized on financial instruments transferred to earnings <sup>(2)</sup>	(1.9)	0.4
<b>Items that will never be reclassified to earnings</b>		
Net actuarial gain <sup>(3)</sup> (Note 29)	17.2	43.2
Gain on investments in equity instruments measured at fair value through Other comprehensive income <sup>(4)</sup>	11.2	20.6
Other comprehensive (loss) income	(218.0)	736.1
<b>Comprehensive income</b>	<b>2,465.3</b>	3,441.6

(1) For the fiscal years ended April 24, 2022 and April 25, 2021, these amounts include a gain of \$47.3 (net of income taxes of \$7.2) and a gain of \$249.4 (net of income taxes of \$38.1), respectively. These gains arise from the translation of long-term debts denominated in foreign currencies and designated as net investment hedges in some of the Corporation's foreign operations.

(2) For the fiscal years ended April 24, 2022 and April 25, 2021, these amounts are net of income tax expenses (recoveries) of \$5.0 and \$(19.7), respectively.

(3) For the fiscal years ended April 24, 2022 and April 25, 2021, these amounts are net of income tax expenses of \$5.0 and \$11.4, respectively.

(4) For the fiscal years ended April 24, 2022 and April 25, 2021, these amounts are net of income tax expenses of \$0.4 and \$3.3, 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 24, 2022 and April 25, 2021  
(in millions of US dollars (Note 2))

	2022				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 28)	Equity
	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	670.6	23.6	12,017.8	(531.1)	12,180.9
Comprehensive income:					
Net earnings			2,683.3		2,683.3
Other comprehensive loss				(218.0)	(218.0)
					2,465.3
Share repurchases (Note 26)	(32.1)		(1,850.0)		(1,882.1)
Dividends declared			(330.1)		(330.1)
Stock option-based compensation expense (Note 27)		2.8			2.8
Exercise of stock options	1.4	(0.6)			0.8
<b>Balance, end of year</b>	<b>639.9</b>	<b>25.8</b>	<b>12,521.0</b>	<b>(749.1)</b>	<b>12,437.6</b>
					2021
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 28)	Equity
	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	694.8	21.4	10,611.3	(1,260.9)	10,066.6
Comprehensive income:					
Net earnings			2,705.5		2,705.5
Other comprehensive income				736.1	736.1
					3,441.6
Share repurchases (Note 26)	(26.6)		(1,037.0)		(1,063.6)
Dividends declared			(268.3)		(268.3)
Transfer of realized gain on investments in equity instruments measured at fair value through other comprehensive income			6.3	(6.3)	—
Stock option-based compensation expense (Note 27)		4.4			4.4
Exercise of stock options	2.4	(2.2)			0.2
<b>Balance, end of year</b>	<b>670.6</b>	<b>23.6</b>	<b>12,017.8</b>	<b>(531.1)</b>	<b>12,180.9</b>

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

## Consolidated Statements of Cash Flows

For the fiscal years ended April 24, 2022 and April 25, 2021  
(in millions of US dollars (Note 2))

	2022	2021
	\$	\$
<b>Operating activities</b>		
Net earnings	2,683.3	2,705.5
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, amortization, impairment and amortization of financing costs	1,549.9	1,363.6
Gain on disposal of property and equipment and other assets (Note 5)	(103.9)	(67.8)
Deferred income taxes (Note 11)	56.7	60.0
Share of earnings of joint ventures and associated companies, net of dividends received	4.4	(1.3)
Net deferred credits	2.7	50.7
Net changes in commodity indexed deposits and fuel swaps (Note 30)	50.6	32.8
Net change in fair value of investments in equity instruments and other financial assets, convertible debentures and common share warrants (Notes 6 and 30)	(8.9)	(39.9)
Early redemption premiums and deemed interest on repayment of senior unsecured notes (Note 21)	(37.7)	—
Non-cash expenses relating to long-term employee benefits (Note 25)	12.5	44.0
Other	75.8	94.0
Changes in non-cash working capital (Note 13)	(340.5)	(155.0)
<b>Net cash provided by operating activities</b>	<b>3,944.9</b>	<b>4,086.6</b>
<b>Investing activities</b>		
Purchase of property and equipment, intangible assets and other assets	(1,664.5)	(1,189.1)
Proceeds from disposal of property and equipment and other assets (Notes 5 and 17)	403.3	181.4
Business acquisitions and contingent consideration paid (Note 4)	(323.4)	(433.5)
Purchase of equity instruments, other financial assets and investments and loan related to Fire & Flower (Notes 6 and 30)	(196.7)	(49.5)
Change in restricted cash	(15.9)	4.6
Impact of the deconsolidation of the Corporation's Russian subsidiaries (Note 5)	(2.2)	—
Proceeds from disposal of investments in equity instruments	—	100.5
<b>Net cash used in investing activities</b>	<b>(1,799.4)</b>	<b>(1,385.6)</b>
<b>Financing activities</b>		
Share repurchases (Note 26)	(1,842.3)	(1,046.7)
Repayment of senior unsecured notes (Notes 13 and 21)	(1,190.6)	(227.1)
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs (Notes 13 and 21)	990.1	—
Principal elements of lease payments (Note 13)	(443.6)	(404.2)
Cash dividends paid	(330.1)	(268.3)
Net (payments) proceeds on other debts (Note 13)	(78.5)	16.5
Settlements of derivative financial instruments (Notes 13 and 23)	(56.9)	—
Exercise of stock options	0.8	0.2
Net decrease in term revolving unsecured operating credit facility (Notes 13 and 21)	—	(1,500.0)
<b>Net cash used in financing activities</b>	<b>(2,951.1)</b>	<b>(3,429.6)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(66.3)	102.9
<b>Net decrease in cash and cash equivalents</b>	<b>(871.9)</b>	<b>(625.7)</b>
Cash and cash equivalents, beginning of year	3,015.8	3,641.5
Cash and cash equivalents, end of year	2,143.9	3,015.8
<b>Supplemental information:</b>		
Interest and early redemption premiums paid (Note 21)	329.7	313.3
Interest and dividends received	37.9	49.9
Income taxes paid	714.6	669.9

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

## Consolidated Balance Sheets

As at April 24, 2022 and April 25, 2021  
(in millions of US dollars (Note 2))

	2022	2021
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	2,143.9	3,015.8
Restricted cash	19.3	3.4
Accounts receivable (Note 14)	2,497.5	1,771.7
Inventories (Note 15)	2,403.0	1,767.6
Prepaid expenses	147.0	111.7
Assets held for sale (Note 5)	9.3	335.1
Other short-term financial assets (Note 30)	23.1	11.0
Income taxes receivable	85.2	105.6
	<b>7,328.3</b>	<b>7,121.9</b>
Property and equipment (Note 16)	11,286.2	10,870.1
Right-of-use assets (Note 17)	3,302.2	3,069.1
Intangible assets (Note 18)	687.5	716.9
Goodwill (Note 18)	6,094.1	5,946.3
Other assets (Notes 3 and 19)	401.5	354.5
Other long-term financial assets (Notes 3, 6 and 30)	272.7	55.3
Investments in joint ventures and associated companies (Notes 6 and 7)	169.6	199.8
Deferred income taxes (Note 11)	49.5	60.6
	<b>29,591.6</b>	<b>28,394.5</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 20)	5,256.1	3,994.3
Short-term provisions (Note 24)	144.7	154.6
Other short-term financial liabilities (Notes 13 and 30)	85.2	26.6
Income taxes payable	103.1	155.6
Liabilities associated with assets held for sale (Note 5)	1.5	91.9
Current portion of long-term debt (Notes 13 and 21)	1.4	1,107.3
Current portion of lease liabilities (Note 13)	425.4	419.4
	<b>6,017.4</b>	<b>5,949.7</b>
Long-term debt (Notes 13 and 21)	5,963.6	5,282.6
Lease liabilities (Note 13)	3,049.5	2,792.7
Long-term provisions (Note 24)	577.0	631.0
Pension benefit liability (Note 29)	85.8	98.1
Other long-term financial liabilities (Notes 13, 23 and 30)	34.1	79.6
Deferred credits and other liabilities (Note 25)	243.9	251.3
Deferred income taxes (Note 11)	1,182.7	1,128.6
	<b>17,154.0</b>	<b>16,213.6</b>
<b>Equity</b>		
Capital stock (Note 26)	639.9	670.6
Contributed surplus	25.8	23.6
Retained earnings	12,521.0	12,017.8
Accumulated other comprehensive loss (Note 28)	(749.1)	(531.1)
	<b>12,437.6</b>	<b>12,180.9</b>
	<b>29,591.6</b>	<b>28,394.5</b>

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

On behalf of the Board of Directors,

/s/ Brian Hannasch

**Brian Hannasch**  
Director

/s/ Alain Bouchard

**Alain Bouchard**  
Director

# Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

## 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 24, 2022, the Corporation operates a network of 12,166 convenience stores across North America, Europe and Asia, of which 9,808 are company-operated, and generates income primarily from the sale of tobacco products and alternative tobacco products, beverages, beer, wine, fresh food offerings including quick service restaurants, candy and snacks, grocery items, car wash services, other services and road transportation fuel.

Furthermore, under licensing agreements, more than 1,800 stores are operated under the Circle K banner in 13 other countries and territories (Cambodia, Egypt, Guam, Guatemala, Honduras, Indonesia, Jamaica, Macau, Mexico, New Zealand, Saudi Arabia, the United Arab Emirates and Vietnam), which brings the worldwide total network to more than 14,000 stores.

## 2. BASIS OF PREPARATION

### Year-end date

The Corporation’s year-end is the last Sunday of April of each year. The fiscal years ended April 24, 2022, and April 25, 2021, are referred to as “2022” and “2021”.

### 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 June 28, 2022, the Corporation’s consolidated financial statements were approved by the Board of Directors, which also approved their publication.

## 3. ACCOUNTING POLICIES

### Change in accounting policies and classification

#### *Configuration or customisation costs in a cloud computing arrangement*

In April 2021, the IFRS Interpretations Committee finalized its agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement* (IAS 38 *Intangible Assets*), clarifying how to recognize certain configuration and customisation expenditures related to cloud computing arrangements. During the fiscal year ended April 24, 2022, the Corporation finalized its assessment of the impact of this agenda decision and changed its accounting policy to align with the interpretation. As a result, costs previously capitalized as intangible assets were reclassified, out of which \$15.1 were expensed to Operating, selling, administrative and general expenses in the consolidated statements of earnings, \$6.0 were recognized as long-term prepaid expenses to Other assets and \$3.9 were recognized to Prepaid expenses on the consolidated balance sheet. The Corporation did not apply this change in accounting policy retrospectively as its impact was not deemed material.

#### *Classification of investments in equity instruments*

During the fiscal year ended April 24, 2022, the Corporation changed its classification of investment in equity instruments on the consolidated balance sheets and, as a result, \$35.2 was reclassified from Other assets to Other long-term financial assets on the consolidated balance sheet as at April 25, 2021. This change in classification was made to regroup all financial instruments of similar nature.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### Use of estimates and judgments

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported. On an ongoing basis, management reviews its estimates which are based on its 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: useful lives of tangible and intangible assets, income taxes, provisions, impairment of tangible, intangible and other assets and business combinations, including but not limited to the valuation of acquired intangible assets.

### 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, as well as its shares of assets, liabilities and earnings of joint operations. All intercompany balances and transactions have been eliminated on consolidation.

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 operations 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 currencies for operations in Europe and Asia.

#### *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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### *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 shareholders of the Corporation by the respective weighted average number of shares outstanding during the year. Diluted net earnings per share are calculated using the weighted average 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 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, beverages, beer, wine, fresh food offerings including quick service restaurants, candy and snacks and grocery items. Service revenues primarily include car wash revenues, commissions on the sale of lottery tickets, fees from automatic teller machines, sales of calling cards, sales of gift cards and revenues from electric vehicles charging stations. 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.

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 commissaries, as well as sales of road transportation fuel upon delivery to its customers.

Other revenues include aviation fuel and sales of energy for stationary engines, 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.

Through license fees with Canopy Growth's Tweed Inc. branded licensed stores in Ontario, Canada, the share of earnings of Fire & Flower Holdings Corp. ("Fire & Flower") (Note 6) and rental income from subleasing a portion of certain of its convenience stores to Fire & Flower, the Corporation indirectly participates in the sale of cannabis products.

### **Cost of sales, excluding depreciation, amortization and impairment and vendor rebates**

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

The Corporation records vendor rebates as a reduction in the price of the vendors' products and reflects them as a reduction of related inventory and cost of sales, excluding depreciation, amortization and impairment in its consolidated balance sheets and consolidated statements of earnings 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

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

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, occupancy costs, electronic payment modes fees, repairs, maintenance, information technologies and overhead, excluding depreciation, amortization and impairment.

### Government grants

Government grants are recognized when there is reasonable assurance that the Corporation will comply with the conditions attached to the grants and that they will be received. The Corporation presents government grants in the consolidated statements of earnings as a deduction of the related expenses. They are recognized either on a systematic basis over the periods in which it recognizes as expenses the related costs that the grants are intended to compensate or, for grants that are related to expenses or losses already incurred and for grants giving immediate financial support with no future related cost, in the period in which they become receivable.

### 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) ("OCI") 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.

In relation with investments in subsidiaries and interests in joint ventures, deferred tax liabilities are recognized for all taxable temporary differences, 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 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.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

The Corporation is subject to income taxes in numerous jurisdictions and there could be certain positions for which the ultimate tax determination is uncertain. The Corporation recognizes provisions for uncertain tax positions on the basis of amounts expected to be paid to the tax authorities with respect to uncertain tax positions where it is not considered probable that the taxation authority will accept the Corporation's position. 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. Significant judgment is required in determining the worldwide provision for income taxes and assessing whether it is probable that a taxation authority will accept uncertain tax positions. As at April 24, 2022, management determined that no significant provision for uncertain tax positions was required.

### Property and equipment, depreciation, amortization and impairment

Property and equipment are stated at cost less accumulated depreciation, amortization and impairment 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
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 carrying amount may not be recoverable, as measured by comparing their carrying amount 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.

### Intangible assets, depreciation, amortization and impairment

Intangible assets, which are initially recorded at cost, mainly comprise trademarks, franchise agreements, motor fuel supply agreements, reacquired rights, software and licenses. Licenses and trademarks that have indefinite lives, since they are expected to provide economic benefits to the Corporation indefinitely, 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, reacquired rights and trademarks with finite lives are amortized using the straight-line method over the term of the agreements they relate to. Software and other intangible assets are amortized using the straight-line method over a period of 5 to 15 years. Amortization of intangible assets with finite lives is included in Depreciation, amortization and impairment in the consolidated statements of earnings.

### 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 exceed its recoverable amount, an impairment loss would be recognized.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### Leases

#### Determining whether a contract is, or contains, a lease

At inception of a contract, the Corporation analyzes whether it is, or contains, a lease by assessing if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This is achieved if the Corporation has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Corporation has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Corporation assesses whether a contract contains a lease for each of its potential separate lease component.

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

#### Lease arrangements in which the Corporation is a lessee

For all leases (except those meeting limited exception criteria, see below), the Corporation recognizes right-of-use assets and lease liabilities in the consolidated balance sheet.

The lease liability is initially measured at the net present value of future lease payments, discounted using the implicit interest rate of the lease, if that rate can be readily determined, or the Corporation's incremental borrowing rate. Future lease payments included in the measurement of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the Corporation under residual value guarantees;
- The exercise price of a purchase option if the Corporation is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising that option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The interest expense is charged to Financial expenses on the consolidated statements of earnings over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Any restoration costs of the underlying asset.

Right-of-use assets are subsequently measured at cost less accumulated depreciation, amortization and impairment and are depreciated over the shorter period of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment should events or circumstances indicate that their carrying amount may not be recoverable, as measured by comparing their carrying amount 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 CGU.

Lease incentives are recognized as part of the measurement of the right-of-use asset and lease liability. Variable lease payments that are not based on an index or a rate are not included in the measurement of both the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the conditions that trigger those payments occur and are recorded as Operating, selling, administrative and general expenses in the consolidated statements of earnings.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Corporation recognizes a lease expense on a straight-line basis over the lease term. This expense is presented within Operating, selling, administrative and general expenses in the consolidated statements of earnings.

The Corporation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term, assessment of a purchase option or termination penalties have changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- Change in the future lease payments resulting from changes in an index or rate or change in amounts expected to be payable under residual value guarantees, in which cases the lease liability is remeasured by discounting the revised lease payments using the same discount rate used when initially setting up the liability.

In determining the lease term, the Corporation considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods subject to termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the Corporation's control.

### Lease arrangements in which the Corporation is a lessor

Leases for which their terms transfer substantially all the risks and rewards of the ownership of the underlying asset to the lessee are classified as finance leases. Whenever it is determined that a lease where the Corporation is the lessor is a finance lease, the present value of the amounts due from the lessee are recognized as the Corporation's net investment in the lease which is recorded under Other assets on the consolidated balance sheet. The net investment in the lease is subsequently measured by increasing the carrying amount to reflect interest revenue so as to produce a constant periodic rate of return and by reducing the carrying amount of the net investment to reflect the lease payments received.

When the Corporation is an intermediate lessor, it accounts for the head lease and the sublease as separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Leases for which their terms do not transfer substantially all the risks and rewards of the ownership of the underlying asset to the lessee are classified as operating leases. Payments received in relation with operating leases are recognized as Revenues on a straight-line basis over the term of the relevant lease in the consolidated statements of earnings.

### **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 share unit plan 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 the Corporation's shares and the best estimate of the number of share unit that will ultimately be paid. The recorded liability is adjusted periodically to reflect any variation in the fair market value of the Corporation's shares and revisions to the estimated forfeitures.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 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 OCI 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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 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, Ireland and Canada, 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

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

Financial assets and financial liabilities	Classification	Subsequent measurement <sup>(1)</sup>	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
Indexed deposits	Fair value through earnings or loss	Fair value	Net earnings
Investments	Fair value through earnings or loss (unless fair value through OCI is elected) <sup>(2)</sup>	Fair value	Net earnings (OCI 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 and cash flow hedges	Fair value through earnings or loss subject to hedge accounting requirements	Fair value	OCI subject to reclassification to net earnings
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 Accounts receivable is at transaction price while initial measurement of all other financial assets and financial liabilities is at fair value.

(2) The Corporation has elected to classify certain of its current investments in equity instruments as fair value through OCI.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### Hedging and derivative financial instruments

The Corporation applies general hedge accounting requirements of IAS 39 *Financial Instruments: Recognition and Measurement*.

#### *Indexed deposits*

The Corporation is party to indexed deposits contracts to manage current and forecasted risks related to changes in the fair value of the share units and deferred share units (“DSUs”) granted by the Corporation (“share units indexed deposits”). The share units indexed deposits are recorded at fair value on the consolidated balance sheets under Accounts receivable and Other assets and classified as fair value through earnings or loss.

The Corporation has documented and designated the share units indexed deposits as the hedging items in a cash flow hedge of the anticipated cash settlement transaction related to the granted share units and DSUs. The Corporation has determined that the share units indexed deposits are 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 share units indexed deposits are initially recorded in OCI and subsequently reclassified to consolidated net earnings in the same period that the change in the fair value of the share units and DSUs affects 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 OCI as a result of applying hedge accounting will be recognized in the reporting period’s net earnings under Operating, selling, administrative and general expenses.

The Corporation is also party to trading activities to add flexibility to its road transportation fuel supply chain through deposit contracts indexed on road transportation fuel commodity prices (“commodity indexed deposits”). The commodity indexed deposits are recorded at fair value on the consolidated balance sheets under Other short-term financial assets and classified as fair value through earnings or loss, whereas changes in fair value are recorded under Cost of sales, excluding depreciation, amortization and impairment.

#### *Fuel swaps and fuel futures contracts*

The Corporation uses fuel swaps to manage the price risk associated with the commodity prices of road transportation fuel and also uses fuel futures contracts to manage the price risk associated with its commodity indexed deposits. The changes in fair value of these swaps and futures are recognized in the consolidated statements of earnings under Cost of sales, excluding depreciation, amortization and impairment.

#### *Designated long-term debts denominated in foreign currencies*

The Corporation designates a portion of its US-dollar-denominated 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 OCI, counterbalancing gains and losses arising from the translation of the Corporation’s related net investments.

#### *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 OCI, counterbalancing gains and losses arising from the translation of the Corporation’s net investment in its foreign operations.

#### *Currency financial derivatives*

Occasionally, the Corporation uses currency financial derivatives to manage the currency fluctuation risk associated with forecasted cash disbursements in a foreign currency. Gains or losses arising from the change in fair value of these derivative financial instruments are recognized in the consolidated statements of earnings as foreign exchange gain or loss.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### *Interest rate locks and forward starting interest rate swaps*

From time to time, the Corporation uses interest rate locks and/or forward starting interest rate swaps to manage the interest rate risk associated with forecasted debt issuance. The Corporation designates these interest rate locks and forward starting interest rate swaps as a cash flow hedge of the anticipated interest from the debt issuance. Accordingly, changes in the fair value of the derivative financial instruments are recognized in OCI. 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, a liability, or an equity security of the indemnified party or the failure of another entity to perform under an obligating agreement. It can 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 acquisition 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 value 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 date of acquisition.

### **Recently issued accounting standards not yet implemented**

A number of new standards or amendments to standards and interpretations will be effective for the fiscal year beginning April 25, 2022 or after. The Corporation does not expect that these new standards or amendments will have a significant impact on its consolidated financial statements.

## **4. BUSINESS ACQUISITIONS**

The Corporation has made the following business acquisitions:

### **2022**

During the fiscal year ended April 24, 2022, the Corporation acquired 74 company-operated stores, including the following acquisitions:

- 35 stores operating under the Porter's brand, located predominately in Oregon and Washington, United States;
- 19 stores operating under the Pic Quik brand, located in New Mexico, United States; and
- 9 stores operating under the Londis brand, located in Ireland.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

In addition, the Corporation acquired 17 dealer-operated stores operating under the Purple Cow brand, located in Southeastern United States, 22 fuel supply agreements and a small sized company, specializing in technological solutions for retailers and convenience stores.

As a result of these acquisitions, the Corporation owns the land and building for 40 sites, leases the land and the building for 44 sites and owns the building while leasing the land for 7 sites.

These transactions were settled for a total consideration of \$306.9, including a cash consideration of \$299.4 using available cash, a long-term consideration payable of \$4.0 and a contingent consideration of \$3.5 for which the maximum amount of payment was recognized. For the fiscal year ended April 24, 2022, acquisition costs of \$6.7 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

Given the timing of these acquisitions, the Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed, and the resulting goodwill, and does not expect any significant changes to the preliminary estimates until completion. The preliminary estimates of the fair value of assets acquired and liabilities assumed for these acquisitions, based on the estimated fair value on the date of acquisition and available information as at the date of the publication of these consolidated financial statements are as follows:

	\$
Tangible assets acquired	
Cash and cash equivalents	1.0
Inventories	10.1
Prepaid expenses	0.7
Property and equipment	73.0
Right-of-use assets	63.2
Other assets	0.2
<u>Total tangible assets</u>	<u>148.2</u>
Liabilities assumed	
Accounts payable and accrued liabilities	2.1
Provisions	2.1
Lease liabilities	65.6
Deferred credits and other liabilities	3.6
<u>Total liabilities assumed</u>	<u>73.4</u>
<u>Net tangible assets acquired</u>	<u>74.8</u>
Intangible assets	26.4
Goodwill	205.7
<u>Total consideration</u>	<u>306.9</u>
Cash and cash equivalents acquired	(1.0)
Consideration payable	(4.0)
<u>Contingent consideration payable</u>	<u>(3.5)</u>
<u>Net cash flows for the acquisitions</u>	<u>298.4</u>

These acquisitions were concluded in order to expand the Corporation's market shares and generated goodwill mainly due to the strategic value of stores acquired for the Corporation. The Corporation expects that almost all of the goodwill related to these transactions will be deductible for tax purposes. Since the date of acquisition, revenues and net earnings from these stores amounted to \$227.1 and \$11.9, respectively. Considering the size and the nature of these acquisitions, the available financial information does not allow for the accurate disclosure of pro forma revenues and net earnings had the Corporation concluded these acquisitions at the beginning of its fiscal year. In addition, during fiscal 2022, the Corporation paid a contingent consideration of \$25.0 in relation with a previous business acquisition, for total net cash flows related to business acquisitions of \$323.4 for the fiscal year ended April 24, 2022.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

On July 30, 2021, the Corporation entered into a binding agreement to acquire Cape D'Or Holdings Limited, Barrington Terminals Limited, and other related holding entities, which operate an independent convenience store and fuel network in Atlantic Canada under the Esso, Go! Stores and Wilsons Gas Stops brands (collectively "Wilson's"). The Wilson's network comprises 79 company-operated convenience retail and fuel locations, 147 dealer locations, and a fuel terminal in Halifax, Canada. The transaction, which would be financed using the Corporation's available cash and/or existing credit facilities, is expected to close in the first half of fiscal year 2023 and is subject to customary closing conditions and regulatory approvals, including those under the *Competition Act* (Canada).

### 2021

#### Acquisition of Convenience Retail Asia (BVI) Limited

On December 21, 2020, the Corporation acquired all the issued and outstanding shares of Convenience Retail Asia (BVI) Limited ("Circle K HK"), an important convenience store operator in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong SAR"), for a total cash consideration of HK \$2,946.2 (\$380.1) using available cash. As of the closing of the transaction, Circle K HK operated a network of Circle K convenience stores, with 341 company-operated stores in Hong Kong SAR and 32 franchised stores in Macau.

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

	\$
Identifiable assets acquired	
Current assets	
Cash and cash equivalents	22.4
Accounts receivable <sup>(a)</sup>	20.3
Inventories	23.8
Prepaid expenses	3.2
	69.7
Property and equipment	13.7
Right-of-use assets	76.5
Intangible assets	96.9
Other assets	7.5
Deferred income taxes	0.5
<b>Total identifiable assets</b>	<b>264.8</b>
Liabilities assumed	
Current liabilities	
Accounts payable and accrued liabilities	107.6
Short-term provisions	0.8
Income taxes payable	0.2
Current portion of lease liabilities	38.6
	147.2
Lease liabilities	28.5
Pension benefit liability	1.8
Deferred income taxes	17.4
<b>Total liabilities assumed</b>	<b>194.9</b>
<b>Net identifiable assets acquired</b>	<b>69.9</b>
Goodwill	310.2
Total cash consideration paid	380.1
Cash and cash equivalents acquired	22.4
<b>Net cash flows for the acquisition</b>	<b>357.7</b>

(a) The fair value of acquired accounts receivable does not include any provision for expected credit losses.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

The fair value of the identifiable assets acquired included \$96.9 in intangible assets, which relate to reacquired rights, technology platform, customer relationships and trademarks. Management applied significant judgment in estimating the fair value of these intangible assets. The table below shows the valuation method, key assumptions used in the valuation as well as the final estimate of the fair value for each intangible assets acquired:

Intangible assets acquired	Valuation method	Revenue	Royalty saving	Attrition rate	Useful life	Fair value
		attributable to the intangible assets	rate		In years	\$
Reacquired rights	Relief-from-royalty	100.0	2.0	Not applicable	4.3	38.7
Technology platform	Relief-from-royalty	100.0	1.5	20.0	5.0	25.6
Trademarks	Relief-from-royalty	7.0	2.5	Not applicable	Indefinite	12.7
Customer relationships	Multi-period excess earnings	16.3	Not applicable	9.0	11.1	19.9

Other common assumptions used were an annual growth in revenues of 5.0% for the first four years and 2.0% thereafter, as well as a discount rate of 10.0%.

The Circle K HK acquisition was concluded in order to penetrate new strategic markets and it generated goodwill mainly due to the strategic value of stores acquired for the Corporation. None of the goodwill related to this transaction was deductible for tax purposes. For the fiscal year ended April 25, 2021, acquisition costs of \$0.8 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

### Other acquisitions

During the fiscal year ended April 25, 2021, the Corporation acquired 26 company-operated stores through multiple transactions. The Corporation owns the land and building for 20 sites, owns the building and leases the land for 4 sites and leases the land and the building for the remaining 2 sites. These transactions were settled for a total consideration of \$75.8 using available cash and existing credit facilities. For the fiscal year ended April 25, 2021, acquisition costs of \$11.0 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 these acquisitions are as follows:

	\$
Identifiable assets acquired	
Inventories	2.3
Property and equipment	44.0
Right-of-use assets	0.1
<b>Total identifiable assets</b>	<b>46.4</b>
Liabilities assumed	
Accounts payable and accrued liabilities	0.1
Provisions	0.5
Lease liabilities	0.1
<b>Total liabilities assumed</b>	<b>0.7</b>
<b>Net identifiable assets acquired</b>	<b>45.7</b>
Goodwill	30.1
<b>Total cash consideration paid</b>	<b>75.8</b>

These acquisitions were concluded in order to expand the Corporation's market share and generated goodwill mainly due to the strategic value of stores acquired for the Corporation. Almost all of the goodwill related to these transactions was deductible for tax purposes.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 5. DISPOSAL OF BUSINESS AND PROPERTIES AND DECONSOLIDATION OF SUBSIDIARIES

#### 2022

##### *Disposal of business*

On March 22, 2021, the Corporation reached an agreement to sell 48 sites located in Oklahoma, United States, to Casey's General Stores Inc. On the same date, and based on the outcome of a strategic review of its network, the Corporation also announced its intention to sell certain sites across 28 states in the United States and 6 provinces in Canada. The assets and the liabilities related to those sites were classified as held for sale as at April 25, 2021.

During the fiscal year ended April 24, 2022, the Corporation closed the agreement with Casey's General Stores Inc. for the sale of 48 sites and completed the sale of 190 sites to various buyers. These transactions were settled for cash consideration of \$238.8 and resulted in a gain of \$49.4, which is included in Gain on disposal of property and equipment and other assets in the consolidated statement of earnings. As at April 24, 2022, the assets and liabilities for 11 sites in the United States met the criteria for classification as held for sale as they were subject to sales agreements with various buyers. The following assets and liabilities were classified as held for sale in relation with those transactions:

	2022	2021
	\$	\$
<b>Assets</b>		
Inventory	1.4	44.3
Property and equipment	3.8	130.4
Right-of-use assets	1.7	77.9
Intangible assets	0.2	0.8
Goodwill	2.2	81.7
	<u>9.3</u>	<u>335.1</u>
<b>Liabilities</b>		
Lease liabilities	1.3	81.1
Provisions	0.2	10.8
	<u>1.5</u>	<u>91.9</u>

During the fiscal year ended April 24, 2022, following the outcome of the selling process, a criterion for classification as held for sale was no longer met for 66 sites in the United States and 31 sites in Canada as their sale was no longer deemed highly probable. As a result, \$12.6 was recorded in Depreciation, amortization and impairment in the consolidated statements of earnings to adjust for depreciation that would have been recognized had these sites not been classified as held for sale as well as to bring the carrying amount of certain sites to their recoverable amount.

##### *Deconsolidation and impairment of the Corporation's investment in Russian subsidiaries*

On April 8, 2022, as a result of the geopolitical events leading to economic sanctions imposed from and against Russia, as well as the developments following the Corporation's announcement that it had suspended the operations of its 38 stores located in Russia, it was determined that the control criteria over the Corporation's investment in its wholly-owned Russian subsidiaries were no longer met as the Corporation did not have the ability to direct their relevant activities and lost entitlement to their earnings. Following the loss of control, the assets and liabilities of the Russian subsidiaries were derecognized, which led to a Cumulative translation loss reclassification adjustment of \$10.5. In addition, the resulting investment was measured at its fair value, which led to the recognition of a full impairment loss of \$45.7. Both amounts were recorded to Depreciation, amortization and impairment in the consolidated statement of earnings. For the fiscal year ended April 24, 2022, the net earnings, other comprehensive income and cash flows related to the Russian subsidiaries were included in the Corporation's consolidated financial statements from April 26, 2021 to April 8, 2022.

#### 2021

##### *Disposal of properties*

During fiscal 2021, the Corporation disposed of two properties located in Toronto, Canada, for total cash consideration of \$86.2. The disposals resulted in a gain of \$67.5 which is included in Gain on disposal of property and equipment and other assets in the consolidated statement of earnings for the fiscal year ended April 25, 2021.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 6. INVESTMENTS IN FIRE & FLOWER HOLDINGS CORP.

On August 7, 2019, the Corporation invested in Fire & Flower, an independent cannabis retailer listed on the Toronto Stock Exchange and based in Ontario, Canada. The investment was in the form of unsecured convertible debentures with an initial principal amount of CA \$26.0 as well as five series of common share purchase warrants. During the fiscal year ended April 25, 2021, through the conversion of a CA \$23.6 (\$18.5) amount of principal of the convertible debentures, the exercise of the Series A-1 and A-2 Warrants for a cash consideration of CA \$19.0 (\$14.6) and its potential voting rights, the Corporation assessed that it had significant influence over Fire & Flower, which is therefore considered to be an associated company of the Corporation starting September 17, 2020. The Corporation used Fire & Flower's financial statements for the reporting period ended January 29, 2022, adjusted to reflect significant transactions, if any, in applying the equity method of accounting for the fiscal year ended April 24, 2022.

As at April 24, 2022, the Corporation determined that the decrease in the market capitalization of Fire & Flower was an evidence of impairment on its investment and, as a result, a loss of \$33.7 was recorded to Depreciation, amortization and impairment. The recoverable amount of the investment in the associated company was determined on the basis of fair value less costs of disposal, which includes the Corporation's share of Fire & Flower market capitalization (Level 1), using the following observable inputs:

	<u>As at April 24, 2022</u>
Fire & Flower common shares closing value	CA \$4.23
Number of Fire & Flower outstanding common shares	37,015,708
% of Fire & Flower common shares owned	20.8 %
Fair value of the Corporation's investment in Fire & Flower	25.7

During the fiscal year ended April 24, 2022, the Corporation exercised the Series A-3 Warrants for cash consideration of CA \$9.8 (\$7.9) and entered into a secured and interest-bearing loan agreement of a maximum aggregate amount of CA \$30.0 with Fire & Flower, out of which CA \$20.0 (\$15.6) was drawn as at April 24, 2022. As at April 24, 2022, a principal amount of CA \$2.4 of convertible debentures was outstanding and none of the Series B and C Warrants were exercised. On April 28, 2022, subsequent to the end of the fiscal year ended April 24, 2022, the Corporation exercised the Series B Warrants for a total consideration of CA \$37.8 (\$29.5), including cash consideration of CA \$17.3 (\$13.5) as well as CA \$20.5 (\$16.0) representing the non-cash settlement of the principal and accrued interests of the secured loan. The exercise increased the Corporation's interests in Fire & Flower to 35.3%. The Series C Warrants will only be exercisable at any time after October 1, 2022, and will expire on June 30, 2023, and the convertible debentures will mature on June 30, 2023.

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

	Estimated fair value of the convertible debentures	Estimated fair value of the common share warrants	Estimated total fair value of the financial assets	Deferred differences	Net carrying amount
	\$	\$	\$	\$	\$
<b>Fiscal year ended April 24, 2022</b>					
Balance, beginning of year	3.0	37.0	40.0	(18.6)	21.4
Net loss recognized to Other financial items	(0.7)	(35.3)	(36.0)	18.1	(17.9)
Exercise and issuance of common share warrants	—	(1.1)	(1.1)	(0.3)	(1.4)
Effect of exchange rate variations	—	(0.3)	(0.3)	0.1	(0.2)
<b>Balance, end of year</b>	<b>2.3</b>	<b>0.3</b>	<b>2.6</b>	<b>(0.7)</b>	<b>1.9</b>
<b>Fiscal year ended April 25, 2021</b>					
Balance, beginning of year	18.5	10.1	28.6	(13.8)	14.8
Impact of the September 17, 2020 amendments	7.8	17.5	25.3	(24.7)	0.6
Gain recognized to Other financial items	8.3	6.2	14.5	25.4	39.9
Additional investment, conversion and exercise	(34.4)	0.9	(33.5)	(2.9)	(36.4)
Effect of exchange rate variations	2.8	2.3	5.1	(2.6)	2.5
<b>Balance, end of year</b>	<b>3.0</b>	<b>37.0</b>	<b>40.0</b>	<b>(18.6)</b>	<b>21.4</b>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

The estimated fair value of the convertible debentures is determined using the Longstaff-Schwartz model where the value of the conversion option is based on Monte Carlo simulations and the estimated fair value of the common share purchase warrants is determined using the Black-Scholes option pricing model. Expected volatility is a key unobservable input which is used to establish the fair value and fluctuation of that input stems mainly from the developing market in which Fire & Flower operates. As at April 24, 2022 and April 25, 2021, with all other variables held constant, a reasonable variation in the expected volatility used would not have had a significant impact on the fair value of each asset.

The estimated fair value of the convertible debentures and common share warrants at initial recognition and following an amendment which occurred on September 17, 2020 differed from their transaction price. These fair values were evidenced by entity-specific inputs and are thus Level 3 measurements (Note 30). Therefore, the initial measurement of these financial assets was adjusted to defer the difference between the fair value at initial recognition and the transaction price, which is recognized gradually over the expected life of each asset.

### 7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATED COMPANIES

The following table shows the amounts related to the Corporation's investment in joint ventures and associated companies presented on the consolidated balance sheets:

	2022	2021
	\$	\$
Investment in joint ventures	143.9	141.4
Investment in associated companies	25.7	58.4
	<u>169.6</u>	<u>199.8</u>

These investments, 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:

	2022	2021
	\$	\$
Joint ventures' net earnings and comprehensive income	27.8	25.5
Associated companies' net (loss) earnings and comprehensive (loss) income	(7.7)	0.5
	<u>20.1</u>	<u>26.0</u>

Subsequent to the end of the fiscal year ended April 24, 2022, the Corporation acquired, through a joint venture with Musket Corporation, four road transportation fuel terminals located in Florida, Illinois and North Carolina, United States.

### 8. SUPPLEMENTARY INFORMATION RELATING TO EXPENSES

	2022	2021
	\$	\$
Cost of sales	51,820.7	35,653.8
Selling and marketing expenses	6,301.7	5,613.3
Administrative expenses	931.5	740.6
Other operating expenses	77.5	76.8
	<u>2022</u>	<u>2021</u>
	\$	\$
Employee benefit charges		
Salaries <sup>(a)</sup>	2,744.9	2,419.9
Fringe benefits and other employer contributions	296.2	258.3
Employee future benefits (Note 29)	156.7	145.1
Termination benefits	2.2	10.4
Stock-based compensation and other stock-based payments (Note 27)	23.6	18.9
	<u>3,223.6</u>	<u>2,852.6</u>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### (a) Governments grants

During fiscal 2022, the Corporation recognized to earnings an amount of \$5.2 in relation with the approval of various government grant requests (\$51.1 during fiscal 2021). The government grants, which were received to compensate for employee-related expenses, were recognized as a deduction of Operating, selling, administrative and general expenses in the consolidated statement of earnings.

### 9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2022	2021
	\$	\$
Salaries and other current benefits	11.3	10.5
Stock-based compensation and other stock-based payments	12.0	10.3
Employee future benefits (Note 29)	2.7	2.7
	<b>26.0</b>	<b>23.5</b>

Key management personnel comprise members of the Board of Directors and executive committee.

### 10. FINANCIAL EXPENSES AND OTHER FINANCIAL ITEMS

	2022	2021
	\$	\$
Financial expenses		
Interest on long-term debt	216.1	213.2
Interest on lease liabilities	85.0	88.3
Impact of the redemption notices of senior unsecured notes (Note 21)	3.2	29.1
Accretion of provisions (Note 24)	14.2	15.9
Other finance costs	7.3	10.5
	<b>325.8</b>	<b>357.0</b>
Other financial items		
Financial revenues	(15.2)	(19.5)
Change in fair value of financial instruments classified at fair value through earnings or loss (Notes 6 and 30)	(8.9)	(39.9)
	<b>(24.1)</b>	<b>(59.4)</b>

### 11. INCOME TAXES

	2022	2021
	\$	\$
Current income tax expense	677.6	593.6
Deferred income tax expense	56.7	60.0
	<b>734.3</b>	<b>653.6</b>

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

	2022	2021
	%	%
Combined statutory income tax rate in Canada <sup>(a)</sup>	26.50	26.50
Impact of other jurisdictions' tax rates	(5.72)	(7.64)
Other permanent differences	0.71	0.60
Effective income tax rate	<b>21.49</b>	<b>19.46</b>

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

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

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

	2022				
	Balance as at April 25, 2021	Recognized to earnings	Recognized directly to OCI or equity	Recognized through business acquisitions and deconsolidation of subsidiaries	Balance as at April 24, 2022
	\$	\$	\$	\$	\$
Deferred income tax assets					
Property and equipment	(4.4)	(6.1)	—	—	(10.5)
Expenses deductible during the following years	(4.3)	0.1	0.1	—	(4.1)
Intangible assets	(10.3)	9.5	1.7	—	0.9
Deferred charges	36.9	(0.2)	(2.4)	—	34.3
Tax losses and tax credits carried forward	22.8	(0.7)	(7.0)	—	15.1
Asset retirement obligations	16.2	(2.9)	(1.1)	—	12.2
Deferred credits	(1.1)	(4.5)	(1.6)	—	(7.2)
Revenues taxable during the following years	2.6	(0.3)	(0.3)	—	2.0
Right-of-use assets	(47.5)	(27.1)	6.5	—	(68.1)
Lease liabilities	46.3	30.2	(6.6)	—	69.9
Investments	(1.3)	3.0	(0.4)	—	1.3
Other	4.7	2.7	(3.7)	—	3.7
	<b>60.6</b>	<b>3.7</b>	<b>(14.8)</b>	<b>—</b>	<b>49.5</b>

	2022				
	Balance as at April 25, 2021	Recognized to earnings	Recognized directly to OCI or equity	Recognized through business acquisitions and deconsolidation of subsidiaries	Balance as at April 24, 2022
	\$	\$	\$	\$	\$
Deferred income tax liabilities					
Property and equipment	1,009.9	157.4	(10.3)	4.5	1,161.5
Expenses deductible during the following years	(23.8)	(3.2)	—	—	(27.0)
Intangible assets	80.7	(78.8)	(0.8)	—	1.1
Goodwill	255.7	34.4	(1.7)	(0.1)	288.3
Deferred Charges	(47.0)	(20.1)	2.0	0.1	(65.0)
Tax losses and tax credits carried forward	44.5	(66.5)	(20.6)	2.1	(40.5)
Asset retirement obligations	(86.3)	15.9	3.3	0.2	(66.9)
Deferred credits	(5.3)	1.5	—	(4.6)	(8.4)
Revenues taxable during the following years	19.4	2.3	(2.2)	—	19.5
Right-of-use assets	645.7	(401.1)	(8.1)	—	236.5
Lease liabilities	(701.6)	404.8	8.3	—	(288.5)
Investments	9.1	3.1	(0.1)	(4.6)	7.5
Unrealized exchange (loss) gain	(72.4)	10.7	21.7	4.6	(35.4)
	<b>1,128.6</b>	<b>60.4</b>	<b>(8.5)</b>	<b>2.2</b>	<b>1,182.7</b>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

2021

	Balance as at April 26, 2020	Recognized to earnings	Recognized directly to OCI or equity	Recognized through business acquisitions	Balance as at April 25, 2021
	\$	\$	\$	\$	\$
Deferred income tax assets					
Property and equipment	(4.2)	2.6	(2.4)	(0.4)	(4.4)
Expenses deductible during the following years	(3.7)	(0.1)	(0.5)	—	(4.3)
Intangible assets	2.4	(10.7)	(2.0)	—	(10.3)
Deferred charges	28.3	5.0	3.2	0.4	36.9
Tax losses and tax credits carried forward	12.6	2.0	7.7	0.5	22.8
Asset retirement obligations	10.6	3.1	2.5	—	16.2
Deferred credits	(4.3)	3.3	(0.1)	—	(1.1)
Revenues taxable during the following years	2.4	(0.1)	0.3	—	2.6
Right-of-use assets	(42.9)	4.7	(9.3)	—	(47.5)
Lease liabilities	43.5	(6.8)	9.6	—	46.3
Investments	1.6	—	(2.9)	—	(1.3)
Other	5.5	(31.4)	30.6	—	4.7
	51.8	(28.4)	36.7	0.5	60.6

2021

	Balance as at April 26, 2020	Recognized to earnings	Recognized directly to OCI or equity	Recognized through business acquisitions	Balance as at April 25, 2021
	\$	\$	\$	\$	\$
Deferred income tax liabilities					
Property and equipment	924.8	62.2	22.6	0.3	1,009.9
Expenses deductible during the following years	(17.7)	(6.1)	—	—	(23.8)
Intangible assets	62.3	0.4	2.0	16.0	80.7
Goodwill	220.1	29.0	6.6	—	255.7
Deferred charges	(62.1)	6.2	8.9	—	(47.0)
Tax losses and tax credits carried forward	84.2	(0.3)	(39.4)	—	44.5
Asset retirement obligations	(73.8)	(8.1)	(4.4)	—	(86.3)
Deferred credits	(2.9)	(2.4)	—	—	(5.3)
Revenues taxable during the following years	27.0	(10.1)	2.5	—	19.4
Right-of-use assets	535.6	85.3	24.8	—	645.7
Lease liabilities	(580.4)	(94.5)	(26.7)	—	(701.6)
Investments	4.2	4.8	0.1	—	9.1
Unrealized exchange (loss) gain	(76.3)	(34.8)	37.6	1.1	(72.4)
	1,045.0	31.6	34.6	17.4	1,128.6

The losses carried forward and deductible temporary differences for which deferred tax assets have not been recognized amounted to \$566.2 as at April 24, 2022 (\$651.2 as at April 25, 2021), of which \$438.9 will reverse through OCI (\$423.7 as at April 25, 2021).



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

Of these amounts, approximately \$511.5 as at April 24, 2022 had no expiration date (\$529.1 as at April 25, 2021). Net capital losses can be carried forward indefinitely and can only be used against future taxable capital gains. Other losses carried forward and deductible temporary differences will expire as follows:

	\$
Less than one year to five years	—
Five to ten years	15.0
Ten to twenty years	40.0
	<u>55.0</u>

During the fiscal year ended April 24, 2022, \$13.7 of previously unrecognized deferred tax have been used.

Deferred income tax liabilities that would be payable upon repatriation of the retained earnings of some 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 \$7,529.1 (\$6,106.0 in 2021).

### 12. NET EARNINGS PER SHARE

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

	2022	2021
	\$	\$
Net earnings	<u>2,683.3</u>	2,705.5
Weighted average number of shares (in millions)	1,062.0	1,105.3
Dilutive effect of stock options (in millions)	1.5	1.4
Weighted average number of diluted shares (in millions)	<u>1,063.5</u>	1,106.7
Basic net earnings per share	<u>2.53</u>	2.45
Diluted net earnings per share	<u>2.52</u>	2.44

In calculating diluted net earnings per share for 2022, 1,334 stock options are excluded due to their antidilutive effect (465,659 stock options excluded in 2021).

For fiscal 2022, the Board of Directors declared total dividends of CA 41.75¢ per share (CA 33.25¢ per share for 2021).

### 13. SUPPLEMENTARY INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

#### Changes in non-cash working capital

	2022	2021
	\$	\$
Accounts receivable	(838.8)	(358.0)
Inventories	(639.2)	(490.5)
Prepaid expenses	(34.5)	1.9
Accounts payable and accrued liabilities	1,203.3	762.0
Current income taxes	(31.3)	(70.4)
	<u>(340.5)</u>	(155.0)

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### Changes in liabilities arising from financing activities

	2022			2021		
	Net other financial liabilities, excluding fuel swaps	Lease liabilities	Long-term debt	Net other financial liabilities, excluding fuel swaps	Lease liabilities	Long-term debt
	\$	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	<b>87.5</b>	<b>3,212.1</b>	<b>6,389.9</b>	237.4	2,648.8	7,730.5
<b>Cash flows</b>						
Net cash payments on long-term debt presented as financing activities	—	—	(279.0)	—	—	(1,710.6)
Early redemption premiums and deemed interest on repayment of senior unsecured notes presented as operating activities	—	—	(37.7)	—	—	—
Principal elements of lease payments	—	(443.6)	—	—	(404.2)	—
Settlements of derivative financial instruments	(56.9)	—	—	—	—	—
<b>Non-cash movements</b>						
Reclassified from (to) liabilities associated with assets held for sale (Note 5)	—	49.8	—	—	(81.1)	—
Change in estimates	—	472.9	—	—	628.5	—
Additions	—	202.9	—	—	180.4	63.6
Change in fair value	6.0	—	—	(149.9)	—	—
Business acquisitions (Note 4)	—	65.6	4.0	—	67.2	—
Impact of the redemption notices of senior unsecured notes (Note 21)	—	—	3.2	—	—	29.1
Amortization of financing costs	—	—	3.6	—	—	4.1
Impact of the deconsolidation of the Corporation's Russian subsidiaries (Note 5)	—	(1.5)	—	—	—	—
Effect of exchange rate fluctuations	—	(83.3)	(119.0)	—	172.5	273.2
<b>Balance, end of year</b>	<b>36.6</b>	<b>3,474.9</b>	<b>5,965.0</b>	87.5	3,212.1	6,389.9

### 14. ACCOUNTS RECEIVABLE

	2022	2021
	\$	\$
Credit and debit cards receivable <sup>(a)</sup>	1,179.6	818.5
Trade accounts receivable and vendor rebates receivable <sup>(a)</sup>	1,031.6	732.3
Provision for expected credit losses	(33.4)	(36.8)
Credit and debit cards receivable and trade accounts receivable and vendor rebates receivable – net	2,177.8	1,514.0
Other accounts receivable	319.7	258.2
Provision for expected credit losses	—	(0.5)
	<b>2,497.5</b>	<b>1,771.7</b>

(a) These amounts are presented net of an amount of \$162.3 from Accounts payable and accrued liabilities (Note 20) due to netting arrangements (\$111.7 as at April 25, 2021).

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

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 losses based on expected loss rate:

	2022			2021		
	Gross carrying amount	Expected loss rate	Loss allowance	Gross carrying amount	Expected loss rate	Loss allowance
	\$	%	\$	\$	%	\$
Not past due	1,973.3	0.2	3.5	1,435.7	0.4	5.1
Past due 1-90 days	189.6	1.1	2.1	79.7	2.1	1.7
Past due 91 days and over	48.3	57.6	27.8	35.4	84.7	30.0
	<b>2,211.2</b>		<b>33.4</b>	<b>1,550.8</b>		<b>36.8</b>

Movements in the provision for expected credit losses are as follows:

	2022	2021
	\$	\$
Balance, beginning of year	37.3	38.1
Provision for expected credit losses, net of unused beginning balance	3.8	4.3
Receivables written off during the year	(4.8)	(9.1)
Effect of exchange rate variations	(2.9)	4.0
Balance, end of year	<b>33.4</b>	<b>37.3</b>

### 15. INVENTORIES

	2022	2021
	\$	\$
Merchandise <sup>(a)</sup>	937.5	900.1
Road transportation fuel <sup>(b)</sup>	1,434.9	853.2
Other products	30.6	14.3
	<b>2,403.0</b>	<b>1,767.6</b>

(a) For the fiscal year ended April 24, 2022, write-down to net realizable value expenses of \$9.2 were recorded for this category in Cost of sales, excluding depreciation, amortization and impairment in the consolidated statements of earnings (\$33.9 for the fiscal year ended April 25, 2021).

(b) For the fiscal year ended April 24, 2022, no write-down or reversals of write-down to net realizable value were recorded for this category. For the fiscal year ended April 25, 2021, reversals of write-down to net realizable value of \$12.9 were recorded for this category in Cost of sales, excluding depreciation, amortization and impairment in the consolidated statements of earnings because selling prices increased.

The Cost of sales, excluding depreciation, amortization and impairment amounts presented in the consolidated statements of earnings are almost entirely composed of inventory recognized as an expense.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 16. PROPERTY AND EQUIPMENT

	Land	Buildings and building components	Equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
<b>Year ended April 24, 2022</b>					
<b>Net book amount, beginning</b>	3,608.3	3,010.7	3,843.7	407.4	10,870.1
Additions	105.7	397.9	1,026.3	164.1	1,694.0
Business acquisitions (Note 4)	24.5	25.6	22.9	—	73.0
Disposals	(69.2)	(17.0)	(41.1)	(3.3)	(130.6)
Depreciation, amortization and impairment expense	(0.6)	(265.5)	(592.3)	(74.3)	(932.7)
Transfers	(16.1)	(39.3)	27.5	27.9	—
Reclassified from (to) assets held for sale (Note 5)	(0.4)	3.4	10.0	4.2	17.2
Impact of the deconsolidation of the Corporation's Russian subsidiaries (Note 5)	(7.0)	(14.8)	(5.1)	—	(26.9)
Effect of exchange rate variations	(81.4)	(97.1)	(95.7)	(3.7)	(277.9)
<b>Net book amount, end<sup>(a)</sup></b>	<b>3,563.8</b>	<b>3,003.9</b>	<b>4,196.2</b>	<b>522.3</b>	<b>11,286.2</b>
<b>As at April 24, 2022</b>					
Cost	3,565.4	4,799.4	7,714.6	1,146.3	17,225.7
Accumulated depreciation, amortization and impairment	(1.6)	(1,795.5)	(3,518.4)	(624.0)	(5,939.5)
<b>Net book amount<sup>(a)</sup></b>	<b>3,563.8</b>	<b>3,003.9</b>	<b>4,196.2</b>	<b>522.3</b>	<b>11,286.2</b>
Portion related to property and equipment not operated by the Corporation as they are subject to operating leases	36.1	9.4	4.8	—	50.3
<b>Year ended April 25, 2021</b>					
<b>Net book amount, beginning</b>	3,347.7	2,824.1	3,552.2	412.5	10,136.5
Additions	147.1	334.7	736.8	70.0	1,288.6
Business acquisitions (Note 4)	14.5	21.9	17.3	4.0	57.7
Disposals	(55.4)	(12.9)	(47.3)	(3.1)	(118.7)
Depreciation and amortization expense	(1.6)	(249.6)	(560.7)	(71.0)	(882.9)
Transfers	12.0	(41.8)	36.0	(6.2)	—
Reclassified to assets held for sale (Note 5)	(32.1)	(22.0)	(66.7)	(9.6)	(130.4)
Effect of exchange rate variations	176.1	156.3	176.1	10.8	519.3
<b>Net book amount, end<sup>(a)</sup></b>	<b>3,608.3</b>	<b>3,010.7</b>	<b>3,843.7</b>	<b>407.4</b>	<b>10,870.1</b>
<b>As at April 25, 2021</b>					
Cost	3,612.9	4,678.7	7,014.7	965.0	16,271.3
Accumulated depreciation, amortization and impairment	(4.6)	(1,668.0)	(3,171.0)	(557.6)	(5,401.2)
<b>Net book amount<sup>(a)</sup></b>	<b>3,608.3</b>	<b>3,010.7</b>	<b>3,843.7</b>	<b>407.4</b>	<b>10,870.1</b>
Portion related to property and equipment not operated by the Corporation as they are subject to operating leases	47.5	12.3	12.7	—	72.5

(a) The net book amount as at April 24, 2022 includes \$1,087.7 related to construction in progress (\$804.9 as at April 25, 2021).

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 17. LEASES

Information about leases for which the Corporation is a lessee is presented below:

#### Right-of-use assets

The reconciliation of the Corporation's right-of-use assets by underlying asset classes is as follows:

	Properties	Motor vehicles	Equipment	Total
	\$	\$	\$	\$
<b>Year ended April 24, 2022</b>				
<b>Net book amount, beginning</b>	<b>2,997.0</b>	<b>47.6</b>	<b>24.5</b>	<b>3,069.1</b>
Additions	168.1	32.4	0.6	201.1
Business acquisitions (Note 4)	63.2	—	—	63.2
Depreciation, amortization and impairment expense	(432.7)	(20.1)	(3.4)	(456.2)
Change in estimates	467.1	7.5	0.3	474.9
Reclassified from assets held for sale (Note 5)	45.2	—	—	45.2
Deemed disposals related to subleases	(8.5)	—	—	(8.5)
Impact of the deconsolidation of the Corporation's Russian subsidiaries (Note 5)	(1.3)	—	—	(1.3)
Effect of exchange rate variations	(81.8)	(1.2)	(2.3)	(85.3)
<b>Net book amount, end</b>	<b>3,216.3</b>	<b>66.2</b>	<b>19.7</b>	<b>3,302.2</b>
<b>Year ended April 25, 2021</b>				
<b>Net book amount, beginning</b>	<b>2,493.4</b>	<b>18.0</b>	<b>2.5</b>	<b>2,513.9</b>
Additions	100.9	53.4	22.6	176.9
Business acquisitions (Note 4)	76.6	—	—	76.6
Depreciation and amortization expense	(401.6)	(15.4)	(2.0)	(419.0)
Change in estimates	643.1	(11.0)	0.3	632.4
Reclassified to assets held for sale (Note 5)	(77.9)	—	—	(77.9)
Deemed disposals related to subleases	(6.0)	—	—	(6.0)
Effect of exchange rate variations	168.5	2.6	1.1	172.2
<b>Net book amount, end</b>	<b>2,997.0</b>	<b>47.6</b>	<b>24.5</b>	<b>3,069.1</b>

#### Amounts recognized in the consolidated statements of earnings

	2022	2021
	\$	\$
Expenses relating to short-term leases and leases of low-value assets	29.8	24.8
Expenses relating to variable lease payments not included in the measurement of lease liabilities	24.0	22.9
Gain on sale and leaseback transactions	52.9	80.8

#### Information on cash flows

	2022	2021
	\$	\$
Total cash outflow for leases	580.5	538.8
Proceeds on sale and leaseback transactions	95.6	119.5

As at April 24, 2022, the Corporation leases mainly land, buildings, building components, motor vehicles and equipment. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. 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 and Asia, the lease terms range from less than 12 months contracts to contracts with maturities up to more than 50 years and also include options to renew at market prices when applicable. As at April 24, 2022, the Corporation was in compliance with the restrictions imposed by its lease agreements. The Corporation might also conclude sale and leaseback transactions, where it will usually continue to operate the sold property temporarily when it is beneficial for both the seller and the Corporation to do so.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

As at April 24, 2022, the residual value guarantees expected to be payable included in calculating the lease liabilities as well as those not expected to be payable and which have hence been excluded from the lease liabilities were not significant.

Some of the property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in earnings in the period in which the conditions that trigger those payments occur. For the fiscal year ended April 24, 2022, a 10% increase in variable terms across all stores in the group with such variable payment terms would not have had a significant impact on the total lease payments.

Extension and termination options are included in a number of leases that the Corporation is party to. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Corporation and not by the respective lessors. As at April 24, 2022, potential future annual undiscounted cash outflows of \$146.1 have not been included in the lease liabilities for which the contractual maturities are in less than five years because it is not reasonably certain that renewal options on those leases will be exercised.

As at April 24, 2022, future undiscounted cash outflows of \$75.4 have not been included in the lease liabilities because they are related to leases not yet commenced but to which the Corporation is committed.

*Information about leases for which the Corporation is a lessor is presented below:*

As at April 24, 2022, the Corporation leases mainly properties and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions.

### Amounts recognized in the consolidated statements of earnings

	2022	2021
	\$	\$
Income relating to operating leases, excluding those variable lease payments that do not depend on an index or a rate	25.7	15.8
Income relating to variable lease payments that do not depend on an index or a rate	19.7	17.1
Rental income from subleasing right-of-use assets	44.1	48.6

As at April 24, 2022, the total amount of undiscounted future minimum operating leases payments expected to be received under operating lease and sublease agreements is \$93.2. These minimum payments are expected to be received as follows:

	\$
Less than one year	24.6
One to five years	43.3
More than five years	25.3
	<u>93.2</u>

As at April 24, 2022, the total amount of undiscounted future minimum payments expected to be received under net investment in finance subleases is \$35.9. These minimum payments are expected to be received as follows:

	\$
Less than one year	12.2
One to five years	20.6
More than five years	3.1
	<u>35.9</u>
Unearned finance income included in payments above	(1.8)
Net investment in subleases	<u>34.1</u>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 18. GOODWILL AND INTANGIBLE ASSETS

#### Goodwill

	2022	2021
	\$	\$
Net book amount, beginning of year	5,946.3	5,505.8
Business acquisitions (Note 4)	205.7	340.3
Reclassified out of (to) assets held for sale (Note 5)	15.3	(81.7)
Effect of exchange rate variations	(73.2)	181.9
<b>Net book amount, end of year</b>	<b>6,094.1</b>	<b>5,946.3</b>

#### Intangible assets

	Trademarks	Franchise agreements	Software <sup>(a)</sup>	Fuel supply agreements	Reacquired rights	Other	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Year ended April 24, 2022</b>							
<b>Net book amount, beginning</b>	<b>261.7</b>	<b>44.8</b>	<b>268.7</b>	<b>12.7</b>	<b>35.6</b>	<b>93.4</b>	<b>716.9</b>
Additions	—	0.2	59.4	—	—	1.7	61.3
Business acquisitions (Note 4)	—	0.6	3.3	3.5	—	19.0	26.4
Disposals	—	—	(0.7)	—	—	(0.1)	(0.8)
Depreciation and amortization expense	(2.8)	(6.7)	(44.6)	(1.3)	(9.1)	(5.0)	(69.5)
Cloud computing transition adjustment (Note 3)	—	—	(25.0)	—	—	—	(25.0)
Impact of the deconsolidation of the Corporation's Russian subsidiaries (Note 5)	(0.5)	—	—	—	—	—	(0.5)
Reclassified from assets held for sale (Note 5)	—	—	—	—	—	0.4	0.4
Effect of exchange rate variations	(9.1)	(0.8)	(7.6)	—	(0.5)	(3.7)	(21.7)
<b>Net book amount, end</b>	<b>249.3</b>	<b>38.1</b>	<b>253.5</b>	<b>14.9</b>	<b>26.0</b>	<b>105.7</b>	<b>687.5</b>
<b>As at April 24, 2022</b>							
Cost	289.6	148.5	487.2	57.4	38.2	235.9	1,256.8
Accumulated depreciation and amortization	(40.3)	(110.4)	(233.7)	(42.5)	(12.2)	(130.2)	(569.3)
<b>Net book amount</b>	<b>249.3</b>	<b>38.1</b>	<b>253.5</b>	<b>14.9</b>	<b>26.0</b>	<b>105.7</b>	<b>687.5</b>
<b>Year ended April 25, 2021</b>							
<b>Net book amount, beginning</b>	<b>240.8</b>	<b>48.4</b>	<b>174.1</b>	<b>14.3</b>	<b>—</b>	<b>73.2</b>	<b>550.8</b>
Additions	—	—	86.1	—	—	2.3	88.4
Business acquisitions (Note 4)	12.7	—	25.6	—	38.7	19.9	96.9
Disposals	—	(0.1)	—	(0.5)	—	(0.1)	(0.7)
Depreciation and amortization expense	(5.2)	(6.6)	(38.5)	(1.1)	(3.1)	(9.8)	(64.3)
Transfers	—	—	(3.9)	—	—	3.9	—
Reclassified to assets held for sale (Note 5)	—	—	—	—	—	(0.8)	(0.8)
Effect of exchange rate variations	13.4	3.1	25.3	—	—	4.8	46.6
<b>Net book amount, end</b>	<b>261.7</b>	<b>44.8</b>	<b>268.7</b>	<b>12.7</b>	<b>35.6</b>	<b>93.4</b>	<b>716.9</b>
<b>As at April 25, 2021</b>							
Cost	303.9	156.9	484.8	54.0	38.7	229.8	1,268.1
Accumulated depreciation and amortization	(42.2)	(112.1)	(216.1)	(41.3)	(3.1)	(136.4)	(551.2)
<b>Net book amount</b>	<b>261.7</b>	<b>44.8</b>	<b>268.7</b>	<b>12.7</b>	<b>35.6</b>	<b>93.4</b>	<b>716.9</b>

(a) The net book amount as at April 24, 2022 includes \$111.5 related to software in progress (\$97.9 as at April 25, 2021).

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

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 24, 2022, and April 25, 2021, is as follows:

CGU	2022		2021	
	Intangible assets with indefinite useful lives	Goodwill	Intangible assets with indefinite useful lives	Goodwill
	\$	\$	\$	\$
Canada	—	824.4	—	832.8
United States	207.0	4,430.3	186.9	4,230.2
Scandinavia	58.6	442.6	64.7	488.7
Central and Eastern Europe	23.5	11.3	27.0	12.6
Ireland	—	79.0	—	72.4
Asia	12.5	306.5	12.7	309.6
	<b>301.6</b>	<b>6,094.1</b>	<b>291.3</b>	<b>5,946.3</b>

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 is 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 (until April 8, 2022). The intangible assets with indefinite useful lives for the Asia CGU are the proprietary products trademarks, which are expected to provide economic benefits to the Corporation indefinitely. The Asia CGU includes the activities of Hong Kong SAR.

For the annual impairment test, the recoverable amount of the Canada, United States, Scandinavia, Central and Eastern Europe and Ireland 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 8.4x to 10.0x to determine these values. For the annual impairment test of the Asia CGU, the recoverable amount of the CGU has been determined based on fair value less cost to sell and the Corporation uses an approach based on earnings to determine this value (Level 3). Under this method, the cash flows of the CGU for a 4-year period were used. The key assumption on which management has based its determination of fair value less cost to sale is the expected growth rate, which averages 12.3%. This assumption represents management's best estimate given current market conditions.

### 19. OTHER ASSETS

	2022	2021
	\$	\$
Deferred compensation assets	79.5	71.9
Pension benefit assets (Note 29)	68.5	63.0
Environmental costs receivable (Note 24)	62.5	64.3
Share units indexed deposits (Note 30)	62.0	43.5
Deferred incentive payments	36.2	26.2
Net investment in subleases (Note 17)	34.1	20.1
Notes receivable	18.5	19.3
Deposits	14.8	25.5
Other	25.4	20.7
	<b>401.5</b>	<b>354.5</b>



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 20. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
	\$	\$
Accounts payable and accrued expenses <sup>(a)</sup>	3,716.7	2,577.6
Sales and excise taxes	825.8	760.7
Salaries and related benefits	360.0	358.6
Other	353.6	297.4
	<u>5,256.1</u>	<u>3,994.3</u>

(a) This amount is presented net of an amount of \$100.1 from Credit and debit cards receivable (Note 14) and \$62.2 from Trade accounts receivable and vendor rebates receivable (Note 14) due to netting arrangements (\$71.3 and \$40.4, respectively as at April 25, 2021).

### 21. LONG-TERM DEBT

	2022	2021
	\$	\$
US-dollar-denominated senior unsecured notes, maturing from July 2027 to May 2051 <sup>(a)</sup>	3,967.5	4,002.9
Canadian-dollar-denominated senior unsecured notes, maturing from July 2024 to June 2025 <sup>(a)</sup>	1,102.5	1,319.1
Euro-denominated senior unsecured notes, maturing in May 2026 <sup>(a)</sup>	809.1	902.0
NOK-denominated senior unsecured notes, maturing in February 2026 <sup>(a)</sup>	75.7	80.8
Other debts	10.2	85.1
	<u>5,965.0</u>	<u>6,389.9</u>
Current portion of long-term debt	1.4	1,107.3
Long-term portion of long-term debt	<u>5,963.6</u>	<u>5,282.6</u>

#### (a) Senior unsecured notes

As at April 24, 2022, the Corporation had senior unsecured notes denominated in US-dollar totaling \$4,000.0, in Canadian-dollar totaling CA \$1,400.0, in Euro totaling €750.0 and in Norwegian-krone totaling NOK 675.0, divided as follows:

	Principal amount	Maturity	Coupon rate	Effective rate as at April 24, 2022	Interest payment dates
July 26, 2017 issuance	CA \$700.0	July 26, 2024	3.06%	3.13%	July 26 <sup>th</sup> and January 26 <sup>th</sup>
June 2, 2015 issuance	CA \$700.0	June 2, 2025	3.60%	3.65%	June 2 <sup>nd</sup> and December 2 <sup>nd</sup>
February 18, 2016 issuance	NOK 675.0	February 18, 2026	3.85%	3.93%	April 20 <sup>th</sup> and October 20 <sup>th</sup>
May 6, 2016 issuance	€750.0	May 6, 2026	1.88%	1.94%	May 6 <sup>th</sup>
July 26, 2017 issuance	\$1,000.0	July 26, 2027	3.55%	3.64%	July 26 <sup>th</sup> and January 26 <sup>th</sup>
January 22, 2020 issuance	\$750.0	January 25, 2030	2.95%	3.03%	July 25 <sup>th</sup> and January 25 <sup>th</sup>
May 13, 2021 issuance	\$650.0	May 13, 2041	3.44%	3.50%	May 13 <sup>th</sup> and November 13 <sup>th</sup>
July 26, 2017 issuance	\$500.0	July 26, 2047	4.50%	4.58%	July 26 <sup>th</sup> and January 26 <sup>th</sup>
January 22, 2020 issuance	\$750.0	January 25, 2050	3.80%	3.88%	July 25 <sup>th</sup> and January 25 <sup>th</sup>
May 13, 2021 Green Bonds issuance	\$350.0	May 13, 2051	3.63%	3.69%	May 13 <sup>th</sup> and November 13 <sup>th</sup>

On May 13, 2021, the Corporation issued US-dollar-denominated senior unsecured notes totaling \$1,000.0, for which a portion was part of a cash flow hedge using interest rate locks to reduce the risk associated with changes in interest rates in anticipation of the issuance. On May 10, 2021, prior to their maturity, the Corporation settled all its interest rate locks and a total cumulative loss of \$2.9 was recognized to Accumulated other comprehensive loss in relation with the settlements. An amount equal to the \$346.1 net proceeds of the \$350.0 Green Bonds tranche has been used to finance projects that contribute to environmental sustainability.

On May 14, 2021, following the delivery of a redemption notice dated April 14, 2021, the Corporation fully repaid its \$1,000.0 US-dollar-denominated senior unsecured notes issued on July 26, 2017, which were set to mature on July 26, 2022. The repayment was settled using the \$644.0 net proceeds from the \$650.0 US-dollar-denominated senior unsecured notes issued on May 13, 2021, as well as with cash on hand and included an early redemption premium of \$27.7, for which the impact was recognized to Financial expenses upon the delivery of the redemption notice in fiscal 2021.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

On March 3, 2022, following the delivery of a redemption notice dated January 31, 2022, the Corporation fully repaid its CA \$250.0 Canadian-dollar-denominated senior unsecured notes issued on November 1, 2012, which were set to mature on November 1, 2022. The repayment of CA \$254.1 (\$200.6) was settled using cash on hand and included an early redemption premium of CA \$4.1 (\$3.2). The Corporation also settled the cross-currency interest rate swaps associated with these Canadian-dollar-denominated senior unsecured notes (Note 23).

In the consolidated statement of cash flows for the fiscal year ended April 24, 2022, the repayments are reflected in operating activities, representing the early redemption premiums paid as well as the financing costs paid on the issuances, and in financing activities, representing the net proceeds from the issuances.

The Canadian-dollar-denominated notes issued on June 2, 2015 and July 26, 2017 are associated with cross-currency interest rate swaps (Note 23).

### Term revolving unsecured operating credit facility

As at April 24, 2022, the Corporation had a credit facility agreement consisting of a revolving unsecured facility of a maximum amount of \$2,525.0, maturing in May 2026. The credit facility was available in the following forms:

- A term revolving unsecured operating credit facility, 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, SOFR 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 facility agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

As at April 24, 2022 and April 25, 2021, the term revolving unsecured operating credit facility was unused and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement. Subsequent to the end of the fiscal year ended April 24, 2022, the maturity of the operating credit facility was extended to May 2027.

### Bank overdraft facilities

As at April 24, 2022, the Corporation had access to bank overdraft facilities totaling approximately \$52.9, of which \$0.5 was used.

### Letters of credit

As at April 24, 2022, the Corporation had outstanding letters of credit related to its own operations of \$179.9 (\$106.1 as at April 25, 2021), of which \$6.7 (\$6.8 as at April 25, 2021) reduced funds available under the Corporation's term revolving unsecured operating credit facility.

### United States commercial paper program

Subsequent to the end of the fiscal year ended April 24, 2022, the Corporation established a commercial paper program in the United States on a private placement basis. The commercial paper program allows the Corporation to issue, from time to time, unsecured commercial paper notes with maturities not exceeding 397 days. The aggregate principal amount of unsecured commercial paper notes outstanding at any one time cannot exceed \$2,500.0 and the Corporation's term revolving unsecured operating credit facility serves as a liquidity backstop for the repayment of the unsecured commercial paper notes.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 22. FORWARD STARTING INTEREST RATE SWAPS

During the fiscal year ended April 24, 2022, the Corporation entered into forward starting interest rate swaps with the following terms:

Notional amount	Interest rate swaps terms	Rate	Maturity date
\$550.0	10 years	From 2.06% to 2.27%	July 2024 and June 2025

The instruments allowed the Corporation to hedge the variability of its interest payments on the anticipated issuance of US-dollar-denominated senior unsecured notes due to changes in the US Treasury rates. These instruments were designated as a cash flow hedge of the Corporation's interest rate risk and, as a result, for the fiscal year ended April 24, 2022, a gain of \$23.4 was recognized in OCI to reflect the fluctuation in the forward starting interest rate swaps' fair value.

### 23. INTEREST RATE AND CROSS-CURRENCY SWAPS

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

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity	Fair value as at (Note 30)	
					April 24, 2022	April 25, 2021
CA \$1,400.0	From 3.06% to 3.60%	US \$1,127.2	From 3.23% to 3.87%	From July 26, 2024 to June 2, 2025	\$ 34.1	\$ 79.6

These agreements are designated as foreign exchange hedges of the Corporation's net investment in its operations in the United States. They are presented as Other long-term financial liabilities on the consolidated balance sheets.

On March 2<sup>nd</sup>, 2022, the Corporation settled, prior to their maturity, the following cross-currency interest rate swaps:

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate
CA \$250.0	3.90%	US \$250.7	3.49%

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 24. PROVISIONS

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

	Asset retirement obligations <sup>(a)</sup>	Provision for environmental costs <sup>(b)</sup>	Provision for workers' compensation <sup>(c)</sup>	Provision for general liability <sup>(c)</sup>	Other	Total
	\$	\$	\$	\$	\$	\$
<b>2022</b>						
Balance, beginning of year	489.5	155.3	48.3	56.8	35.7	785.6
Business acquisitions (Note 4)	2.1	—	—	—	3.5	5.6
Liabilities incurred	3.6	16.6	28.7	41.3	11.9	102.1
Liabilities settled	(5.4)	(22.9)	(28.0)	(39.0)	(29.7)	(125.0)
Accretion expense	13.0	0.4	0.6	0.2	—	14.2
Reversal of provisions	(2.8)	(0.5)	—	—	—	(3.3)
Change in estimates	(40.8)	(2.2)	0.9	2.6	—	(39.5)
Reclassified out of liabilities associated with assets held for sale (Note 5)	4.1	—	—	—	—	4.1
Transfers	—	—	—	—	11.0	11.0
Impact of the deconsolidation of the Corporation's Russian subsidiaries (Note 5)	(1.1)	—	—	—	(0.1)	(1.2)
Effect of exchange rate variations	(27.0)	(3.9)	(0.7)	(0.1)	(0.2)	(31.9)
Balance, end of year	435.2	142.8	49.8	61.8	32.1	721.7
Current portion	60.0	51.8	8.5	11.6	12.8	144.7
Long-term portion	375.2	91.0	41.3	50.2	19.3	577.0
<b>2021</b>						
Balance, beginning of year	373.8	157.2	44.5	50.3	33.6	659.4
Business acquisitions (Note 4)	0.5	—	—	—	0.8	1.3
Liabilities incurred	5.0	20.9	30.3	32.6	8.0	96.8
Liabilities settled	(9.1)	(23.2)	(27.8)	(24.0)	(6.1)	(90.2)
Accretion expense	14.8	0.4	0.5	0.2	—	15.9
Reversal of provisions	(1.8)	(5.8)	—	(0.5)	(2.1)	(10.2)
Change in estimates	84.3	(3.9)	0.3	(1.8)	0.3	79.2
Reclassified to liabilities associated with assets held for sale (Note 5)	(10.8)	—	—	—	—	(10.8)
Effect of exchange rate variations	32.8	9.7	0.5	—	1.2	44.2
Balance, end of year	489.5	155.3	48.3	56.8	35.7	785.6
Current portion	46.9	44.3	13.5	14.4	35.5	154.6
Long-term portion	442.6	111.0	34.8	42.4	0.2	631.0

(a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately \$693.2 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) 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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

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 \$142.8 provision for environmental costs as at April 24, 2022 (\$155.3 as at April 25, 2021). Furthermore, the Corporation has recorded an amount of \$72.7 for environmental costs receivable from trust funds as at April 24, 2022 (\$73.4 as at April 25, 2021), of which \$10.2 (\$9.1 as at April 25, 2021) is included in Accounts receivable and \$62.5 in Other assets (\$64.3 as at April 25, 2021).

### 25. DEFERRED CREDITS AND OTHER LIABILITIES

	2022	2021
	\$	\$
Deferred compensation liabilities	120.9	101.9
Deferred credits	47.7	35.5
Deposits from independent operators, franchisees and tenants	28.8	28.2
Deferred branding credits	19.1	20.5
Employee benefits	18.5	44.0
Other liabilities	8.9	21.2
	<u>243.9</u>	<u>251.3</u>

### 26. 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.
- Class B subordinate voting and participating shares, with each share comprising one vote.

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

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

On December 8, 2021, as a result of all of the Corporation's co-founders reaching the age of 65 years old, all of the Corporation's Class B subordinate voting shares automatically converted into Class A multiple voting shares on a share-for-share basis. Following the automatic conversion, only Class A multiple voting shares of the Corporation are traded on the Toronto Stock Exchange and all stock-based compensation and other stock-based payment plans of the Corporation (Note 27) are covering Class A multiple voting shares.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### Issued and outstanding

The changes in the number of shares are as follows:

	2022	2021
<b>Class A multiple voting shares (in millions of shares)</b>		
Balance, beginning of year	253.8	253.8
Conversions into Class B shares	(4.8)	—
Automatic conversion of Class B shares	813.0	—
Share repurchases <sup>(a)</sup>	(29.1)	—
Balance, end of year	<u>1,032.9</u>	<u>253.8</u>
<b>Class B subordinate voting shares (in millions of shares)</b>		
Balance, beginning of year	825.8	858.9
Issued on conversions of Class A shares	4.8	—
Share repurchases <sup>(a)</sup>	(17.7)	(33.3)
Issuance of shares on stock options exercised	0.1	0.2
Automatic conversion into Class A shares	(813.0)	—
Balance, end of year	<u>—</u>	<u>825.8</u>
<b>Issued and outstanding</b>	<u><b>1,032.9</b></u>	<u><b>1,079.6</b></u>

#### (a) Share repurchase program

On April 21, 2021, the Toronto Stock Exchange approved the implementation of a share repurchase program (the “Program”), which took effect on April 26, 2021. The Program initially allowed the Corporation to repurchase up to 32,056,988 shares, representing 4.0% of the Class B subordinate voting shares of the public float as at April 19, 2021 (the “Public float”). On January 31, 2022, the Toronto Stock Exchange approved the amendment of the Corporation’s Program to increase the maximum number of shares that may be repurchased to 46,806,328 shares, or 5.8% of the Corporation’s Public float. The share repurchase period was to end no later than April 25, 2022.

During the fiscal year ended April 24, 2022, the authorized share repurchase limit was reached as the Corporation had repurchased 46,806,328 shares (33,336,141 shares under the former share repurchase program for the fiscal year ended April 25, 2021). These repurchases were settled for an amount of \$1,882.1 (\$1,063.6 under the former share repurchase program for the fiscal year ended April 25, 2021), of which \$56.7 is recorded in Accounts payable and accrued liabilities as at April 24, 2022 (\$16.9 as at April 25, 2021) related to 1,255,512 shares which had been repurchased and were in the process of being cancelled (503,319 shares as at April 25, 2021). During fiscal 2022 and under the Program, 6,351,895 Class B subordinate voting shares were repurchased, for an amount of \$238.5, from Développements Orano Inc., a corporation controlled by Mr. Alain Bouchard, founder of the Corporation and executive chairman of its Board of Directors, which constitutes a related party transaction.

On April 22, 2022, the Toronto Stock Exchange approved the renewal of the Corporation’s Program, which took effect on April 26, 2022. The renewed Program allows the Corporation to repurchase up to 79,703,614 shares, representing 10.0% of the shares comprising the Corporation’s public float as at April 20, 2022, and the share repurchase period will end no later than April 25, 2023. Subsequent to the end of the fiscal year ended April 24, 2022 and under the renewed Program, the Corporation repurchased 9,764,000 shares for an amount of \$429.2.

When making such repurchases, the number of shares in circulation is reduced and the proportionate interest of all remaining shareholders in the Corporation’s share capital is increased on a pro rata basis. All shares repurchased under the share repurchase program will be cancelled. An automatic securities purchase plan, which was pre-cleared by the Toronto Stock Exchange upon approbation of the renewed Program, is also in place and could allow a designated broker to repurchase the Corporation’s shares on its behalf within parameters established by the Corporation.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 27. STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

#### Stock option plan

The Corporation has a stock option plan under which it has authorized the grant of up to 101,352,000 stock options for the purchase of its 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 shares on the Toronto Stock Exchange for the five days preceding the grant. Each stock option is exercisable into one 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 stock option plan allows them to elect to receive a number of shares equivalent to the difference between the total number of shares underlying the options exercised and the number of shares required to settle the exercise of the options on a gross or net basis.

The table below presents the status of the Corporation's stock option plan as at April 24, 2022, and April 25, 2021, and the changes therein during the years then ended:

(in thousands, except otherwise noted)	2022		2021	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
		CA \$		CA \$
Outstanding, beginning of year	3,267.5	25.45	3,319.5	22.44
Granted	286.2	42.03	219.8	43.20
Exercised	(130.0)	7.93	(271.8)	3.09
Outstanding, end of year	<u>3,423.7</u>	<u>27.50</u>	<u>3,267.5</u>	25.45
Exercisable, end of year	<u>2,909.5</u>	<u>25.59</u>	<u>2,753.3</u>	23.04

For options exercised in 2022, the weighted average share price at the date of exercise was CA \$48.01 (CA \$41.68 in 2021).

The following table presents information on the stock options outstanding and exercisable as at April 24, 2022:

(in thousands, except otherwise noted)	Options outstanding		Options exercisable		
	Number of stock options outstanding as at April 24, 2022	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 24, 2022	Weighted average exercise price
Range of exercise prices			CA \$		CA \$
2 – 30	2,040.5	2.83	20.97	2,040.5	20.97
30 – 58	1,383.2	7.08	37.13	869.0	36.42
	<u>3,423.7</u>			<u>2,909.5</u>	

For 2022, the compensation cost charged to the consolidated statements of earnings amounts to \$2.8 (\$2.5 in 2021).

#### 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. Selected key employees are also allowed to receive part of their annual compensation in the form of DSUs. A DSU is a notional unit, equivalent in value to the Corporation's share. Upon leaving the Board of Directors or cessation of employment, participants are entitled to receive the payment of their cumulated DSUs in the form of cash based on the volume weighted average reported trading price of the Corporation's share on the Toronto Stock Exchange for the five trading days immediately preceding the payout date. DSU are antidilutive since they are payable solely in cash.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

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 Corporation's shares. As at April 24, 2022, the Corporation had a total of 471,589 DSUs outstanding (403,236 as at April 25, 2021) and an obligation related to this plan of \$21.2 (\$13.6 as at April 25, 2021) was recorded in Deferred credits and other liabilities. The exposure to the Corporation's share price risk is managed with the share units indexed deposits (Note 30). For 2022, the compensation cost amounted to \$4.1 (\$3.0 for 2021).

### Share unit plan

The Corporation has a share unit plan allowing the Board of Directors, through its Human Resources and Corporate Governance Committee, to grant performance share units ("PSUs") and restricted share units ("RSUs") to the officers and selected key employees of the Corporation (the "participants"). A share unit is a notional unit whose value is based on the volume weighted average reported trading price of the Corporation's share on the Toronto Stock Exchange for the five trading days immediately preceding the valuation date and provides the participants with the opportunity to earn a cash award. Each PSU granted vests at the end of a three-year performance period subject, namely, to the achievement of performance objectives of the Corporation, based on external and internal benchmarks. Each RSU granted vests at the end of a three-year restricted period. Share units are antidilutive since they are payable solely in cash.

The table below presents the status of the Corporation's share unit plan as at April 24, 2022, and April 25, 2021, and the changes therein during the years then ended in number of units:

<i>(in thousands of units)</i>	2022	2021
Outstanding, beginning of year	1,525.0	1,547.6
Granted	521.0	530.7
Paid	(446.7)	(396.7)
Forfeited	(147.1)	(156.6)
Outstanding, end of year	<u>1,452.2</u>	<u>1,525.0</u>

As at April 24, 2022, an obligation related to this notional unit allocation plan of \$18.7 was recorded in Accounts payable and accrued liabilities (\$13.4 as at April 25, 2021) and \$21.6 was recorded in Deferred credits and other liabilities (\$15.7 as at April 25, 2021). The price risk of this obligation is also managed with the share units indexed deposits (Note 30). For 2022, the compensation cost amounted to \$16.7 (\$13.4 for 2021).

## 28. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Cumulative translation adjustments <sup>(a)(c)</sup>	Net investment hedge <sup>(a)</sup>	Cash flow hedge <sup>(a)</sup>	Cumulative net actuarial gain (loss) <sup>(b)</sup>	Investments in equity instruments measured at fair value through Other comprehensive income <sup>(b)</sup>	Accumulated other comprehensive loss
	\$	\$	\$	\$	\$	\$
<b>Year ended April 24, 2022</b>						
Balance, beginning of year	(257.8)	(280.6)	(8.9)	15.9	0.3	(531.1)
Other comprehensive (loss) income	(264.7)	(11.8)	30.1	17.2	11.2	(218.0)
<b>Balance, end of year</b>	<b>(522.5)</b>	<b>(292.4)</b>	<b>21.2</b>	<b>33.1</b>	<b>11.5</b>	<b>(749.1)</b>
<b>Year ended April 25, 2021</b>						
Balance, beginning of year	(764.9)	(451.0)	(3.7)	(27.3)	(14.0)	(1,260.9)
Other comprehensive income (loss)	507.1	170.4	(5.2)	43.2	20.6	736.1
Transfer of realized gain on investments in equity instruments measured at fair value through OCI	—	—	—	—	(6.3)	(6.3)
<b>Balance, end of year</b>	<b>(257.8)</b>	<b>(280.6)</b>	<b>(8.9)</b>	<b>15.9</b>	<b>0.3</b>	<b>(531.1)</b>

(a) May be reclassified subsequently to earnings.

(b) Will never be reclassified to earnings.

(c) For the fiscal year ended April 24, 2022, includes a \$10.5 reclassification adjustment in relation with the deconsolidation of the Corporation's Russian subsidiaries (Note 5).



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 29. 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, Ireland and Hong Kong SAR. 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 Corporation performs required actuarial valuations of its pension plans for funding purposes every one to three years.

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:

	2022	2021
	\$	\$
Present value of defined benefit obligation for funded pension plans	(116.3)	(144.3)
Fair value of plans' assets	187.6	209.1
Net funded status of funded plans – net surplus	71.3	64.8
Present value of defined benefit obligation for unfunded pension plans	(88.6)	(99.9)
Net accrued pension benefit liability	(17.3)	(35.1)

As at April 24, 2022, the pension benefit asset of \$68.5 (\$63.0 as at April 25, 2021) is included in Other assets and the Pension benefit liability of \$85.8 (\$98.1 as at April 25, 2021) is presented separately in the consolidated balance sheets.

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

	Canada	Norway	Sweden	Others	Total
<b>2022</b>	\$	\$	\$	\$	\$
Present value of defined benefit obligation	(49.7)	(31.6)	(98.1)	(25.5)	(204.9)
Fair value of plans' assets	19.2	2.0	166.4	—	187.6
Net funded status of plan – (deficit) surplus	(30.5)	(29.6)	68.3	(25.5)	(17.3)
<b>2021</b>					
Present value of defined benefit obligation	(60.5)	(31.6)	(121.8)	(30.3)	(244.2)
Fair value of plans' assets	22.5	2.1	184.5	—	209.1
Net funded status of plan – (deficit) surplus	(38.0)	(29.5)	62.7	(30.3)	(35.1)

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

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

	2022				2021			
	Quoted	Unquoted	Total	Plan's assets allocation	Quoted	Unquoted	Total	Plan's assets allocation
	\$	\$	\$	%	\$	\$	\$	%
Cash and cash equivalents	0.2	—	0.2	0.1	—	—	—	—
Equity securities	106.4	—	106.4	56.7	118.0	—	118.0	56.4
Debt instruments								
Government	71.9	—	71.9	38.3	81.1	—	81.1	38.8
Corporate	4.9	0.3	5.2	2.8	5.6	0.4	6.0	2.9
Real estate	0.3	0.3	0.6	0.3	—	0.3	0.3	0.1
Other assets	3.3	—	3.3	1.8	3.7	—	3.7	1.8
Total	187.0	0.6	187.6	100.0	208.4	0.7	209.1	100.0

The Corporation's service cost under its defined benefit plans, net of employee contributions and curtailment gains, for the fiscal year 2022 is \$2.8 (\$2.7 for 2021).

The amount recognized in OCI for the fiscal year is determined as follows:

	2022	2021
	\$	\$
Losses from change in demographic assumptions	5.3	—
Gains from change in financial assumptions	(28.7)	(21.9)
Experience losses (gains)	1.3	(8.3)
Return on assets (excluding interest income)	(0.1)	(24.4)
Net gains recognized in OCI	(22.2)	(54.6)

The Corporation expects to make a contribution of \$3.2 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:

	2022				2021			
	Canada	Norway	Sweden	Others	Canada	Norway	Sweden	Others
	%	%	%	%	%	%	%	%
Discount rate	4.9	2.8	3.0	3.6	3.2	2.3	2.0	2.4
Rate of compensation increase	3.3	2.8	3.3	2.4	3.0	2.3	2.8	2.2
Rate of benefit increase	2.3	0.5	2.3	2.2	2.0	0.5	1.8	1.9
Rate of social security base amount increase ( <i>G-amount</i> )	—	2.5	3.3	—	—	2.0	2.8	—

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	0.5 %	Decrease by 9.6%	Increase by 10.6%
Rate of compensation increase	0.5 %	Increase by 2.2%	Decrease by 2.0%
Rate of benefit increase	0.5 %	Increase by 7.6%	Decrease by 7.2%
Increase of life expectancy	1 year	Increase by 4.2%	-

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

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.

In Europe, it is the Corporation's responsibility to make contributions, where required, 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 limited 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 2022 is \$153.9 (\$142.4 for 2021).

### 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 \$78.1 as at April 24, 2022 (\$72.5 as at April 25, 2021) 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, therefore, the trust 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 \$79.5 as at April 24, 2022 (\$71.9 as at April 25, 2021) and are included in Other assets (Note 19).

## 30. FINANCIAL INSTRUMENTS AND CAPITAL 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. The Corporation also uses from time to time interest rate locks and/or forward starting interest rate swaps 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. The groups that manage these risks 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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

The Corporation is exposed to foreign currency risk with respect to its cash and cash equivalents denominated in currencies other than the respective functional 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 and the cross-currency interest rate swaps which are designated as net investment hedges of foreign operations, as at April 24, 2022, a variation in those currencies would be offset by equivalent amounts from the hedged net investments in OCI. For the cash and cash equivalent denominated in currencies other than the respective functional currencies, as at April 24, 2022 and with all other variables held constant, a hypothetical variation of 5.0% of the various currencies other than the respective functional currencies would have had a net impact of \$61.8 on Net earnings, which would be partially offset by a net impact of \$50.0 from the portion of its long-term debts denominated in US dollars not designated as net investment hedges of foreign operations.

### 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. As at April 24, 2022, the Corporation did not hold any derivative instruments to mitigate this risk but it enters from time to time 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 when its long-term debt includes variable rate balances. As at April 24, 2022, 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 long-term debt balances as at April 24, 2022 and April 25, 2021, the annual impact on net financial expenses of a 1.0% parallel shift in the interest rate curve would not have been significant.

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 and/or forward starting interest rate swaps in order to hedge the interest rates on forecasted debt issuance (Note 22). As at April 24, 2022, a 1.0% increase in the interest rate curve would have favorably impacted the fair value of the forward starting interest rate swaps by \$41.5, while a 1.0% decrease in the interest rate curve would have unfavorably impacted the fair value of the forward starting interest rate swaps by \$45.5.

### 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, net investment in subleases, notes receivable, deposits, indexed deposits 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 assessment 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 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 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 and commodity indexed deposits is limited considering the nature of the Corporation's activities and measures taken to manage the credit risk of its counterparties. As at April 24, 2022, no single creditor accounted for over 10.0% of total Trade accounts receivable and vendor rebates receivable and the related amounts at risk corresponds to their carrying amount.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

The Corporation mitigates the credit risk related to cash, cash equivalents and credit and debit cards receivable by transacting solely with major financial institutions that have low or minimal credit risk. As at April 24, 2022, the amounts at risk 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 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 credit losses, are shared between the Corporation and the issuing banks. Outstanding balances are charged to the customer monthly. The Corporation's exposure as at April 24, 2022, relates to receivables of \$113.6, of which \$44.9 was interest-bearing. These receivables from cardholders are not recognized in the Corporation's consolidated balance sheet. For fiscal year 2022, the losses recognized were not significant. In light of accurate credit assessments and continuous monitoring of outstanding balances, the Corporation believes that the receivables do not represent any significant risk. The income and risks related to these arrangements with the banks are reported and accounted for on a monthly basis and settlements occur every four months.

The Corporation is exposed to credit risk arising from the share units indexed deposits and from derivative financial instruments when their unsettled fair value is favorable to the Corporation. In accordance with its risk management policy, to reduce this risk, the Corporation has entered into these instruments with major financial institutions with a very low credit risk.

### Liquidity risk

Liquidity risk is the risk that the Corporation would encounter difficulties in meeting its obligations associated with financial liabilities and lease liabilities. The Corporation is exposed to this risk mainly through its Long-term debt, Accounts payable and accrued liabilities, lease liabilities and outflows associated with derivative financial instruments. The Corporation's liquidity is provided mainly by cash flows from operating activities and borrowings available under its 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 24, 2022, 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
	\$	\$	\$	\$	\$	\$
<b>Non-derivative financial liabilities<sup>(1)</sup></b>						
<b>Accounts payable and accrued liabilities<sup>(2)</sup></b>	<b>4,360.8</b>	<b>4,360.8</b>	<b>4,360.8</b>	—	—	—
US-dollar-denominated senior unsecured notes	3,967.5	6,554.3	143.7	143.7	431.1	5,835.8
Canadian-dollar-denominated senior unsecured notes	1,102.5	1,216.2	36.8	36.8	1,142.6	—
Euro-denominated senior unsecured notes	809.1	887.3	15.2	15.2	856.9	—
NOK-denominated senior unsecured notes	75.7	87.0	2.9	2.9	81.2	—
Other debts	10.2	11.0	2.1	0.6	3.8	4.5
<b>Long-term debt</b>	<b>5,965.0</b>	<b>8,755.8</b>	<b>200.7</b>	<b>199.2</b>	<b>2,515.6</b>	<b>5,840.3</b>
Lease liabilities - Current contractual maturities <sup>(3)</sup>	3,476.2	2,577.2	493.7	439.6	855.2	788.7
Lease liabilities - Future renewal options <sup>(3)</sup>		1,562.3	4.3	27.4	261.8	1,268.8
<b>Lease liabilities</b>	<b>3,476.2</b>	<b>4,139.5</b>	<b>498.0</b>	<b>467.0</b>	<b>1,117.0</b>	<b>2,057.5</b>
<b>Cross-currency interest rate swaps payable<sup>(1)</sup></b>	<b>34.1</b>	<b>1,249.3</b>	<b>40.1</b>	<b>40.1</b>	<b>1,169.1</b>	—
<b>Cross-currency interest rate swaps receivable<sup>(1)</sup></b>		<b>(1,216.2)</b>	<b>(36.8)</b>	<b>(36.8)</b>	<b>(1,142.6)</b>	—
	<b>13,836.1</b>	<b>17,289.2</b>	<b>5,062.8</b>	<b>669.5</b>	<b>3,659.1</b>	<b>7,897.8</b>

(1) Based on spot rates, as at April 24, 2022, for balances for which the underlying currency differs from the Corporation's reporting currency 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) Includes lease liabilities classified as Liabilities associated with assets held for sale as at April 24, 2022.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 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 operating income. 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 operating income on sales of these products. From time to time, based on purchases timing and price risk assessments, the Corporation enters into commodity derivatives to reduce a portion of this risk for its sales and purchases of road transportation fuel, other fossil fuels and commodity indexed deposits. Hedge accounting was not applied for any of these derivatives.

The Corporation's obligations related to its share units plan and DSU plan create a price risk as the recorded amounts of the related liabilities fluctuate in part with the fair value of the Corporation's shares. To reduce this risk, the Corporation has entered into share units indexed deposits with an investment grade financial institution with an underlying index representing the Corporation's shares. The share units indexed deposits are recorded at fair market value on the consolidated balance sheets under Other assets and Accounts receivable. As at April 24, 2022, the nominal of the share units indexed deposits was 1,863,546 shares. The share units indexed deposits are adjusted as needed to reflect new awards, adjustments, expected performance conditions and/or settlements of share units and DSUs. As at April 24, 2022, the impact to net earnings or shareholders' equity of a 5.0% shift in the value of the Corporation's share price would not have been significant.

### Maturities of derivative financial instruments

The table below presents the maturities of the notional principal or net quantity outstanding related to the Corporation's derivative financial instruments recognized on the consolidated balance sheets as at April 24, 2022:

	Less than one year	Between one and four years
Cross-currency interest rate swaps (in millions of US dollars)	—	1,127.2
Forward starting interest rate swaps (in millions of US dollars)	—	550.0
Currency put options (in millions of US dollars)	100.0	—
Currency call options (in millions of US dollars)	100.0	—
Fuel futures - gasoline (in millions of gallons) <sup>(1)</sup>	26.2	—
Fuel swaps - gasoline (in metric tons) <sup>(2)</sup>	76,000	—
Fuel swaps - diesel (in metric tons) <sup>(2)</sup>	311,500	—
Fuel swaps - aviation fuel (in metric tons) <sup>(2)</sup>	20,000	—

(1) As at April 24, 2022, the Corporation had a net short position in order to mitigate exposure to fuel prices.

(2) As at April 24, 2022, the Corporation's net position was to pay the variable price and receive the fixed price for each product. The Corporation has obligations to pay the variable price and receive the fixed price for certain fuel swaps, while it has the obligation to pay the fixed price and receive the variable price for others.

### 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.

### 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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

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

*Financial instruments at fair value on the consolidated balance sheets:*

	Estimated fair value as at		Consolidated balance sheets classification	Methods and assumptions used	Fair value hierarchy
	April 24, 2022	April 25, 2021			
	\$	\$			
Share units indexed deposits - Current	22.4	18.4	Accounts receivable	Fair market value of the Corporation's Class A shares	Level 2
Share units indexed deposits - Non-current	62.0	43.5	Other assets		
Cross-currency interest rate swaps	(34.1)	(79.6)	Other long-term financial liabilities	Market rates	Level 2
Investments in equity instruments	166.1	29.2	Other long-term financial assets	Unadjusted quoted prices	Level 1
Investments in equity instruments	66.9	6.0	Other long-term financial assets	Recent transactions	Level 3
Investments in other financial assets	14.4	—	Other long-term financial assets	Recent transactions	Level 3
Commodity indexed deposits	23.1	9.7	Other short-term financial assets	Market rates	Level 2
Fuel swaps	(82.7)	(18.7)	Other short-term financial liabilities	Market rates	Level 2
Forward starting interest rate swaps	23.4	—	Other long-term financial assets	Market rates	Level 2
Currency put and call options	(2.5)	—	Other short-term financial liabilities	Market rates	Level 2
Interest rate locks	—	(7.9)	Other short-term financial liabilities	Market rates	Level 2

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

	Estimated fair value	
	2022	2021
	\$	\$
Balance, beginning of year	6.0	—
Purchases	48.5	6.0
Gain recognized to Other financial items <sup>(1)</sup>	26.8	—
<b>Balance, end of year</b>	<b>81.3</b>	<b>6.0</b>

(1) Related to financial instruments still held by the Corporation as at April 24, 2022.

The valuations of those financial instruments were predominantly based on prices for similar instruments stemming from recent larger private investments that the Corporation participated in, which represent observable inputs. Sensitivity to unobservable inputs is therefore not deemed to have a significant impact on their estimated fair value as at April 24, 2022, given the few underlying assumptions used.

In addition, information on the measurement of the convertible debentures and common share warrants in Fire & Flower is presented in Note 6.

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

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

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

	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
US-dollar-denominated senior unsecured notes (Level 2)	3,967.5	3,561.5	4,002.9	4,257.3
Canadian-dollar-denominated senior unsecured notes (Level 1)	1,102.5	1,089.6	1,319.1	1,406.3
Euro-denominated senior unsecured notes (Level 2)	809.1	794.4	902.0	966.8
NOK-denominated senior unsecured notes (Level 2)	75.7	76.2	80.8	88.2



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### Capital management

The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce its cost of capital. The Corporation's capital comprises total Shareholders' equity and the net interest-bearing debt which refers to Long-term debt, both current portion and long-term, as well as lease liabilities, 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, repurchase its shares, dispose of lower performing assets to reduce debt or adjust the amount of dividends paid to shareholders (Notes 21 and 26).

As part of the management of its capital structure, the Corporation factors in the economic value of its stock option, share units and DSU plans (Note 27).

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.

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

	2022	2021
	\$	\$
Current portion of long-term debt and Current-portion of lease liabilities	426.8	1,526.7
Long-term debt and lease liabilities	9,013.1	8,075.3
Less: Cash and cash equivalents	2,143.9	3,015.8
Net interest-bearing debt	7,296.0	6,586.2
Equity	12,437.6	12,180.9
Net interest-bearing debt	7,296.0	6,586.2
Total capitalization	19,733.6	18,767.1
Net interest-bearing debt to total capitalization ratio	37.0%	35.1%

Under its term revolving unsecured operating credit facility, the Corporation must meet the following ratios on a consolidated basis:

- A leverage ratio, which is the ratio of Total debt less Cash and cash equivalents to EBITDA 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 24, 2022, and April 25, 2021. The Corporation is not subject to any significant externally imposed capital requirements.

## 31. CONTRACTUAL OBLIGATIONS

### 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. Failure to satisfy the minimum purchase requirements could result in termination of the contracts, penalties for shortfall volumes, change in the pricing of the products, payments to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received. Historically, the Corporation has generally exceeded such minimum requirements and does not expect that any potential failure to meet those in the foreseeable future could lead to the materialization of any of the outcomes described above.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 32. CONTINGENCIES AND GUARANTEES

#### Contingencies

Various claims and legal proceedings have been initiated against the Corporation in the normal course of its operations. The Corporation has no reason to believe that the outcome of these matters 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 a secondary responsibility to the landlord for payment of amounts under the lease agreements should the sub lessees, which assume primary responsibility, fail to pay. As at April 24, 2022, the total future lease payments under such agreements are approximately \$29.0 and the fair value of the guarantee is not significant. Historically, the Corporation has not made any significant payments in connection with these contracts and do not expect to make any in the foreseeable future.

The Corporation also issues different form of guarantees, including financial guarantee commitments under car rental agreements and on behalf of retailers in Sweden. The maximum undiscounted future payments related to those guarantees totals \$18.0 and the carrying amount and fair value of the guarantee commitments recognized in the consolidated balance sheet as at April 24, 2022, were not significant.

### 33. SEGMENTED INFORMATION

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

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

	2022				2021			
	United States	Europe and other regions	Canada	Total	United States	Europe and other regions <sup>(c)</sup>	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>External customer revenues<sup>(a)</sup></b>								
Merchandise and service	11,593.2	2,429.1	2,581.5	16,603.8	11,489.9	1,830.8	2,552.3	15,873.0
Road transportation fuel	30,115.0	9,892.0	5,344.4	45,351.4	19,594.7	6,295.3	3,515.3	29,405.3
Other	46.2	785.6	22.9	854.7	44.3	419.3	18.2	481.8
	<b>41,754.4</b>	<b>13,106.7</b>	<b>7,948.8</b>	<b>62,809.9</b>	<b>31,128.9</b>	<b>8,545.4</b>	<b>6,085.8</b>	<b>45,760.1</b>
<b>External customer revenues less Cost of sales, excluding depreciation, amortization and impairment</b>								
Merchandise and service	3,904.5	927.4	830.2	5,662.1	3,798.7	716.2	800.2	5,315.1
Road transportation fuel	3,626.4	1,057.7	493.0	5,177.1	3,095.2	1,119.7	391.6	4,606.5
Other	46.2	96.5	22.9	165.6	44.2	131.2	18.3	193.7
	<b>7,577.1</b>	<b>2,081.6</b>	<b>1,346.1</b>	<b>11,004.8</b>	<b>6,938.1</b>	<b>1,967.1</b>	<b>1,210.1</b>	<b>10,115.3</b>
<b>Total long-term assets<sup>(b)</sup></b>	<b>14,393.4</b>	<b>4,249.8</b>	<b>2,905.9</b>	<b>21,549.1</b>	<b>13,272.5</b>	<b>4,651.2</b>	<b>2,889.4</b>	<b>20,813.1</b>

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

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

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

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2022 and April 25, 2021

(in millions of US dollars (Note 2), except share and stock option data, or unless otherwise noted)

### 34. SUBSEQUENT EVENT

#### Dividends

During its June 28, 2022 meeting, the Board of Directors declared a quarterly dividend of CA 11.0¢ per share for the fourth quarter of fiscal 2022 to shareholders on record as at July 8, 2022, and approved its payment effective July 22, 2022. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).