



Annual Report 2023

# DOUBLE AGAIN

*#OneTEAM*



CIRCLE K







CAFE TO  
SIMPLEMENT  
BON



# TABLE OF CONTENTS

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Company and Financial Highlights	2
Our Mission, Vision, and Values	4
Message from the Founder and Executive Chairman of the Board	6
Message from the President and CEO	8
Message from the Chief Financial Officer	14
Company Awards and Recognition	17
Non-IFRS Measures	18
Financial Results	24
Corporate Governance & Executive Leadership Team	126

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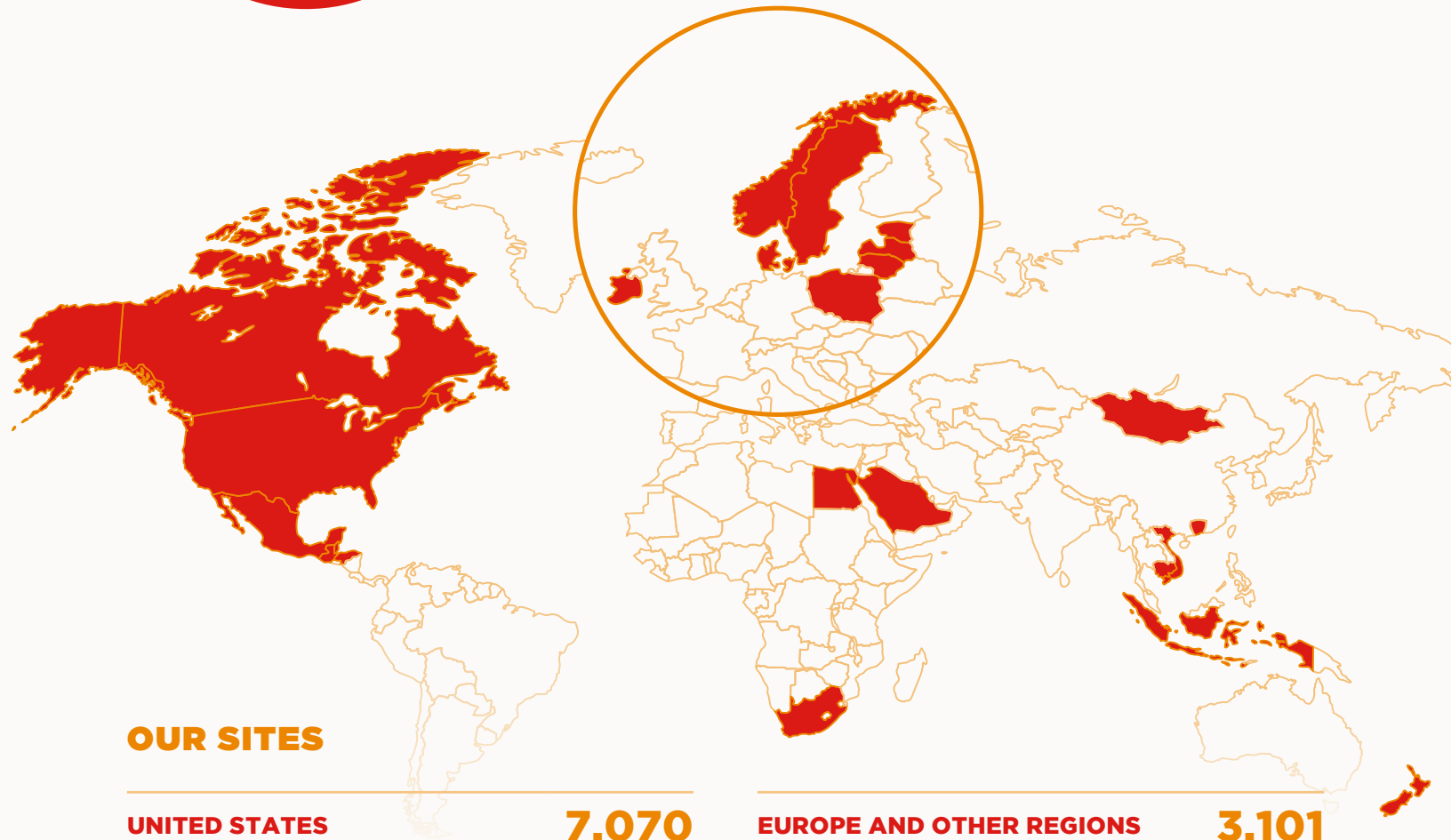
# COMPANY HIGHLIGHTS

**~128,000**

## OUR PEOPLE

**NORTH AMERICA** **~100,000**

**EUROPE AND OTHER REGIONS** **~28,000**



## OUR SITES

**UNITED STATES** **7,070**

**CANADA** **2,261**

**EUROPE AND OTHER REGIONS** **3,101**

**INTERNATIONAL FOOTPRINT** **2,036**

# FINANCIAL HIGHLIGHTS

2023	US	EUROPE AND OTHER REGIONS	CANADA
Growth of Same-Store Merchandise Revenues <sup>2</sup>	4.3% <sup>3</sup>	3.1% <sup>1</sup>	1.2% <sup>3</sup>
Decrease in Same-Store Road Transportation Fuel Volumes <sup>2,3</sup>	(1.9%)	(3.2%)	(0.1%)

Merchandise and Service Revenues	2022	\$16,603.8	
	2023	\$17,283.4	+\$679.6 +4.1%
Merchandise and Service Gross Profit <sup>1</sup>	2022	\$5,662.1	
	2023	\$5,939.4	+\$277.3 +4.9%
Road Transportation Fuel Revenues	2022	\$45,351.4	
	2023	\$53,412.4	+\$8,061.0 +17.8%
Road Transportation Fuel Gross Profit <sup>1</sup>	2022	\$5,177.1	
	2023	\$5,956.6	+\$779.5 +15.1%
EBITDA <sup>1,4</sup>	2022	\$5,244.3	
	2023	\$5,761.7	+\$517.4 +9.9%
Diluted net earnings per share	2022	\$2.52	
	2023	\$3.06	+\$0.54 +21.4%
Net earnings	2022	\$2,683.3	
	2023	\$3,090.9	+\$407.6 +15.2%
Free Cash Flow <sup>1</sup>	2022	\$2,203.0	
	2023	\$2,377.8	+\$174.8 +7.9%

Return on Capital Employed <sup>1</sup>		Return on Equity <sup>1</sup>		Leverage Ratio <sup>1</sup>	
2022	15.4%	2022	21.8%	2022	1.39
2023	17.5%	2023	24.7%	2023	1.49

All dollar figures are in USD millions, except per share amounts.

<sup>1</sup> Please refer to the "Non-IFRS Measures" section of this Annual Report for additional information on performance measures not defined by IFRS.

<sup>2</sup> Presented on a comparable basis of 52 week.

<sup>3</sup> For company-operated stores only.

<sup>4</sup> EBITDA refers to Earnings before interest, taxes, depreciation, amortization and impairment.

# OUR MISSION, VISION, AND VALUES



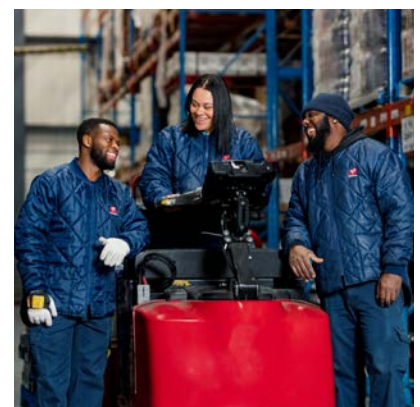
## Our Mission

To make our customers' lives a little easier every day.



## Our Vision

To become the world's preferred destination for convenience and mobility.







## Values We Live By



### One Team

We work together to make it easier for our customers and colleagues. We stay humble and celebrate shared successes. We have fun and care for each other.



### Do the Right Thing

We act with honesty & integrity. We are inclusive: we treat each other, our customers, and our suppliers with respect. We strive towards a cleaner, safer, equitable workplace and planet.



### Take Ownership

We treat the business as our own. We seek out problems, act quickly to solve them, and deliver better results. We take responsibility, and when we make mistakes, we learn from them.



### Play to Win

We challenge ourselves to play offense, not defense, which means we need to be quick and innovative. We show up every day ready and committed to make an impact using our talents and hard work.



As I write this message, I am reflecting on the incredible 43 years of Alimentation Couche-Tard and the magnificent achievement of reaching our Double Again strategic goal. Believe me, for a company that prides itself on easy, this has not always been easy – three of the five years of our Double Again strategy have been during the most turbulent of times with a global pandemic and extraordinary geopolitical and economic conditions. Yet we did it, and I could not be prouder of our amazing team.

You may wonder how -- amidst these unprecedented challenges -- we kept our strategic focus and did not waver from our key growth pillars. Here, the answer is simple: we remain steadfast in our commitment to the business and doing the right thing for our people and customers. Our culture and the values we live by have never been stronger. Perhaps, this is reflected best in the wonderful achievement of winning, for the second time in a row, the Gallup Exceptional Workplace Award, which recognized us among the world's most engaged workplace cultures.

# ALAIN BOUCHARD

## Message from the Founder and Executive Chairman of the Board

Over these five years, as we strived to Double Again, we also embarked on another ambitious journey of making sustainability a lens to the business. This year, we made good progress, including in workplace safety by reducing robberies, addressing harassment at our stores, creating pipelines for advancement for our diverse and inclusive workforce, and expanding our efforts toward cleaner energy sources by increasing electric vehicle charging capacity and growing alternative fuel offers.





From our humble beginnings, it has been important to the founders and me that our stores and team members play a pivotal part in the communities where we work and live. This year, across the network and particularly in the Baltics, we provided generous support to Ukrainian refugees -- raising millions for Red Cross relief efforts and providing essential care packages, housing, and employment. We also took care of our own U.S. team members impacted by the fury of Hurricane Ian and gave countless hours to support youth in trouble and combat food waste.

I am also proud that as we Doubled Again, we have kept our customary financial discipline. We walked away from acquisitions and investments that did not meet our strict criteria, and we stayed true to our Operations First mindset. We also seized the right opportunities at the right price as seen in our proposed acquisition of certain European retail assets of TotalEnergies, which would bring into our family four new countries: Germany, Netherlands, Luxembourg and Belgium. We look forward to sharing with them our experience and ambitions as we create the world's preferred destination for mobility and convenience.



I want to thank all our team members, customers, and shareholders for being part of our Double Again success, and I am excited to have your support as we embark on the next chapter of our strategic journey.



# BRIAN HANNASCH

## Message from the President and CEO

For the fourth time in a row, I am compelled to start my annual letter in the same way – by proclaiming, “What a year!” Once again, I am so proud of all our team members for their commitment to the business, our customers, and our communities during another year of profound economic and global challenges. We remained focused on delivering strong, consistent value to our customers and maintaining cost discipline across our operations. And, amidst these hurdles, we achieved our five-year Double Again strategic goal. That is worth recognizing and celebrating as we begin the next chapter of our strategic journey.

Many organizations chart ambitious five-year strategic plans but along the way lose momentum and do not stay on course. We were able to march forward – growing, innovating, and producing exceptional financial results – because of our award-winning engaged team members and customer-centric culture. Even with labour shortages and supply-chain issues, our stores and forecourts continued evolving for the future of convenience and mobility, introducing new programs and initiatives, and always striving to make it easier for all involved.

I am also excited about how, at the end of this five-year period, we embarked on long-awaited growth with acquisitions that will bring us to new customers in the U.S., Canada and Europe and added categories that serve our mobility customers in new ways. We are also full steam ahead with our organic growth, looking into more rural areas for new construction opportunities and adding enhanced capabilities on our forecourts for both diesel fueling as well as electric vehicle charging.





## Focus on the Operational Core

In many ways, the challenges of this era have helped us focus on our frontline and core operational strength. As part of this, Alex Miller was named the company's Chief Operating Officer (COO). By bringing together all the operational reporting lines under the COO, our regional teams can more easily align operations to extract further synergies and apply learnings across our business. The food and merchandising teams were also brought under the COO's umbrella as their programs have moved into more operational stages.

Our investments in food & beverage, inventory management, and data-driven merchandising are part of our efforts to enhance the full customer journey in our stores, and that includes the point of sale where we've installed more than 2,400 AI-powered Smart Checkout units across North America and Europe. Smart Checkout is reducing transaction times to mere seconds, which is making it faster for customers and freeing up team members to provide enhanced service throughout the store.

## Convenience

Bringing food and merchandising into operations is helping to unleash the full potential of these programs. *Fresh Food, Fast* is now in more than 4,800 locations, and we are seeing strong same store sales growth thanks to improved execution and compelling offers including Friday pizza and fresh-baked cookies. As part of our efforts to "Own Thirst," we have built momentum around our Sip & Save monthly subscription program and our made-to-order coffee while driving excitement in cold beverages with successful exclusive offers like MTN DEW Purple Thunder.





## Mobility

On our forecourts, we continue to see healthy fuel margins, supported by investments in energy trading capabilities with a new team based in Geneva, as well as successful and ongoing efforts to optimize our fuel supply chain.

With Circle K Fuel now at approximately 4,200 locations across North America, we have more flexibility in our fuel supply chain, can deliver a more consistent experience across our network and can seize new brand building opportunities. As drivers continue to face higher fuel prices, we are boosting excitement around our fuel offer with seasonal “pop up” promotions offering discounts as high as 40 cents per gallon.

We have also grown our B2B business. In Europe, volumes for both card and bulk segments trended ahead of prior year, driven primarily by continued positive performance across the fleet segments. We have enhanced the customer journey with improvements in the B2B Mobile payment app and self-service solutions. In the U.S. and Canada, we have assembled an experienced team to apply our learnings from Europe as we work on exporting a strong, differentiated B2B offering.

Our brand also continues to grow in e-Mobility, as we strengthen our leadership position in EV charging in Scandinavia, where we now have nearly 1,600 EV fast charging units at over 300 sites as well as new Truck charging capacity in Sweden. Across the Atlantic, our EV journey has launched, with plans for 200 Circle K and Couche-Tard branded EV fast charging sites in our North American network.

## Network Growth

We continue to optimize our network across our geographies. In fiscal 2023, we opened 105 new stores and rebuilt or remodeled another 22 stores. As we continue to grow organically, we are not only looking at traditional in-town sites, but we are also thoughtfully considering rural/highway locations that are conducive to enhanced mobility offerings, such as high-speed diesel and EV charging. We are also looking at new store designs that optimize our customers’ experience with our food and beverage offers.



In addition, we have added 228 convenience retail and fuel sites highlighted by our acquisition of 45 Big Red Stores in Arkansas and 45 company-operated and 121 dealer-operated Wilsons locations in Atlantic Canada. In Fiscal 2024, our footprint will grow considerable with the proposed acquisition of 112 sites from MAPCO in the Southeastern U.S. and the expected addition of certain European retail assets from TotalEnergies, which will boost our presence in Europe by nearly 80%.

Even as we grow our traditional network, we are also seizing opportunities to bring our brand to new consumers and occasions beyond our forecourts. We now have a strong foothold in the fast-growing express tunnel car wash category following our acquisition of True Blue Car Wash. With 65 standalone car washes in the Midwestern and Southwestern U.S. now operating as “Clean Freak, powered by Circle K”, we are taking advantage of cross-promotion opportunities to drive traffic between our stores and these state-of-the-art facilities.





## Team Engagement

Our investments in our operations, customer experience and mobility only matter if our team members feel valued, respected, and engaged. Over the past few years, we have made substantial efforts to measure our performance against the drivers of employee engagement and set action plans within each team to address areas of improvement. I could not be prouder that our focus is paying off with recognition, for the second time in a row, by Gallup as one of the world’s most engaged workplace cultures.

As we have faced the most challenging retail labour environment in a generation, we have invested in technology and processes that streamline and simplify the recruitment, hiring, and onboarding process and deployed engaging and effective gamified training that covers operations, customer service, product offerings, and safety. We have instituted leadership development programs for store managers and market managers and launched a college-to-convenience program to fill our regional management pipeline.



Meanwhile, we continue to invest in resources and technology that support our store teams, from the rollout of a new labour management tool that simplifies shift scheduling to a new People Perks program that allows team members to fuel up and enjoy our food at great discounts.





## Sustainability

Finally, we have kept our focus on Sustainability as a lens to the business. Here, we remain humble and disciplined in our approach -- working hard on our governance with regulatory bodies -- and using our engaged workforce to help us fulfill our commitments. You can read all about our Sustainability progress in our 2023 report at <https://corpo.couche-tard.com/en/sustainability/>.



## The Road Ahead

As we start the next chapter of our strategic journey, while global inflationary conditions persist, we are fully committed to further our cost optimization. We have set an ambition to deliver significant value across our cost base. We are already looking for savings across the business from procurement to vendor services, goods not for resale, general administrative and overhead costs and other defined areas to find value from our global scale as well as make us more agile, efficient, and with quicker speed to service.

These savings and streamlining of the business are preparing us for the next phase of our strategic agenda. As always, we will remain disciplined in our approach and committed to our vision of becoming the world's preferred destination for convenience and mobility. In conclusion, I want to thank all our team members, customers, and shareholders for helping us Double Again and joining us on the road ahead.



As I reflect on the past year, I am very pleased with our strong operational and financial performance, despite the numerous challenges our industry has faced, including persistently high inflation, a difficult labour market as well as supply chain disruptions. Nevertheless, our resilient business model and effective execution of our key initiatives have allowed us to grow our operating Income by more than \$550 million year-over-year as well as surpass our Double Again strategic objective, driven by an exceptional year of total gross profit<sup>1</sup> dollars. This impressive performance has translated into diluted net earnings per share for FY2023 of \$3.06, up 21.4% year-over-year, adjusted diluted net earnings per share<sup>1</sup> for FY2023 of \$3.12, up 20.0% year-over-year, also highlighting the contribution from our capital allocation activities.

# CLAUDE TESSIER

## Message from the Chief Financial Officer



<sup>1</sup> Please refer to the “Non-IFRS Measures” section of this Annual Report for additional information on performance measures not defined by IFRS.

<sup>2</sup> Please refer to the “Dividends” section of the Management Discussion and Analysis for the 53-week period ended April 30, 2023, for additional information.





Furthermore, this strong performance also led to meaningful increases in our core ROCE<sup>1</sup> and ROE<sup>1</sup> return metrics, with year-over-year increases of 210 bps and 290 bps, respectively, bringing ROCE<sup>1</sup> to 17.5% and ROE<sup>1</sup> to 24.7%, all contributing to the Corporation's recent long-term senior unsecured rating upgrade to Baa1, from Baa2, by Moody's Investors Service.

Once more, our commitment to financial discipline and entrepreneurship has also led to high-quality investments over the past year, including the acquisitions of Wilsons, True Blue and, Big Red Stores as well as the proposed acquisitions of MAPCO and of certain European retail assets from TotalEnergies. These acquisitions and proposed acquisitions are in line with our M&A priorities and exemplify our preferred way to deploy capital. I'm thrilled by the progress we made in expanding the network in both store count and services for our mobility customers.

Our ability to create substantial free cash flow<sup>1</sup> over the past year has translated into generating shareholder value as we were active with our share repurchase program and increased our annual dividend<sup>2</sup> by more than 26.9% during the past year. Given our healthy balance sheet and strong financial position, highlighted by a leverage ratio<sup>1</sup> of 1.49 times, we remain well-positioned for growth opportunities and will continue to invest for the future. Our strong relationships with financial institutions, combined with our diversified capital structure, have led to widespread support and strong access to capital, allowing us to act swiftly when attractive opportunities present themselves. Following the renewal of our share repurchase program for another year, we will continue to look for opportunities to create shareholder value in a prudent and disciplined manner.

Looking ahead, subsequent to the conclusion of our Double Again strategic plan, we look forward to introducing new initiatives and presenting our new growth strategy during an investor day in October of this year and are confident that this new growth strategy will enable us to win in the future. We will also be looking to renew some of our current initiatives, including around cost optimization. We are very pleased to count on the support of our various stakeholders.

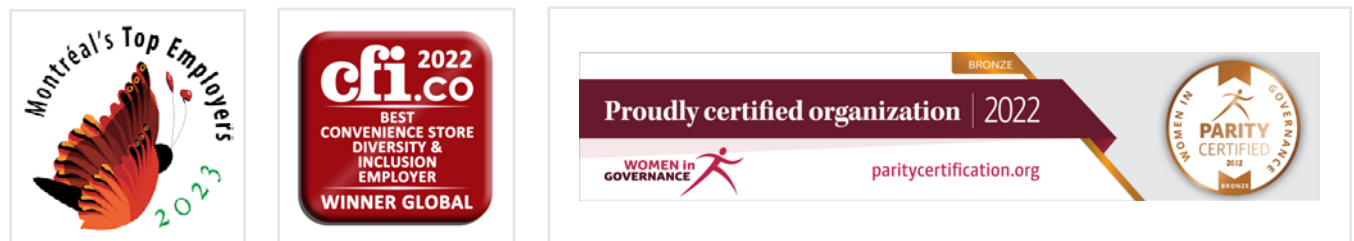
Finally, I would like to highlight and thank our teams across the organization for their outstanding work throughout another challenging year. As this is my last Annual Report with Couche-Tard, I want to take the opportunity here to say goodbye and express my gratitude to all the team members, customers, and shareholders, which I have had the great fortune to work with over the last seven years. My time as CFO at Couche-Tard has been one of the highlights of my career, and I am deeply proud of what we accomplished together during my tenure. I also want to wish my friend and colleague Filipe Da Silva the best as he takes on the role of CFO from July 1, 2023. We expect the transition to be seamless as Couche-Tard continues its exceptional and disciplined growth.





# COMPANY AWARDS AND RECOGNITION

FY2023



## CONGRATULATIONS TO OUR WINNERS!

Each one of our winners brings passion, creativity, and talent to Alimentation Couche-Tard, Circle K.

We are proud that they have been recognized among the Star Women in Convenience 2022. To them, and all the amazing winners, congratulations!

Senior Marketing Manager  
Fuel North America  
**CAROLANE JUANEDA**

Market Manager  
**KAREN MARTELL**

Vice President Global Finance  
and Supply Chain Optimization  
**SUZANNE POIRIER**

If you're looking to grow within a global company, get to know us at [careers.couche-tard.com](mailto:careers.couche-tard.com) or [workwithus.circlek.com](http://workwithus.circlek.com)

## Congratulations are in store to our Winners!

Each of these women shine a bright light on the company as they bring their passion, creativity, and talent to Circle K. We are proud that they have been recognized among the Top Women in Convenience 2022. To them, and all the amazing winners, congratulations!

WOMAN OF THE YEAR  
**COLETTE MATTHEWS**  
Customer Experience, Circle K

SENIOR-LEVEL LEADER  
**SUZY PEEL**  
Head of the Circle K Fuel Retailer Business Unit

SENIOR-LEVEL LEADER  
**KRISTINA FISHER**  
Retailer Business Unit

RISING STAR  
**JULIE RODGERS**  
Marketing Director, Fuel Retailer Business Unit

RISING STAR  
**KELLY RAND**  
Senior Manager, Change Management, Global Communications

MENTOR  
**LETTY GEORGE**  
Communications Director, Global Communications

If you're looking to grow within a global company, let's grow together! Get to know us by visiting [workwithus.circlek.com](http://workwithus.circlek.com)

# NON-IFRS MEASURES





## Non-IFRS Measures

To provide more information for evaluating the Corporation's performance, the financial information included in our presentation contains certain data that are not performance measures under IFRS ("non-IFRS measures"), which are also calculated on an adjusted basis to exclude specific items. We believe that providing those non-IFRS measures is useful to management, investors, and analysts, as they provide additional information to measure the performance and financial position of the Corporation.

The following non-IFRS financial measures are used in our financial disclosures:

- Gross profit;
- Earnings before interest, taxes, depreciation, amortization and impairment ("EBITDA") and adjusted EBITDA;
- Free cash flow, including Net capex and Other items;
- Interest-bearing debt and net interest-bearing debt;
- Adjusted net earnings.

The following non-IFRS ratios are used in our financial disclosures:

- Growth of same-store merchandise revenues for Europe and other regions;
- Return on capital employed and return on equity;
- Leverage ratio;
- Adjusted diluted net earnings per share.

Non-IFRS financial measures and ratios are mainly derived from the consolidated financial statements, but do not have standardized meanings prescribed by IFRS. These non-IFRS measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS. In addition, our definitions of non-IFRS measures may differ from those of other public corporations. Any such modification or reformulation may be significant. These measures are also adjusted for the pro forma impact of our acquisitions and impacts of new accounting standards, if they are considered to be material.

**Growth of same-store merchandise revenues for Europe and other regions.** Same-store merchandise revenues represent cumulated merchandise revenues between the current period and comparative period for those stores that were open for at least 23 days out of every 28-day period included in the reported periods. Merchandise revenues are defined as Merchandise and service revenues excluding service revenues. For Europe and other regions, the growth of same-store merchandise revenues is calculated based on constant currencies using the respective current period average exchange rate for both the current and corresponding period. In Europe and other regions, same-store merchandise revenues include same-store revenues from company-operated stores, CODO and DODO stores, as well as Asian corporate stores prior to their acquisition date of December 21, 2020. These last two items are not included in our consolidated results. This measure is considered useful for evaluating our ability to generate organic growth on a comparable basis in our overall European and other regions store network.

The table below reconciles Merchandise and service revenues to same-store merchandise revenues for Europe and other regions and the resulting percentage of growth:

<i>(in millions of US dollars, unless otherwise noted)</i>	53-week period ended	52-week period ended
	April 30, 2023	April 24, 2022
Merchandise and service revenues for Europe and other regions	2,386.7	2,429.1
<i>Adjusted for:</i>		
Service revenues	(200.5)	(205.0)
Net foreign exchange impact	—	(178.4)
Merchandise revenues not meeting the definition of same-store	(93.9)	(50.5)
Same-store merchandise revenues from stores not included in our consolidated results, including the impact of store conversions	332.7	357.1
<b>Total Same-store merchandise revenues for Europe and other regions</b>	<b>2,425.0</b>	<b>2,352.3</b>
<b>Growth of same-store merchandise revenues for Europe and other regions</b>	<b>3.1%</b>	

Same-store merchandise revenues for Europe and other regions are presented on a comparable basis of 52 weeks for April 30, 2023, and for April 24, 2022.

**Gross profit.** Gross profit consists of revenues less the cost of sales, excluding depreciation, amortization and impairment. This measure is considered useful for evaluating the underlying performance of our operations.

The table below reconciles revenues and cost of sales, excluding depreciation, amortization and impairment, as per IFRS, to gross profit:

<i>(in millions of US dollars)</i>	<b>53-week period ended</b>	52-week period ended
	<b>April 30, 2023</b>	April 24, 2022
<b>Revenues</b>	<b>71,856.7</b>	62,809.9
Cost of sales, excluding depreciation, amortization and impairment	<b>59,804.6</b>	51,805.1
<b>Gross profit</b>	<b>12,052.1</b>	11,004.8

Please note that the same reconciliation applies in the determination of gross profit by category and by geography presented in the section “Summary Analysis of Consolidated Results for Fiscal 2023” of our Management Discussion & Analysis for the 53-week period ended April 30, 2023 available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Earnings before interest, taxes, depreciation, amortization and impairment (“EBITDA”) and adjusted EBITDA.** EBITDA represents net earnings plus income taxes, net financial expenses, and depreciation, amortization and impairment. Adjusted EBITDA represents the EBITDA adjusted for acquisition costs, the impact from changes in accounting policies and adoption of accounting standards as well as other specific items for which the impact on consolidated results is not deemed indicative of future trends. These performance measures are considered useful to facilitate the evaluation of our ongoing operations and our ability to generate cash flows to fund our cash requirements, including our capital expenditures program, share repurchases, and payment of dividends.

The table below reconciles net earnings, as per IFRS, to EBITDA and adjusted EBITDA:

<i>(in millions of US dollars)</i>	<b>53-week period ended</b>	52-week period ended
	<b>April 30, 2023</b>	April 24, 2022
Net earnings	<b>3,090.9</b>	2,683.3
Add:		
Income taxes	<b>838.2</b>	734.3
Net financial expenses	<b>306.7</b>	281.0
Depreciation, amortization and impairment	<b>1,525.9</b>	1,545.7
<b>EBITDA</b>	<b>5,761.7</b>	5,244.3
Adjusted for:		
Acquisition costs	<b>13.7</b>	6.7
Cloud computing transition adjustment	<b>—</b>	15.1
<b>Adjusted EBITDA</b>	<b>5,775.4</b>	5,266.1

**Free cash flow, including Net capex and Other items.** Free cash flow consists of EBITDA minus i) Purchase of property and equipment, intangible assets and other assets (“Capex”) net of Proceeds from disposal of property and equipment and other assets (together “Net Capex”) and ii) Interest and early redemption premiums paid, Principal elements of lease payments, Income taxes paid net and Cash dividends paid, net of Interest and dividends received (together “Other items”). This measure is considered useful to management, investors and analysts as it demonstrates our efficiency at generating cash.

The table below reconciles EBITDA, for which the calculation methodology is described in “Earnings before interest, taxes, depreciation, amortization and impairment (“EBITDA”) and adjusted EBITDA” of this section, to free cash flow:

<i>(in millions of US dollars)</i>	<b>53-week period ended</b>	52-week period ended
	<b>April 30, 2023</b>	April 24, 2022
<b>EBITDA</b>	<b>5,761.7</b>	5,244.3
Less:		
Purchase of property and equipment, intangible assets and other assets (“Capex”)	<b>1,803.8</b>	1,664.5
Less: Proceeds from disposal of property and equipment, assets held for sale and other assets	<b>262.1</b>	403.3
<b>Net Capex</b>	<b>1,541.7</b>	1,261.2
Less:		
Interest and early redemption premiums paid	<b>353.6</b>	329.7
Principal elements of lease payments	<b>438.9</b>	443.6
Income taxes paid, net	<b>794.5</b>	714.6
Cash dividends paid	<b>377.7</b>	330.1
Less: Interest and dividends received	<b>122.5</b>	37.9
<b>Other items</b>	<b>1,842.2</b>	1,780.1
<b>Free cash flow</b>	<b>2,377.8</b>	2,203.0

**Return on capital employed.** This measure is used to measure the relation between our profitability and capital efficiency. Earnings before interest and taxes (“EBIT”) represents net earnings plus income taxes and net financial expenses. Capital employed represents total assets less short-term liabilities not bearing interest, which excludes the current portion of long-term debt and current portion of lease liabilities. Average capital employed is calculated by taking the average of the beginning and ending balance of capital employed for the 53 and 52-week periods.

The table below reconciles net earnings, as per IFRS, to EBIT with the ratio of return on capital employed:

<i>(in millions of US dollars, unless otherwise noted)</i>	<b>53-week period ended</b>	52-week period ended
	<b>April 30, 2023</b>	April 24, 2022
Net earnings	<b>3,090.9</b>	2,683.3
Add:		
Income taxes	<b>838.2</b>	734.3
Net financial expenses	<b>306.7</b>	281.0
<b>EBIT</b>	<b>4,235.8</b>	3,698.6
Capital employed - Opening balance <sup>(1)</sup>	<b>24,001.0</b>	23,971.5
Capital employed - Ending balance <sup>(1)</sup>	<b>24,323.0</b>	24,001.0
<b>Average capital employed</b>	<b>24,162.0</b>	23,986.3
<b>Return on capital employed</b>	<b>17.5%</b>	15.4%

(1) The table below reconciles balance sheet line items, as per IFRS, to capital employed:

<i>(in millions of US dollars)</i>	<b>As at</b>	As at	As at
	<b>April 30, 2023</b>	April 24, 2022	April 25, 2021
Total Assets	<b>29,049.2</b>	29,591.6	28,394.5
Less: Current liabilities	<b>5,165.0</b>	6,017.4	5,949.7
Add: Current portion of long-term debt	<b>0.7</b>	1.4	1,107.3
Add: Current portion of lease liabilities	<b>438.1</b>	425.4	419.4
<b>Capital employed</b>	<b>24,323.0</b>	24,001.0	23,971.5



**Return on equity.** This measure is used to assess the relation between our profitability and our net assets. Average equity is calculated by taking the average of the opening and closing balance for the 53 and 52-week periods.

The table below reconciles net earnings, as per IFRS, with the ratio of return on equity:

<i>(in millions of US dollars, unless otherwise noted)</i>	53-week period ended	52-week period ended
	April 30, 2023	April 24, 2022
<b>Net earnings</b>	<b>3,090.9</b>	2,683.3
Equity - Opening balance	<b>12,437.6</b>	12,180.9
Equity - Ending balance	<b>12,564.5</b>	12,437.6
<b>Average equity</b>	<b>12,501.1</b>	12,309.3
<b>Return on equity</b>	<b>24.7%</b>	21.8%

**Leverage ratio.** This measure represents a measure of financial condition that is especially used in the financial community.

The table below reconciles net interest-bearing debt and adjusted EBITDA, for which the calculation methodologies are described in other tables of this section, with the leverage ratio:

<i>(in millions of US dollars, except ratio data)</i>	53-week period ended	52-week period ended
	April 30, 2023	April 24, 2022
<b>Net interest-bearing debt</b>	<b>8,631.7</b>	7,296.0
<b>Adjusted EBITDA</b>	<b>5,775.4</b>	5,266.1
<b>Leverage ratio</b>	<b>1.49 : 1</b>	1.39 : 1

**Interest-bearing debt and net interest-bearing debt.** Interest bearing-debt is the sum of the following balance sheet accounts: Current portion of long-term debt, Long-term debt, Current portion of lease liabilities and Lease liabilities. Net interest-bearing debt correspond to the previous measure minus Cash and cash equivalents. Both measures are considered useful to facilitate the understanding of our financial position in relation with financing obligations.

The table below presents the calculation of these measures:

<i>(in millions of US dollars, except ratio data)</i>	As at	As at
	April 30, 2023	April 24, 2022
Current portion of long-term debt	<b>0.7</b>	1.4
Current portion of lease liabilities	<b>438.1</b>	425.4
Long-term debt	<b>5,888.3</b>	5,963.6
Lease liabilities	<b>3,138.8</b>	3,049.5
<b>Interest-bearing debt</b>	<b>9,465.9</b>	9,439.9
Less: Cash and cash equivalents	<b>834.2</b>	2,143.9
<b>Net interest-bearing debt</b>	<b>8,631.7</b>	7,296.0

**Adjusted net earnings and adjusted diluted net earnings per share.** Adjusted net earnings represents net earnings adjusted for net foreign exchange gains or losses, acquisition costs, the impact from changes in accounting policies and adoption of accounting standards, impairment on goodwill, investments in subsidiaries, joint ventures and associated companies as well as other specific items for which the impact on consolidated results is not deemed indicative of future trends. These measures are considered useful for evaluating the underlying performance of our operations on a comparable basis.

The table below reconciles net earnings, as per IFRS, with adjusted net earnings and adjusted diluted net earnings per share:

	<b>53-week period ended</b>	52-week period ended
<i>(in millions of US dollars, except per share amounts, or unless otherwise noted)</i>	<b>April 30, 2023</b>	April 24, 2022
Net earnings	<b>3,090.9</b>	2,683.3
Adjusted for:		
Loss on convertible promissory notes recorded at fair value through earnings or loss prior to their maturity	<b>26.4</b>	—
Impairment of our investment in Fire & Flower	<b>23.9</b>	33.7
Acquisition costs	<b>13.7</b>	6.7
Net foreign exchange loss (gain)	<b>0.7</b>	(20.7)
Impairment and impact of deconsolidation of Russian subsidiaries	—	56.2
Cloud computing transition adjustment	—	15.1
Tax impact of the items above and rounding	<b>(3.6)</b>	(4.3)
<b>Adjusted net earnings</b>	<b>3,152.0</b>	2,770.0
Weighted average number of shares - diluted (in millions)	<b>1,009.5</b>	1,063.5
<b>Adjusted diluted net earnings per share</b>	<b>3.12</b>	2.60

# FINANCIAL RESULTS





## Management Discussion and Analysis

*The purpose of this Management Discussion and Analysis (“MD&A”) is, as required by regulators, to explain management’s point of view on the financial position and results of the operations of Alimentation Couche-Tard Inc. (“Couche-Tard”) as well as its performance during the fiscal year ended April 30, 2023. More specifically, it aims to let the reader better understand our development strategy, performance in relation to objectives, future expectations, and how we address risk and manage our financial resources. This MD&A also provides information to improve the reader’s understanding of Couche-Tard’s audited annual consolidated financial statements and related notes. It should therefore be read in conjunction with those documents. By “we”, “our”, “us” and “the Corporation”, we refer collectively to Couche-Tard and its subsidiaries.*

*Except where otherwise indicated, all financial information reflected herein is expressed in United States dollars (“US dollars”) and determined on the basis of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). We also use measures in this MD&A that do not comply with IFRS as well as supplementary financial measures. The measures that do not comply with IFRS are described in the “Non-IFRS Measures” section of this MD&A and where such measures are presented, the reader is informed. Supplementary financial measures are described where such measures are presented. This MD&A should be read in conjunction with the audited annual consolidated financial statements and related notes included in our 2023 Annual Report, which, along with additional information relating to Couche-Tard, including the most recent Annual Information Form, is available on SEDAR at <https://www.sedar.com/> and on our website at <https://corpo.couche-tard.com/>.*

## Forward-Looking Statements

This MD&A includes certain statements that are “forward-looking statements” within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words “believe”, “could”, “should”, “intend”, “expect”, “estimate”, “assume”, and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at June 27, 2023, which are not guarantees of the future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard’s or the industry’s outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include sales of assets, monetization, mergers, acquisitions, other business combinations or transactions, asset write-down, the impact of the changing circumstances surrounding both the repercussions of the COVID-19 pandemic and the ongoing military conflict between Ukraine and Russia, or other charges announced or occurring after forward-looking statements are made.

Unless otherwise required by applicable securities laws, we disclaim any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

The foregoing risks and uncertainties include the risks set forth under “Business Risks” in our 2023 Annual Report as well as other risks detailed from time to time in reports filed by Couche-Tard with securities regulators in Canada.

## Our Business

We are the leader in the Canadian convenience store industry. In the United States, we are one of the largest independent convenience store operators. In Europe, we are a leader in convenience store and mobility retail business in the Scandinavian countries (Norway, Sweden, and Denmark), in the Baltic countries (Estonia, Latvia, and Lithuania), as well as in Ireland, and have an important presence in Poland. In Asia, we operate a network of company-operated convenience stores in Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong SAR”) with an enviable local position.

As of April 30, 2023, our network comprised 9,331 convenience stores throughout North America, including 8,326 stores with road transportation fuel dispensing. Our North American network consists of 17 business units, including 14 in the United States covering 47 states and 3 in Canada covering all 10 provinces. Approximately 100,000 people are employed throughout our network and at our service offices in North America.

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, and the Baltics through 9 business units. As of April 30, 2023, our network comprised 2,711 stores, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel stations which only offer road transportation fuel. We also offer other products, including aviation fuel and energy for stationary engines. Including employees at branded franchise stores, approximately 24,000 people are employed in our retail network, terminals, and service offices across Europe. In Asia, our network comprised 390 company-operated convenience stores in Hong Kong SAR through 1 business unit, offering a strong on-the-go food offer as well as a variety of other merchandise items and services. Approximately 4,000 people are employed in our retail network and service offices in Asia.

Furthermore, under licensing agreements, more than 2,000 stores are operated under the Circle K banner in 14 other countries and territories (Cambodia, Egypt, Guam, Guatemala, Honduras, Indonesia, Jamaica, Macau, Mexico, New Zealand, Saudi Arabia, South Africa, United Arab Emirates, and Vietnam), which brings the worldwide total network to more than 14,400 stores.

Our mission is to make our customers' lives a little easier every day. To this end, we strive to meet the demands and needs of people on-the-go. We offer fast and friendly service, providing fresh food, hot and cold beverages, car wash services, and other high-quality products and services including road transportation fuel and electric vehicle charging solutions, designed to meet or exceed our customers' demands in a clean, welcoming, and efficient environment. Our business model is our key to success. We are a customer-centric, financially disciplined organization that routinely compares best practices, and we use our global experience to enhance our operational expertise and continually invest in our people and our stores.

## Value Creation

In the United States, the convenience store sector is fragmented and in a consolidation phase. We are participating in this process through our acquisitions, market share gains when competitors close sites, and by improving our offering. In Europe and Canada, the convenience store sector is often dominated by a few major players, including integrated oil companies. We intend to study investment opportunities that might come to us. In Asia, with our network in Hong Kong SAR, our business has a platform in place from which we are ready to grow. Combining our best practices with local market expertise will help accelerate organic expansion and provide new opportunities for consolidation in the region.

No matter the context, to create value, acquisitions have to be concluded at optimal conditions. Therefore, we do not favor store count growth to the detriment of profitability. In addition to acquisitions, organic development is playing an important role in the growth of our net earnings. We are focused on continuing to build and expand our network in key geographies where we can leverage our strengths to create value for our Corporation and its shareholders. Highlights have included the ongoing improvements we have made to our offer, including our *Fresh Food, Fast* program as well as our innovative and sustainable mobility solutions, our efforts to expand the flexibility and control in our supply chain and our ability to adapt quickly to changes. While staying true to our customary financial discipline, all these elements and our strong balance sheet have contributed to the growth in our net earnings and to value creation for our shareholders and other stakeholders. We intend to continue in this direction.

## Exchange Rate Data

We use the US dollar as our reporting currency, which provides more relevant information given the predominance of our operations in the United States.

The following table sets forth information about exchange rates based upon closing rates expressed as US dollars per comparative currency unit:

	13-week period ended	12-week period ended	53-week period ended	52-week period ended	52-week period ended
	April 30, 2023	April 24, 2022	April 30, 2023	April 24, 2022	April 25, 2021
<b>Average for the period<sup>(1)</sup></b>					
Canadian dollar	<b>0.7386</b>	0.7901	<b>0.7531</b>	0.7978	0.7630
Norwegian krone	<b>0.0961</b>	0.1132	<b>0.0995</b>	0.1150	0.1110
Swedish krone	<b>0.0960</b>	0.1059	<b>0.0959</b>	0.1130	0.1141
Danish krone	<b>0.1449</b>	0.1492	<b>0.1401</b>	0.1555	0.1577
Zloty	<b>0.2301</b>	0.2388	<b>0.2216</b>	0.2522	0.2610
Euro	<b>1.0789</b>	1.1103	<b>1.0423</b>	1.1565	1.1742
Ruble <sup>(2)</sup>	<b>Not applicable</b>	0.0112	<b>Not applicable</b>	0.0131	0.0135
Hong Kong dollar <sup>(3)</sup>	<b>0.1274</b>	0.1279	<b>0.1276</b>	0.1284	0.1289

(1) Calculated by taking the average of the closing exchange rates of each day in the applicable period.

(2) For the 12 and 52-week periods ended April 24, 2022, calculated by taking the average of the closing exchange rates of each day, until April 8, 2022.

(3) For the 52-week period ended April 25, 2021, calculated by taking the average of the closing exchange rates of each day, starting December 21, 2020.

The following table sets forth information about exchange rates based upon closing rates expressed as US dollars per comparative currency unit:

Period end	As at April 30, 2023	As at April 24, 2022
Canadian dollar	0.7330	0.7888
Norwegian krone	0.0931	0.1124
Swedish krone	0.0967	0.1052
Danish krone	0.1473	0.1454
Zloty	0.2397	0.2334
Euro	1.0981	1.0817
Hong Kong dollar	0.1274	0.1275

As we use the US dollar as our reporting currency in our consolidated financial statements and in this document, unless indicated otherwise, results from our operations in other currencies are translated into US dollars using the average rate for the period. Unless otherwise indicated, variations and explanations regarding changes in the foreign exchange rate and the volatility of the Canadian dollar, European currencies, and Hong Kong dollar, which we discuss in the present document, are related to the translation into US dollars of our Canadian, European, Asian, and corporate operations' results ("foreign currency operations"). For the analysis of consolidated results, those variations are determined as being the difference between the corresponding period results in local currencies translated at the current period average exchange rate and the corresponding period results in local currencies translated at the corresponding period average exchange rate.

## Fiscal 2023 Overview

### Financial Results

Net earnings amounted to \$3.1 billion for fiscal 2023, an increase of \$407.6 million compared with fiscal 2022. Diluted net earnings per share stood at \$3.06, compared with \$2.52 for the previous fiscal year.

The results for fiscal 2023 and fiscal 2022 were affected by specific items disclosed in the "Non-IFRS measures" section of this MD&A. Excluding these items, adjusted net earnings<sup>1</sup> were approximately \$3.2 billion (\$3.12 per share on a diluted basis<sup>1</sup>) for fiscal 2023, compared with \$2.8 billion (\$2.60 per share on a diluted basis<sup>1</sup>) for fiscal 2022, an increase of \$382.0 million, or 13.8%, driven by higher road transportation fuel gross profit<sup>1</sup> and organic growth in our convenience operations, partly offset by higher operating expenses.

### Changes in our Network during Fiscal 2023

#### *Acquisition of Cape D'Or Holdings Limited, Barrington Terminals Limited and other related holding entities*

On August 30, 2022, we closed the acquisition of all the issued and outstanding shares of Cape D'Or Holdings Limited, Barrington Terminals Limited, and other related holding entities which operate an independent convenience store and fuel network in Atlantic Canada under the Esso, Go! Store and Wilsons Gas Stops brands (collectively "Wilsons"). The Wilsons network comprises 79 company-owned and operated convenience retail and fuel locations, 2 company-owned and dealer-operated locations, 137 dealer-owned and operated locations, and a fuel terminal in Halifax, Canada. The transaction was settled for a consideration of CA \$280.9 million (\$215.3 million), using available cash. On August 30, 2022, we repaid all of Wilsons' borrowings for an amount of \$52.6 million.

In connection with obtaining the Competition Bureau (Canada) approval for the transaction, we have entered into a consent agreement with the Commissioner of Competition to divest 34 company-owned and operated convenience retail and fuel locations, 1 company-owned and dealer-operated location, and 12 dealer-owned and operated locations in New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island, Canada. From the acquisition date, the assets and liabilities related to the locations to be divested were classified as held for sale on the consolidated balance sheet. On March 1, 2023, we closed the divestiture of these locations and of five additional dealer-owned and operated locations for a consideration of \$59.2 million. In addition, the consideration includes a contingent consideration receivable based on the future performance of the divested locations and which can go up to a maximum amount of \$8.5 million. We assessed that the fair value of the contingent consideration receivable was not significant.

<sup>1</sup>Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.



### *Acquisition of True Blue Car Wash LLC*

On February 8, 2023, we acquired all of the memberships interests of True Blue Car Wash LLC (“True Blue”). True Blue operates 65 express tunnel car wash sites under the brands Clean Freak and Rainstorm, in the Midwest and Southwest regions of the United States. The transaction was settled for a consideration of \$302.2 million and is subject to post closing adjustments. The transaction was financed using borrowings available under our United States commercial paper program and available cash.

### *Proposed acquisition of certain assets of TotalEnergies SE*

On March 16, 2023, we agreed to a firm and irrevocable offer to acquire 2,193 sites from TotalEnergies SE for a total cash consideration of approximately €3.1 billion (\$3.4 billion). The retail assets included in the proposed acquisition cover 1,195 sites located in Germany, 566 sites in Belgium, 387 sites in Netherlands, and 45 sites in Luxembourg, of which 1,495 sites are company-owned and 698 sites are dealer-owned. For the same sites included in the proposed acquisition, 12% are company-operated and 88% are dealer-operated. The proposed acquisition would comprise 100% of TotalEnergies SE’s retail assets in Germany and Netherlands, as well as a 60% interest in the Belgium and Luxembourg entities. Subsequent to the end of the quarter, and following the completion of the information and consultation process involving TotalEnergies SE employee representative bodies at European level in Belgium, Netherlands and Luxembourg, TotalEnergies SE has accepted our offer, which will lead to entering into definitive agreements. We expect the transaction to be completed before the end of calendar year 2023 and it remains subject to customary closing conditions and regulatory approvals. The transaction would be financed using our available cash, existing credit facilities, United States commercial paper program, and new term loans.

To mitigate the currency fluctuation risk associated with the Euro, we entered into currency forward contracts with financial institutions for a portion of the consideration, representing €1.6 billion. On April 21, 2023, we obtained commitments for new term loans of €1.5 billion and \$1.75 billion. The term loans are available exclusively to finance the proposed acquisition of certain assets from TotalEnergies SE.

### *Acquisition of Big Red Stores*

On April 17, 2023, we acquired 45 company-owned and operated convenience retail and fuel sites operating under the Big Red Stores brand and located in the state of Arkansas, United States. The transaction was settled for a consideration of \$285.7 million, and is subject to post closing adjustments. The transaction was financed using our available cash and existing credit facilities.

### *Other Multi-site Acquisitions*

On April 21, 2023, we acquired 10 company-owned and operated convenience retail and fuel sites operating under the Dion’s Quik Chik brand and located in the state of Florida, United States. We settled this transaction using our available cash and existing credit facilities.

On April 27, 2023, we entered into a binding agreement to acquire 112 company-owned and operated convenience retail and fuel sites operating under the MAPCO brand and located in the states of Alabama, Georgia, Kentucky, Mississippi and Tennessee, in the United States. The agreement also includes surplus property and a logistics fleet. The transaction would be financed using our available cash, existing credit facilities, including United States Commercial Paper Program. We expect the transaction to close in the second half of calendar year 2023 and is subject to customary closing conditions and regulatory approvals.

### *Single-site acquisitions*

During fiscal 2023, we also acquired seven company-operated stores. We settled these transactions using our available cash.

### *Store construction*

During fiscal 2023, we completed the construction of 105 stores and the relocation or reconstruction of 22 stores. As of April 30, 2023, another 42 stores were under construction and should open in the upcoming quarters.

### *Other changes*

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

### Summary of changes in our store network

The following tables present certain information regarding changes in our store network over the 13 and 53-week periods ended April 30, 2023<sup>(1)</sup>:

Type of site	13-week period ended April 30, 2023				Total
	Company-operated <sup>(2)</sup>	CODO <sup>(3)</sup>	DODO <sup>(4)</sup>	Franchised and other affiliated <sup>(5)</sup>	
Number of sites, beginning of period	9,887	359	820	1,275	12,341
Acquisitions	121	—	—	—	121
Openings / constructions / additions	29	—	13	31	73
Closures / disposals / withdrawals	(58)	(14)	(11)	(20)	(103)
Store conversions	4	(1)	(2)	(1)	—
<b>Number of sites, end of period</b>	<b>9,983</b>	<b>344</b>	<b>820</b>	<b>1,285</b>	<b>12,432</b>
Circle K branded sites under licensing agreements					2,036
<b>Total network</b>					<b>14,468</b>
Number of automated fuel stations included in the period-end figures <sup>(6)</sup>	981	—	2	—	983

Type of site	53-week period ended April 30, 2023				Total
	Company-operated <sup>(2)</sup>	CODO <sup>(3)</sup>	DODO <sup>(4)</sup>	Franchised and other affiliated <sup>(5)</sup>	
Number of sites, beginning of period	9,808	370	713	1,275	12,166
Acquisitions	206	2	137	—	345
Openings / constructions / additions	105	2	26	88	221
Closures / disposals / withdrawals	(155)	(18)	(44)	(83)	(300)
Store conversions	19	(12)	(12)	5	—
<b>Number of sites, end of period</b>	<b>9,983</b>	<b>344</b>	<b>820</b>	<b>1,285</b>	<b>12,432</b>
Circle K branded sites under licensing agreements					2,036
<b>Total network</b>					<b>14,468</b>

(1) These figures include 50% of the stores operated through RDK, a joint venture.

(2) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by Couche-Tard or one of its commission agents. This includes stand alone car wash sites.

(3) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by an independent operator in exchange for rent and to which Couche-Tard sometimes provides road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.

(4) Sites controlled and operated by independent operators to which Couche-Tard supplies road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.

(5) Stores operated by an independent operator through a franchising, licensing or another similar agreement under one of our main or secondary banners.

(6) These sites sell road transportation fuel only.

## Conversion of Class A Multiple-Voting shares into Common shares

On September 1, 2022, as a result of the adoption of a special resolution at Couche-Tard's Annual General and Special Meeting of Shareholders, all of our issued and outstanding Class A multiple-voting shares were converted into Common shares, a newly created class of shares having an unlimited number of shares carrying one vote per share. Following the conversion, our Class A multiple-voting shares and Class B subordinate voting shares as well as their rights, privileges, restrictions and conditions were repealed.

## Share Repurchase Program

On April 22, 2022, the Toronto Stock Exchange approved the renewal of our share repurchase program ("Program"), which took effect on April 26, 2022. The renewed Program allowed us to repurchase up to 79.7 million shares, representing 10.0% of the shares comprising the public float as at April 20, 2022, and the share repurchase period ended April 25, 2023.

During fiscal 2023, we repurchased 52.0 million shares for an amount of \$2.3 billion. On April 26, 2023, the Toronto Stock Exchange approved another renewal of our share repurchase program, which took effect on May 1, 2023. The renewed share repurchase program allows us to repurchase up to 49.1 million shares, representing 5.0% of the shares outstanding as at April 20, 2023, and the share repurchase period will end no later than April 30, 2024. Subsequent to the end of fiscal 2023 and under the renewed Program, we repurchased 4.1 million shares for an amount of \$204.1 million. All shares repurchased under the share repurchase program were cancelled upon their repurchase.

## Fire & Flower Holdings Corp. ("Fire & Flower")

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

On October 9, 2022, as a result of a decrease in the market capitalization of Fire & Flower, an impairment loss of \$23.9 million was recorded to Depreciation, amortization and impairment to bring our investment to its fair value.

During the fiscal year ended April 30, 2023, we have entered into a loan agreement consisting of a secured loan of CA \$11.0 million (\$8.0 million) which was granted to Fire & Flower, bearing interest at an annual rate of 11.0% and maturing on December 31, 2023. As at April 30, 2023, our ownership interests in Fire & Flower was 35.7%.

On June 6, 2023, subsequent to the end of the fiscal year ended April 30, 2023, we executed a facility agreement with Fire & Flower pursuant to which we agreed to advance a CA \$9.8 million (\$7.2 million) debtor-in-possession loan. The debtor-in-possession loan availability is subject to certain conditions being satisfied, including an order for creditor protection under the Companies' Creditors Arrangement Act received by Fire & Flower remaining in effect. On June 21, 2023, the Ontario Superior Court of Justice approved a Sales and Investment Solicitation Process ("SISP") pursuant to which one of our wholly-owned subsidiaries is acting as Stalking Horse bidder. The success of the Stalking Horse bid is dependent on the outcome of the SISP.

## United States Commercial Paper Program

On May 9, 2022, we established a commercial paper program in the United States on a private placement basis. The commercial paper program allows us to issue, at our discretion, unsecured commercial paper notes with maturities not exceeding 397 days. The aggregate principal amount of unsecured commercial paper notes outstanding at any given time cannot exceed \$2.5 billion and our term revolving unsecured operating credit facility serves as a liquidity backstop for the repayment of the unsecured commercial paper notes. As at April 30, 2023, there were no outstanding unsecured commercial paper notes. As at June 27, 2023, an outstanding principal of issued unsecured commercial paper notes of \$382.0 million was used or is expected to be used for corporate matters.

## Term Revolving Unsecured Operating Credit Facility

On April 21, 2023, we amended our operating credit facility to increase the maximum amount available from \$2.5 billion to \$3.5 billion. The maximum amount available includes a first tranche of \$1.0 billion and a second tranche of \$2.5 billion, maturing in April 2026 and April 2028, respectively. As at April 30, 2023 and April 24, 2022, the term revolving unsecured operating credit facility was not used and we were in compliance with the restrictive provisions and ratios imposed by the credit agreement.



## Convertible Promissory Notes

During the fourth quarter of fiscal 2023, as a result of the cessation of operations of an investee in which we held convertible promissory notes, a pre-tax loss of \$26.4 million was recorded in Other financial items to bring our investment to its fair value.

## Additional Week in Fiscal 2023

Every five or six years, our fiscal year contains 53 weeks and the fourth quarter comprises 13 weeks, as it is the case for fiscal 2023. Consequently, results of the fourth quarter and fiscal 2023 include an extra week. All same-store information is presented on a comparable basis of 12 and 52 weeks.

## Dividends

During its June 27, 2023 meeting, the Board of Directors declared a quarterly dividend of CA 14.0¢ per share for the fourth quarter of fiscal 2023 to shareholders on record as at July 7, 2023, and approved its payment effective July 21, 2023. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

For fiscal 2023, the Board of Directors declared total dividends of CA 53.00¢ per share, an increase of 26.9% compared to CA 41.75¢ for fiscal 2022.

## Outstanding Shares and Stock Options

As at June 23, 2023, Couche-Tard had 977,187,484 Common shares issued and outstanding. In addition, as at the same date, Couche-Tard had 3,797,837 outstanding stock options for the purchase of Common shares.

## Statements of Earnings Categories

*Merchandise and service revenues.* In-store 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. These revenues are recognized at the time of the transaction since control of goods and services is considered transferred when the customer makes payment and takes possession of the sold item. Merchandise sales also include the wholesale of merchandise and goods to certain independent operators and franchisees made from our distribution centers and commissaries, which are generally recognized upon delivery to our customers. 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.

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.

Our retail operations also include subscription revenues which are recognized on a straight-line basis over the term of the subscription.

One of our wholly owned subsidiaries generates revenues from the direct sale of cannabis products in certain company-operated licensed stores in Canada. Moreover, through license fees with various licensed stores in Canada, the share of earnings of Fire & Flower and rental income from subleasing a portion of certain of our convenience stores, we indirectly participate in the sale of cannabis products.

*Road transportation fuel revenues.* We include in our revenues the total dollar amount of road transportation fuel sales, including any embedded taxes when they are included in the purchase price, if we take ownership of the road transportation fuel inventory. In some instances, we purchase road transportation fuel and sell it to certain independent store operators at cost plus a mark-up. We record the full value of these revenues (cost plus mark-up) as road transportation fuel revenues. Where we act as a selling agent for a petroleum distributor, only the commission we earn is recorded as revenue.

*Other revenues.* 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.

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

*Operating, selling, general and administrative expenses.* The main items comprising Operating, selling, general and administrative expenses are labor, electronic payment modes fees, occupancy costs, repairs, maintenance, information technologies and overhead, excluding depreciation, amortization and impairment.

Key performance indicators used by management, which can be found under “Summary Analysis of Consolidated Results for Fiscal 2023 - Other Operating Data”, are merchandise and service gross margin<sup>1</sup>, growth of same-store merchandise revenues<sup>1</sup>, road transportation fuel gross margin<sup>1</sup>, growth of same-store road transportation fuel volumes, return on equity<sup>1</sup> and return on capital employed<sup>1</sup>.

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<sup>1</sup> Please refer to the “Non-IFRS Measures” section for additional information on performance measures not defined by IFRS.

## Non-IFRS Measures

To provide more information for evaluating the Corporation's performance, the financial information included in our financial documents contains certain data that are not performance measures under IFRS ("non-IFRS measures"), which are also calculated on an adjusted basis to exclude specific items. We believe that providing those non-IFRS measures is useful to management, investors, and analysts, as they provide additional information to measure the performance and financial position of the Corporation.

The following non-IFRS financial measures are used in our financial disclosures:

- Gross profit;
- Earnings before interest, taxes, depreciation, amortization and impairment ("EBITDA") and adjusted EBITDA;
- Adjusted net earnings;
- Interest-bearing debt;
- Available liquidities.

The following non-IFRS ratios are used in our financial disclosures:

- Merchandise and service gross margin and Road transportation fuel gross margin;
- Normalized growth of operating, selling, general and administrative expenses;
- Growth of same-store merchandise revenues for Europe and other regions;
- Adjusted diluted net earnings per share;
- Leverage ratio;
- Return on equity and return on capital employed.

The following capital management measure is used in our financial disclosures:

- Net interest-bearing debt/total capitalization.

Supplementary financial measures are also used in our financial disclosures and those measures are described where they are presented.

Non-IFRS financial measures and ratios, as well as the capital management measure, are mainly derived from the consolidated financial statements, but do not have standardized meanings prescribed by IFRS. These non-IFRS measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS. In addition, our definitions of non-IFRS measures may differ from those of other public corporations. Any such modification or reformulation may be significant. These measures are also adjusted for the pro forma impact of our acquisitions and impacts of new accounting standards, if they are considered to be material.

**Gross profit.** Gross profit consists of revenues less the cost of sales, excluding depreciation, amortization and impairment. This measure is considered useful for evaluating the underlying performance of our operations.

The table below reconciles revenues and cost of sales, excluding depreciation, amortization and impairment, as per IFRS, to gross profit:

	13-week period ended	12-week period ended	53-week period ended	52-week period ended	52-week period ended
<i>(in millions of US dollars)</i>	April 30, 2023	April 24, 2022	April 30, 2023	April 24, 2022	April 25, 2021
<b>Revenues</b>	<b>16,264.4</b>	16,434.9	<b>71,856.7</b>	62,809.9	45,760.1
Cost of sales, excluding depreciation, amortization and impairment	<b>13,355.8</b>	13,877.9	<b>59,804.6</b>	51,805.1	35,644.8
<b>Gross profit</b>	<b>2,908.6</b>	2,557.0	<b>12,052.1</b>	11,004.8	10,115.3

Please note that the same reconciliation applies in the determination of gross profit by category and by geography presented in the section "Summary Analysis of Consolidated Results".

**Merchandise and service gross margin.** Merchandise and service gross margin consists of Merchandise and service gross profit divided by Merchandise and service revenues, both measures are presented in the section "Summary Analysis of Consolidated Results". Merchandise and service gross margin is considered useful for evaluating how efficiently we generate gross profit by dollar of revenue.



**Road transportation fuel gross margin.** Road transportation fuel gross margin consists of Road transportation fuel gross profit divided by total volume of road transportation fuel sold. For the United States and Europe and other regions, both measures are presented in the section “Summary Analysis of Consolidated Results”. For Canada, this measure is presented in functional currency and the table below reconciles, for road transportation fuel, Revenues and Cost of sales, excluding depreciation, amortization and impairment, as per IFRS, to gross profit and the resulting road transportation fuel gross margin. This measure is considered useful for evaluating how efficiently we generate gross profit by gallon or liter of road transportation fuel sold.

	13-week period ended	12-week period ended	53-week period ended	52-week period ended	52-week period ended
<i>(in millions of Canadian dollars, unless otherwise noted)</i>	April 30, 2023	April 24, 2022	April 30, 2023	April 24, 2022	April 25, 2021
<b>Road transportation fuel revenues</b>	<b>1,894.7</b>	1,686.8	<b>8,412.4</b>	6,703.8	4,596.5
Road transportation fuel cost of sales, excluding depreciation, amortization and impairment	1,724.5	1,534.3	7,686.7	6,085.5	4,083.5
<b>Road transportation fuel gross profit</b>	<b>170.2</b>	152.5	<b>725.7</b>	618.3	513.0
<b>Total road transportation fuel volume sold</b>	<b>1,403.6</b>	1,136.9	<b>5,690.1</b>	5,264.8	4,952.6
<b>Road transportation fuel gross margin (CA cents per liter)</b>	<b>12.13</b>	13.41	<b>12.75</b>	11.74	10.36

**Normalized growth of operating, selling, general and administrative expenses (“normalized growth of expenses”).** Normalized growth of expenses consists of the growth of Operating, selling, general and administrative expenses adjusted for the impact of the changes in our network, the impact from changes in accounting policies and adoption of accounting standards, the impact of more volatile items over which we have limited control including, but not limited to, the net impact of foreign exchange translation, electronic payment fees excluding acquisitions, and acquisition costs, as well as other specific items for which the impact on consolidated results is not deemed indicative of future trends. This measure is considered useful for evaluating our ability to control our expenses on a comparable basis.

The tables below reconcile growth of Operating, selling, general and administrative expenses to normalized growth of expenses:

	13-week period ended	12-week period ended		12-week period ended	12-week period ended	
<i>(in millions of US dollars, unless otherwise noted)</i>	April 30, 2023	April 24, 2022	Variation	April 24, 2022	April 25, 2021	Variation
<b>Operating, selling, general and administrative expenses, as published</b>	<b>1,614.6</b>	<b>1,483.8</b>	8.8%	1,483.8	1,246.7	19.0%
Adjusted for:						
Decrease from the net impact of foreign exchange translation	29.4	—	2.0%	21.2	—	1.7%
Increase from incremental expenses related to acquisitions	(18.6)	—	(1.3%)	(9.6)	—	(0.8%)
Prior year cloud computing transition adjustment	15.1	—	1.0%	(15.1)	—	(1.2%)
Increase from higher electronic payment fees, excluding acquisitions	(6.0)	—	(0.4%)	(39.2)	—	(3.1%)
(Increase) decrease from changes in acquisition costs recognized to earnings	(3.6)	—	(0.2%)	0.6	—	—
<b>Normalized growth of expenses</b>	<b>1,630.9</b>	<b>1,483.8</b>	9.9%	1,441.7	1,246.7	15.6%

	53-week period ended	52-week period ended		52-week period ended	52-week period ended	
<i>(in millions of US dollars, unless otherwise noted)</i>	April 30, 2023	April 24, 2022	Variation	April 24, 2022	April 25, 2021	Variation
<b>Operating, selling, general and administrative expenses, as published</b>	<b>6,361.8</b>	<b>5,884.5</b>	8.1%	5,884.5	5,148.6	14.3%
Adjusted for:						
Decrease (increase) from the net impact of foreign exchange translation	159.6	—	2.7%	(17.4)	—	(0.3%)
Increase from higher electronic payment fees, excluding acquisitions	(98.6)	—	(1.7%)	(135.6)	—	(2.6%)
Increase from incremental expenses related to acquisitions	(59.3)	—	(1.0%)	(90.8)	—	(1.8%)
Prior year cloud computing transition adjustment	15.1	—	0.3%	(15.1)	—	(0.3%)
(Increase) decrease from changes in acquisition costs recognized to earnings	(7.0)	—	(0.1%)	5.1	—	0.1%
<b>Normalized growth of expenses</b>	<b>6,371.6</b>	<b>5,884.5</b>	8.3%	5,630.7	5,148.6	9.4%

**Growth of same-store merchandise revenues for Europe and other regions.** Same-store merchandise revenues represent cumulated merchandise revenues between the current period and comparative period for those stores that were open for at least 23 days out of every 28-day period included in the reported periods. Merchandise revenues are defined as Merchandise and service revenues excluding service revenues. For Europe and other regions, the growth of same-store merchandise revenues is calculated based on constant currencies using the respective current period average exchange rate for both the current and corresponding period. In Europe and other regions, same-store merchandise revenues include same-store revenues from company-operated stores, CODO and DODO stores, as well as Asian corporate stores prior to their acquisition date of December 21, 2020. These last two items are not included in our consolidated results. This measure is considered useful for evaluating our ability to generate organic growth on a comparable basis in our overall European and other regions store network.

The tables below reconcile Merchandise and service revenues, as per IFRS, to same-store merchandise revenues for Europe and other regions and the resulting percentage of growth:

	13-week period ended	12-week period ended	12-week period ended	12-week period ended
	April 30, 2023	April 24, 2022	April 24, 2022	April 25, 2021
<i>(in millions of US dollars, unless otherwise noted)</i>				
Merchandise and service revenues for Europe and other regions	585.7	571.4	571.4	551.9
Adjusted for:				
Service revenues	(60.5)	(57.8)	(57.8)	(55.0)
Net foreign exchange impact	—	(17.9)	—	(30.0)
Merchandise revenues not meeting the definition of same-store	(25.1)	(12.5)	(71.8)	(50.7)
Same-store merchandise revenues from stores not included in our consolidated results, including the impact of store conversions	75.3	75.4	78.8	74.0
<b>Total Same-store merchandise revenues for Europe and other regions</b>	<b>575.4</b>	<b>558.6</b>	<b>520.6</b>	<b>490.2</b>
<b>Growth of same-store merchandise revenues for Europe and other regions</b>	<b>3.0%</b>		<b>6.2%</b>	

	53-week period ended	52-week period ended	52-week period ended	52-week period ended
	April 30, 2023	April 24, 2022	April 24, 2022	April 25, 2021
<i>(in millions of US dollars, unless otherwise noted)</i>				
Merchandise and service revenues for Europe and other regions	2,386.7	2,429.1	2,429.1	1,830.8
Adjusted for:				
Service revenues	(200.5)	(205.0)	(205.0)	(178.4)
Net foreign exchange impact	—	(178.4)	—	(21.9)
Merchandise revenues not meeting the definition of same-store	(93.9)	(50.5)	(147.2)	(152.0)
Same-store merchandise revenues from stores not included in our consolidated results, including the impact of store conversions	332.7	357.1	400.0	859.7
<b>Total Same-store merchandise revenues for Europe and other regions</b>	<b>2,425.0</b>	<b>2,352.3</b>	<b>2,476.9</b>	<b>2,338.2</b>
<b>Growth of same-store merchandise revenues for Europe and other regions</b>	<b>3.1%</b>		<b>5.9%</b>	

**Earnings before interest, taxes, depreciation, amortization and impairment (“EBITDA”) and adjusted EBITDA.** EBITDA represents net earnings plus income taxes, net financial expenses, and depreciation, amortization and impairment. Adjusted EBITDA represents the EBITDA adjusted for acquisition costs, the impact from changes in accounting policies and adoption of accounting standards as well as other specific items for which the impact on consolidated results is not deemed indicative of future trends. These performance measures are considered useful to facilitate the evaluation of our ongoing operations and our ability to generate cash flows to fund our cash requirements, including our capital expenditures program, share repurchases, and payment of dividends.

The table below reconciles net earnings, as per IFRS, to EBITDA and adjusted EBITDA:

	13-week period ended	12-week period ended	53-week period ended	52-week period ended	52-week period ended
	April 30, 2023	April 24, 2022	April 30, 2023	April 24, 2022	April 25, 2021
<i>(in millions of US dollars)</i>					
Net earnings	670.7	477.7	3,090.9	2,683.3	2,705.5
Add:					
Income taxes	159.6	139.2	838.2	734.3	653.6
Net financial expenses	99.0	51.5	306.7	281.0	342.5
Depreciation, amortization and impairment	389.6	449.4	1,525.9	1,545.7	1,358.9
<b>EBITDA</b>	<b>1,318.9</b>	<b>1,117.8</b>	<b>5,761.7</b>	<b>5,244.3</b>	<b>5,060.5</b>
Adjusted for:					
Acquisition costs	4.5	0.9	13.7	6.7	11.8
Cloud computing transition adjustment	—	15.1	—	15.1	—
Gain on disposal of properties	—	—	—	—	(67.5)
<b>Adjusted EBITDA</b>	<b>1,323.4</b>	<b>1,133.8</b>	<b>5,775.4</b>	<b>5,266.1</b>	<b>5,004.8</b>

**Adjusted net earnings and adjusted diluted net earnings per share.** Adjusted net earnings represents net earnings adjusted for net foreign exchange gains or losses, acquisition costs, the impact from changes in accounting policies and adoption of accounting standards, impairment on goodwill, investments in subsidiaries, joint ventures and associated companies as well as other specific items for which the impact on consolidated results is not deemed indicative of future trends. These measures are considered useful for evaluating the underlying performance of our operations on a comparable basis.

The table below reconciles net earnings, as per IFRS, with adjusted net earnings and adjusted diluted net earnings per share:

<i>(in millions of US dollars, except per share amounts, or unless otherwise noted)</i>	13-week period ended	12-week period ended	53-week period ended	52-week period ended	52-week period ended
	April 30, 2023	April 24, 2022	April 30, 2023	April 24, 2022	April 25, 2021
Net earnings	670.7	477.7	3,090.9	2,683.3	2,705.5
Adjusted for:					
Loss on convertible promissory notes recorded at fair value through earnings or loss prior to their maturity	26.4	—	26.4	—	—
Acquisition costs	4.5	0.9	13.7	6.7	11.8
Net foreign exchange (gain) loss	(0.4)	(3.0)	0.7	(20.7)	44.9
Impairment of our investment in Fire & Flower	—	33.7	23.9	33.7	—
Impairment and impact of deconsolidation of Russian subsidiaries	—	56.2	—	56.2	—
Cloud computing transition adjustment	—	15.1	—	15.1	—
Gain on disposal of properties	—	—	—	—	(67.5)
Impact of the redemption notice of senior unsecured notes	—	—	—	—	29.1
Tax impact of the items above and rounding	(3.2)	(7.6)	(3.6)	(4.3)	(7.8)
<b>Adjusted net earnings</b>	<b>698.0</b>	<b>573.0</b>	<b>3,152.0</b>	<b>2,770.0</b>	<b>2,716.0</b>
Weighted average number of shares - diluted (in millions)	985.4	1,046.1	1,009.5	1,063.5	1,106.7
<b>Adjusted diluted net earnings per share</b>	<b>0.71</b>	<b>0.55</b>	<b>3.12</b>	<b>2.60</b>	<b>2.45</b>

**Interest-bearing debt.** This measure represents the sum of the following balance sheet accounts: Current portion of long-term debt, Long-term debt, Current portion of lease liabilities and Lease liabilities. This measure is considered useful to facilitate the understanding of our financial position in relation with financing obligations. The calculation of this measure of financial position is detailed in the “Net interest-bearing debt/total capitalization” section below.

**Net interest-bearing debt/total capitalization.** This measure represents the basis for monitoring our capital as well as a measure of financial condition that is especially used in the financial community.

The table below presents the calculation of this performance measure:

<i>(in millions of US dollars, except ratio data)</i>	As at April 30, 2023	As at April 24, 2022	As at April 25, 2021
Current portion of long-term debt	0.7	1.4	1,107.3
Current portion of lease liabilities	438.1	425.4	419.4
Long-term debt	5,888.3	5,963.6	5,282.6
Lease liabilities	3,138.8	3,049.5	2,792.7
<b>Interest-bearing debt</b>	<b>9,465.9</b>	<b>9,439.9</b>	<b>9,602.0</b>
Less: Cash and cash equivalents	834.2	2,143.9	3,015.8
<b>Net interest-bearing debt</b>	<b>8,631.7</b>	<b>7,296.0</b>	<b>6,586.2</b>
Equity	12,564.5	12,437.6	12,180.9
Net interest-bearing debt	8,631.7	7,296.0	6,586.2
<b>Total capitalization</b>	<b>21,196.2</b>	<b>19,733.6</b>	<b>18,767.1</b>
<b>Net interest-bearing debt to total capitalization ratio</b>	<b>0.41 : 1</b>	<b>0.37 : 1</b>	<b>0.35 : 1</b>

**Leverage ratio.** This measure represents a measure of financial condition that is especially used in the financial community.

The table below reconciles net interest-bearing debt and adjusted EBITDA, for which the calculation methodologies are described in other tables of this section, with the leverage ratio:

<i>(in millions of US dollars, except ratio data)</i>	53-week period ended	52-week period ended	52-week period ended
	April 30, 2023	April 24, 2022	April 25, 2021
<b>Net interest-bearing debt</b>	<b>8,631.7</b>	<b>7,296.0</b>	<b>6,586.2</b>
<b>Adjusted EBITDA</b>	<b>5,775.4</b>	<b>5,266.1</b>	<b>5,004.8</b>
<b>Leverage ratio</b>	<b>1.49 : 1</b>	<b>1.39 : 1</b>	<b>1.32 : 1</b>



**Return on equity.** This measure is used to assess the relation between our profitability and our net assets. Average equity is calculated by taking the average of the opening and closing balance for the 53 and 52-week periods.

The table below reconciles net earnings, as per IFRS, with the ratio of return on equity:

<i>(in millions of US dollars, unless otherwise noted)</i>	53-week period ended	52-week period ended	52-week period ended
	April 30, 2023	April 24, 2022	April 25, 2021
<b>Net earnings</b>	<b>3,090.9</b>	2,683.3	2,705.5
Equity - Opening balance	<b>12,437.6</b>	12,180.9	10,066.6
Equity - Ending balance	<b>12,564.5</b>	12,437.6	12,180.9
<b>Average equity</b>	<b>12,501.1</b>	12,309.3	11,123.8
<b>Return on equity</b>	<b>24.7%</b>	21.8%	24.3%

**Return on capital employed.** This measure is used to measure the relation between our profitability and capital efficiency. Earnings before interest and taxes (“EBIT”) represents net earnings plus income taxes and net financial expenses. Capital employed represents total assets less short-term liabilities not bearing interest, which excludes the current portion of long-term debt and current portion of lease liabilities. Average capital employed is calculated by taking the average of the beginning and ending balance of capital employed for the 53 and 52-week periods.

The table below reconciles net earnings, as per IFRS, to EBIT with the ratio of return on capital employed:

<i>(in millions of US dollars, unless otherwise noted)</i>	53-week period ended	52-week period ended	52-week period ended
	April 30, 2023	April 24, 2022	April 25, 2021
Net earnings	<b>3,090.9</b>	2,683.3	2,705.5
Add:			
Income taxes	<b>838.2</b>	734.3	653.6
Net financial expenses	<b>306.7</b>	281.0	342.5
<b>EBIT</b>	<b>4,235.8</b>	3,698.6	3,701.6
Capital employed - Opening balance <sup>(1)</sup>	<b>24,001.0</b>	23,971.5	22,533.0
Capital employed - Ending balance <sup>(1)</sup>	<b>24,323.0</b>	24,001.0	23,971.5
<b>Average capital employed</b>	<b>24,162.0</b>	23,986.3	23,252.3
<b>Return on capital employed</b>	<b>17.5%</b>	15.4%	15.9%

(1) The table below reconciles balance sheet line items, as per IFRS, to capital employed:

<i>(in millions of US dollars)</i>	As at April 30, 2023	As at April 24, 2022	As at April 25, 2021
Total Assets	<b>29,049.2</b>	29,591.6	28,394.5
Less: Current liabilities	<b>5,165.0</b>	6,017.4	5,949.7
Add: Current portion of long-term debt	<b>0.7</b>	1.4	1,107.3
Add: Current portion of lease liabilities	<b>438.1</b>	425.4	419.4
<b>Capital employed</b>	<b>24,323.0</b>	24,001.0	23,971.5

**Available liquidities.** This measure represents Cash and cash equivalents plus amounts available under our term revolving unsecured operating credit facility. This measure is considered useful to evaluate our ability to meet our liquidity needs for the foreseeable future.

The table below reconciles Cash and cash equivalents, as per IFRS, with available liquidities:

<i>(in millions of US dollars)</i>	As at April 30, 2023	As at April 24, 2022	As at April 25, 2021
Cash and cash equivalents	<b>834.2</b>	2,143.9	3,015.8
Add: Unused portion of the term revolving unsecured operating credit facility	<b>3,500.0</b>	2,525.0	2,525.0
Less: Letters of credit reducing the amount that may be borrowed on the term revolving unsecured operating credit facility	<b>(2.9)</b>	(6.7)	(6.8)
<b>Available liquidities</b>	<b>4,331.3</b>	4,662.2	5,534.0

## Summary Analysis of Consolidated Results for the Fourth Quarter of Fiscal 2023

The following table highlights certain information regarding our operations for the 13-week period ended April 30, 2023, and 12-week period ended April 24, 2022, and the results analysis in this section should be read in conjunction with this table. Europe and other regions include the results from our operations in Asia.

<i>(in millions of US dollars, unless otherwise stated)</i>	13-week period ended	12-week period ended	Variation %
	April 30, 2023	April 24, 2022	
Revenues	16,264.4	16,434.9	(1.0)
Operating income	933.7	667.2	39.9
Net earnings	670.7	477.7	40.4
<b>Selected Operating Data:</b>			
Merchandise and service gross margin <sup>(1)(2)</sup> :			
Consolidated	35.0%	33.8%	1.2
United States	34.1%	33.1%	1.0
Europe and other regions	40.9%	38.3%	2.6
Canada	34.1%	32.4%	1.7
Growth of same-store merchandise revenues <sup>(3)(4)</sup> :			
United States <sup>(5)(6)</sup>	3.3%	2.3%	
Europe and other regions <sup>(2)</sup>	3.0%	6.2%	
Canada <sup>(5)(6)</sup>	5.9%	0.1%	
Road transportation fuel gross margin <sup>(2)</sup> :			
United States (cents per gallon)	45.34	46.12	(1.7)
Europe and other regions (cents per liter)	10.60	7.51	41.1
Canada (CA cents per liter)	12.13	13.41	(9.5)
Growth of (decrease in) same-store road transportation fuel volumes <sup>(4)(6)</sup> :			
United States	0.8%	(1.7%)	
Europe and other regions	(2.4%)	3.7%	
Canada	6.0%	4.3%	

- (1) Includes revenues derived from franchise fees, royalties, suppliers' rebates on some purchases made by franchisees and licensees, as well as from wholesale of merchandise. Franchise fees from international licensed stores are presented in the United States.
- (2) Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.
- (3) This measure represents the growth of (decrease in) cumulated merchandise revenues between the current period and comparative period for those stores that were open for at least 23 days out of every 28-day period included in the reported periods. Merchandise revenues are defined as Merchandise and service revenues excluding service revenues.
- (4) Presented on a comparable basis of 12 weeks.
- (5) For company-operated stores only.
- (6) Calculated based on respective functional currencies.

## Revenues

Our revenues were \$16.3 billion for the fourth quarter of fiscal 2023, down by \$170.5 million, a decrease of 1.0% compared with the corresponding quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$331.0 million. The remaining increase of approximately \$160.0 million, or 1.0%, is mainly attributable to the impact of the 13<sup>th</sup> week in the fourth quarter of fiscal 2023, organic growth of our convenience activities, and the contribution from acquisitions partly offset by a lower average road transportation fuel and other fuel products selling price.

### *Merchandise and service revenues*

Total merchandise and service revenues for the fourth quarter of fiscal 2023 were \$4.2 billion, an increase of \$414.9 million compared with the corresponding quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$57.0 million. The remaining increase of approximately \$472.0 million, or 12.5%, is primarily attributable to the impact of the 13<sup>th</sup> week in the fourth quarter of fiscal 2023, to organic growth, as well as to the contribution from acquisitions which amounted to approximately \$33.0 million. Same-store merchandise revenues increased by 3.3% in the United States, by 3.0% in Europe and other regions<sup>1</sup>, and by 5.9% in Canada, driven by our diversified offer in the beverage category as well as the continued growth of our *Fresh Food, Fast* program and private brands partly offset by the continued softness of our cigarette and other tobacco product revenues from illicit competition and increased restrictions.

### *Road transportation fuel revenues*

Total road transportation fuel revenues for the fourth quarter of fiscal 2023 were \$11.9 billion, a decrease of \$525.0 million compared with the corresponding quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$263.0 million. The remaining decrease of approximately \$262.0 million, or 2.1%, is attributable to a lower average road transportation fuel selling price, which had a negative impact of approximately \$1.2 billion partly offset by the impact of the 13<sup>th</sup> week in the fourth quarter of fiscal 2023 as well as by the contribution from acquisitions which amounted to approximately \$102.0 million. Same-store road transportation fuel volumes increased by 0.8% in the United States, and by 6.0% in Canada, favorably impacted by lower crude oil prices. In Europe and other regions, same-store road transportation fuel volumes decreased by 2.4%, unfavorably impacted by challenging macroeconomics conditions, including higher inflation.

### *Other revenues*

Total other revenues for the fourth quarter of fiscal 2023 were \$235.0 million, a decrease of \$60.4 million compared with the corresponding quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$10.0 million. The remaining decrease of approximately \$50.0 million, or 16.9%, is primarily driven by lower demand on our other fuel products, which had a minimal impact on gross profit<sup>1</sup>.

## Gross profit<sup>1</sup>

Our gross profit was \$2.9 billion for the fourth quarter of fiscal 2023, up by \$351.6 million, or 13.8%, compared with the corresponding quarter of fiscal 2022, mainly attributable to organic growth in our convenience activities, the impact of the 13<sup>th</sup> week in the fourth quarter of fiscal 2023, as well as higher road transportation fuel gross profit in Europe and other regions, while being partly offset by the net negative impact of the translation of our foreign currency operations into US dollars of approximately \$44.0 million.

### *Merchandise and service gross profit*

In the fourth quarter of fiscal 2023, our merchandise and service gross profit was \$1.5 billion, an increase of \$192.4 million compared with the corresponding quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$23.0 million. The remaining increase of approximately \$215.0 million, or 16.9%, is primarily due to organic growth as well as to the impact of the 13<sup>th</sup> week in the fourth quarter of fiscal 2023. Our gross margin<sup>1</sup> increased by 1.0% in the United States to 34.1%, in Europe and other regions by 2.6% to 40.9%, and in Canada by 1.7% to 34.1%, all impacted favorably by a change in product mix.

<sup>1</sup>Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.



### Road transportation fuel gross profit

In the fourth quarter of fiscal 2023, our road transportation fuel gross profit was \$1.4 billion, an increase of \$151.7 million compared with the corresponding quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$20.0 million. The remaining increase in our gross profit was approximately \$172.0 million, or 13.7%. In the United States, our road transportation fuel gross margin<sup>1</sup> was 45.34¢ per gallon, a decrease of 0.78¢ per gallon, and in Canada, it was CA 12.13¢ per liter, a decrease of CA 1.28¢ per liter. In Europe and other regions, our road transportation fuel gross margin<sup>1</sup> was US 10.60¢ per liter, an increase of US 3.09¢ per liter due to the geopolitical context and difficult supply conditions during the comparable quarter. Fuel margins remained healthy throughout our network, due to favorable market conditions and the continued work on the optimization of our supply chain.

### Other revenues gross profit

In the fourth quarter of fiscal 2023, other revenues gross profit was \$40.3 million, an increase of \$7.5 million compared with the corresponding period of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$3.0 million. The remaining increase of approximately \$10.0 million, or 30.5%, is primarily attributable to the contribution from acquisitions.

## Operating, selling, general and administrative expenses (“expenses”)

For the fourth quarter of fiscal 2023, expenses increased by 8.8%, compared with the corresponding quarter of fiscal 2022. Normalized growth of expenses<sup>1</sup> was 9.9%, as shown in the table below:

	13-week period ended April 30, 2023	12-week period ended April 24, 2022
<b>Growth of expenses, as reported</b>	<b>8.8%</b>	<b>19.0%</b>
Adjusted for:		
Decrease from the net impact of foreign exchange translation	2.0%	1.7%
Increase from incremental expenses related to acquisitions	(1.3%)	(0.8%)
Prior year cloud computing transition adjustment	1.0%	(1.2%)
Increase from higher electronic payment fees, excluding acquisitions	(0.4%)	(3.1%)
Increase from changes in acquisition costs recognized to earnings	(0.2%)	—
<b>Normalized growth of expenses<sup>1</sup></b>	<b>9.9%</b>	<b>15.6%</b>

Normalized growth of expenses<sup>1</sup> was mainly driven by the impact of the 13<sup>th</sup> week in the fourth quarter of fiscal 2023 in addition to costs from rising minimum wages, inflationary pressures, increased usage of software as a service solutions, incremental investments to support our strategic initiatives as well as by charges for the early termination of an existing fuel supply agreement, while being partly offset by the impact of lower pressure in the employment market. When factoring in the estimated impact of the 13<sup>th</sup> week in the fourth quarter of fiscal 2023, our normalized growth of expenses<sup>1</sup> remained lower than the average inflation observed throughout our network of 5.8%, as we have continued to deploy strategic efforts in order to mitigate the impact of a higher inflation level and continued pressure on wages.

## Earnings before interest, taxes, depreciation, amortization and impairment (“EBITDA<sup>1</sup>”) and adjusted EBITDA<sup>1</sup>

During the fourth quarter of fiscal 2023, EBITDA stood at \$1.3 billion, an increase of \$201.1 million, or 18.0%, compared with the corresponding quarter of fiscal 2022. Adjusted EBITDA for the fourth quarter of fiscal 2023 increased by \$189.6 million, or 16.7%, compared with the corresponding quarter of fiscal 2022, mainly due to the impact of the 13<sup>th</sup> week in the fourth quarter of fiscal 2023, organic growth in our convenience operations as well as higher road transportation fuel gross profit in Europe and other regions, partly offset by higher expenses and by the translation of our foreign currency operations into US dollars which had a net negative impact of approximately \$14.0 million.

## Depreciation, amortization and impairment (“depreciation”)

For the fourth quarter of fiscal 2023, our depreciation expense decreased by \$59.8 million compared with the fourth quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net favorable impact of approximately \$15.0 million. The remaining decrease of approximately \$45.0 million, or 10.0%, is mainly driven by the impact of the deconsolidation and the impairment of our Russian subsidiaries of \$56.2 million and the impairment on our investment in Fire & Flower Holdings Corp. of \$33.7 million in the comparable quarter, partly offset by the replacement of equipment, the ongoing improvement of our network, the impact from investments made through acquisitions as well as the impact of the 13<sup>th</sup> week in the fourth quarter of fiscal 2023.

<sup>1</sup> Please refer to the “Non-IFRS Measures” section for additional information on performance measures not defined by IFRS.

## Net financial expenses

Net financial expenses for the fourth quarter of fiscal 2023 were \$99.0 million, an increase of \$47.5 million, compared with the corresponding period of fiscal 2022. A portion of the increase is explained by certain items that are not considered indicative of future trends, as shown in the table below:

<i>(in millions of US dollars)</i>	13-week period ended	12-week period ended	
	April 30, 2023	April 24, 2022	Variation
<b>Net financial expenses, as reported</b>	<b>99.0</b>	51.5	47.5
Explained by:			
Loss on convertible promissory notes recorded at fair value through earnings or loss prior to their maturity	(26.4)	—	(26.4)
Net foreign exchange gain	0.4	3.0	(2.6)
Change in fair value of financial instruments and amortization of deferred differences	(0.1)	18.5	(18.6)
Impact of the redemption notice of senior unsecured notes	—	(3.2)	3.2
<b>Remaining variation</b>	<b>72.9</b>	69.8	3.1

## Income taxes

The income tax rate for the fourth quarter of fiscal 2023 was 19.2% compared with 22.6% for the fourth quarter of the previous fiscal year. This decrease mainly stem from the impact of a different mix in our earnings across the various jurisdictions in which we operate.

## Net earnings and adjusted net earnings<sup>1</sup>

Net earnings for the fourth quarter of fiscal 2023 were \$670.7 million, compared with \$477.7 million for the fourth quarter of the previous fiscal year, an increase of \$193.0 million, or 40.4%. Diluted net earnings per share stood at \$0.68, compared with \$0.46 for the corresponding quarter of the previous fiscal year. The translation of our foreign currency operations into US dollars had no significant impact on net earnings of the fourth quarter of fiscal 2023.

Adjusted net earnings for the fourth quarter of fiscal 2023 were approximately \$698.0 million, compared with \$573.0 million for the fourth quarter of fiscal 2022, an increase of \$125.0 million, or 21.8%. Adjusted diluted net earnings per share were \$0.71 for the fourth quarter of fiscal 2023, compared with \$0.55 for the corresponding quarter of fiscal 2022, an increase of 29.1%.

<sup>1</sup> Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.

## Summary Analysis of Consolidated Results for Fiscal 2023

The following table highlights certain information regarding our operations for the 53-week period ended April 30, 2023, and the 52-week periods ended April 24, 2022 and April 25, 2021, and the results analysis in this section should be read in conjunction with this table. Europe and other regions include the results from our operations in Asia.

<i>(in millions of US dollars, unless otherwise stated)</i>	<b>53-week period ended</b>	52-week period ended	52-week period ended
	<b>April 30, 2023</b>	April 24, 2022	April 25, 2021
<b>Statement of Operations Data:</b>			
Merchandise and service revenues <sup>(1)</sup> :			
United States	<b>12,356.0</b>	11,593.2	11,489.9
Europe and other regions	<b>2,386.7</b>	2,429.1	1,830.8
Canada	<b>2,540.7</b>	2,581.5	2,552.3
Total merchandise and service revenues	<b>17,283.4</b>	16,603.8	15,873.0
Road transportation fuel revenues:			
United States	<b>35,232.1</b>	30,115.0	19,594.7
Europe and other regions	<b>11,837.7</b>	9,892.0	6,295.3
Canada	<b>6,342.6</b>	5,344.4	3,515.3
Total road transportation fuel revenues	<b>53,412.4</b>	45,351.4	29,405.3
Other revenues <sup>(2)</sup> :			
United States	<b>43.8</b>	46.2	44.3
Europe and other regions	<b>1,067.7</b>	785.6	419.3
Canada	<b>49.4</b>	22.9	18.2
Total other revenues	<b>1,160.9</b>	854.7	481.8
<b>Total revenues</b>	<b>71,856.7</b>	62,809.9	45,760.1
Merchandise and service gross profit <sup>(1)(3)</sup> :			
United States	<b>4,172.4</b>	3,904.5	3,798.7
Europe and other regions	<b>925.2</b>	927.4	716.2
Canada	<b>841.8</b>	830.2	800.2
Total merchandise and service gross profit	<b>5,939.4</b>	5,662.1	5,315.1
Road transportation fuel gross profit <sup>(3)</sup> :			
United States	<b>4,375.6</b>	3,626.4	3,095.2
Europe and other regions	<b>1,034.4</b>	1,057.7	1,119.7
Canada	<b>546.6</b>	493.0	391.6
Total road transportation fuel gross profit	<b>5,956.6</b>	5,177.1	4,606.5
Other revenues gross profit <sup>(2)(3)</sup> :			
United States	<b>43.8</b>	46.2	44.2
Europe and other regions	<b>82.9</b>	96.5	131.2
Canada	<b>29.4</b>	22.9	18.3
Total other revenues gross profit	<b>156.1</b>	165.6	193.7
<b>Total gross profit<sup>(3)</sup></b>	<b>12,052.1</b>	11,004.8	10,115.3
Operating, selling, general and administrative expenses	<b>6,361.8</b>	5,884.5	5,148.6
Gain on disposal of property and equipment and other assets	<b>(67.6)</b>	(103.9)	(67.8)
Depreciation, amortization and impairment	<b>1,525.9</b>	1,545.7	1,358.9
<b>Operating income</b>	<b>4,232.0</b>	3,678.5	3,675.6
Net financial expenses	<b>306.7</b>	281.0	342.5
<b>Net earnings</b>	<b>3,090.9</b>	2,683.3	2,705.5
<b>Per Share Data:</b>			
Basic net earnings per share (dollars per share)	<b>3.07</b>	2.53	2.45
Diluted net earnings per share (dollars per share)	<b>3.06</b>	2.52	2.44
Adjusted diluted net earnings per share (dollars per share) <sup>(3)</sup>	<b>3.12</b>	2.60	2.45
Cash dividend per share declared for fiscal year (CA cents per share)	<b>53.00</b>	41.75	33.25

<i>(in millions of US dollars, unless otherwise stated)</i>	53-week period ended	52-week period ended	52-week period ended
	April 30, 2023	April 24, 2022	April 25, 2021
<b>Other Operating Data:</b>			
Merchandise and service gross margin <sup>(1)(3)</sup> :			
Consolidated	34.4%	34.1%	33.5%
United States	33.8%	33.7%	33.1%
Europe and other regions	38.8%	38.2%	39.1%
Canada	33.1%	32.2%	31.4%
Growth of (decrease in) same-store merchandise revenues <sup>(4)(5)</sup> :			
United States <sup>(6)(7)</sup>	4.3%	1.9%	5.6%
Europe and other regions <sup>(3)</sup>	3.1%	5.9%	6.1%
Canada <sup>(6)(7)</sup>	1.2%	(3.4%)	9.5%
Road transportation fuel gross margin <sup>(3)</sup> :			
United States (cents per gallon)	47.51	39.62	35.28
Europe and other regions (cents per liter)	9.98	9.86	10.99
Canada (CA cents per liter)	12.75	11.74	10.36
Total volume of road transportation fuel sold:			
United States (millions of gallons)	9,209.7	9,152.9	8,772.8
Europe and other regions (millions of liters)	10,365.7	10,722.7	10,191.8
Canada (millions of liters)	5,690.1	5,264.8	4,952.6
Growth of (decrease in) same-store road transportation fuel volumes <sup>(5)(6)</sup> :			
United States	(1.9%)	4.0%	(12.9%)
Europe and other regions	(3.2%)	3.8%	(6.4%)
Canada	(0.1%)	6.1%	(14.9%)

<i>(in millions of US dollars, unless otherwise stated)</i>	As at April 30, 2023	As at April 24, 2022	As at April 25, 2021
<b>Balance Sheet Data:</b>			
Total assets	29,049.2	29,591.6	28,394.5
Interest-bearing debt <sup>(3)</sup>	9,465.9	9,439.9	9,602.0
Equity	12,564.5	12,437.6	12,180.9
<b>Indebtedness Ratios<sup>(3)</sup>:</b>			
Net interest-bearing debt/total capitalization	0.41 : 1	0.37 : 1	0.35 : 1
Leverage ratio	1.49 : 1	1.39 : 1	1.32 : 1
<b>Returns<sup>(3)</sup>:</b>			
Return on equity	24.7%	21.8%	24.3%
Return on capital employed	17.5%	15.4%	15.9%

(1) Includes revenues derived from franchise fees, royalties, suppliers' rebates on some purchases made by franchisees and licensees, as well as from wholesale of merchandise. Franchise fees from international licensed stores are presented in the United States.

(2) Includes revenues from the rental of assets and from the sale of aviation fuel and energy for stationary engines.

(3) Please refer to the "Non-IFRS measures" section for additional information on our capital management measure as well as performance measures not defined by IFRS.

(4) This measure represents the growth of (decrease in) cumulated merchandise revenues between the current period and comparative period for those stores that were open for at least 23 days out of every 28-day period included in the reported periods. Merchandise revenues are defined as Merchandise and service revenues excluding service revenues.

(5) Presented on a comparable basis of 52 weeks.

(6) For company-operated stores only.

(7) Calculated based on respective functional currencies.



## Revenues

For fiscal 2023, our revenues increased by \$9.0 billion, or 14.4%, compared with fiscal 2022, mainly attributable to a higher average road transportation fuel and other fuel products selling price, the impact of the 53<sup>rd</sup> week in fiscal 2023, the contribution from acquisitions, and organic growth of our convenience activities, while being partly offset by the net negative impact of approximately \$1.8 billion from the translation of our foreign currency operations into US dollars as well as lower fuel demand.

### Merchandise and service revenues

For fiscal 2023, the growth in merchandise and service revenues was \$679.6 million compared with fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$341.0 million. The remaining increase of approximately \$1.0 billion, or 6.1%, is primarily attributable to organic growth, the impact of the 53<sup>rd</sup> week in fiscal 2023 as well as to the contribution from acquisitions, which amounted to approximately \$145.0 million. Same-store merchandise revenues increased by 4.3% in the United States, by 3.1% in Europe and other regions<sup>1</sup>, and by 1.2% in Canada, driven by our diversified offer in the beverage category as well as the continued growth of our *Fresh Food, Fast* program and private brands partly offset by the continued softness of our cigarette and other tobacco product revenues from illicit competition and increased restrictions.

### Road transportation fuel revenues

For fiscal 2023, the road transportation fuel revenues increased by \$8.1 billion compared with fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$1.4 billion. The remaining increase of approximately \$9.5 billion, or 20.9%, is attributable to a higher average road transportation fuel selling price, which had a positive impact of approximately \$9.2 billion, as well as the impact of the 53<sup>th</sup> week in fiscal 2023. Same-store road transportation fuel volumes decreased by 1.9% in the United States, by 3.2% in Europe and other regions, and by 0.1% in Canada. During the year, road transportation fuel demand remained unfavorably impacted by the high retail prices driven by the increase in crude oil costs compared with fiscal 2022, and the continued work from home trends.

The following table shows the average selling price of road transportation fuel of our company-operated stores in our various markets for the last eight quarters. The average selling price of road transportation fuel consists of the road transportation fuel revenues divided by the volume of road transportation fuel sold:

Quarter	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Weighted average
53-week period ended April 30, 2023					
United States (US dollars per gallon)	4.61	3.84	3.50	3.52	3.84
Europe and other regions (US cents per liter)	129.11	117.39	113.55	109.77	118.51
Canada (CA cents per liter)	179.15	149.55	143.32	137.66	151.49
52-week period ended April 24, 2022					
United States (US dollars per gallon)	2.97	3.08	3.28	3.94	3.31
Europe and other regions (US cents per liter)	79.09	86.29	96.66	120.84	95.89
Canada (CA cents per liter)	117.51	123.00	129.39	150.30	129.60

### Other revenues

Total other revenues for fiscal 2023 were \$1.2 billion, an increase of \$306.2 million compared with fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$71.0 million. The remaining increase of approximately \$377.0 million, or 44.1%, is primarily driven by higher prices on our other fuel products, which had a minimal impact on gross profit<sup>1</sup>.

<sup>1</sup> Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.

## Gross profit<sup>1</sup>

For fiscal 2023, our gross profit increased by \$1.0 billion, or 9.5%, compared with fiscal 2022, mainly attributable to higher road transportation fuel gross profit, organic growth in our convenience activities, as well as the impact of the 53<sup>rd</sup> week in fiscal 2023, while being partly offset by the net negative impact from the translation of our foreign currency operations into US dollars of approximately \$293.0 million.

### Merchandise and service gross profit

During fiscal 2023, our merchandise and service gross profit was \$5.9 billion, an increase of \$277.3 million compared with fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$132.0 million. The remaining increase of approximately \$409.0 million, or 7.2%, is primarily due to organic growth, the impact of the 53<sup>rd</sup> week in fiscal 2023 as well as the contribution of our acquisitions, which had an impact of approximately \$55.0 million. Our gross margin<sup>1</sup> in the United States increased by 0.1% to 33.8%, by 0.6% to 38.8% in Europe and other regions, and by 0.9% in Canada to 33.1%, all impacted favorably by a change in product mix.

### Road transportation fuel gross profit

During fiscal 2023, our road transportation fuel gross profit was \$6.0 billion, an increase of \$779.5 million compared with fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$148.0 million. The remaining increase in our gross profit was approximately \$927.0 million, or 17.9%. The road transportation fuel gross margin<sup>1</sup> was 47.51¢ per gallon in the United States, an increase of 7.89¢ per gallon, CA 12.75¢ per liter in Canada, an increase of CA 1.01¢ per liter and in Europe and other regions, US 9.98¢ per liter, an increase of US 0.12¢ per liter. Fuel margins remained healthy throughout our network, due to favorable market conditions and the continued work on the optimization of our supply chain.

The road transportation fuel gross margin<sup>1</sup> of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, were as follows:

(US cents per gallon)

Quarter	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Weighted average
53-week period ended April 30, 2023					
Before deduction of expenses related to electronic payment modes	50.95	51.11	48.39	46.43	49.13
Expenses related to electronic payment modes <sup>(1)</sup>	7.21	6.53	6.20	6.17	6.50
After deduction of expenses related to electronic payment modes	43.74	44.58	42.19	40.26	42.63
52-week period ended April 24, 2022					
Before deduction of expenses related to electronic payment modes	37.58	37.68	41.02	47.55	40.87
Expenses related to electronic payment modes <sup>(1)</sup>	5.38	5.31	5.74	6.61	5.75
After deduction of expenses related to electronic payment modes	32.20	32.37	35.28	40.94	35.12

(1) Expenses related to electronic payment modes are determined by allocating the portion of total electronic payment modes, which are included in Operating, selling, general and administrative expenses, deemed related to our United States company-operated stores road transportation fuel transactions.

Generally, during normal economic cycles, road transportation fuel margins in the United States can be volatile from one quarter to another, while in Europe and other regions and in Canada, fuel margins and expenses related to electronic payment modes are not as volatile.

### Other revenues gross profit

During fiscal 2023, other revenues gross profit was \$156.1 million, a decrease of \$9.5 million compared with fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$14.0 million.

<sup>1</sup> Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.

## Operating, selling, general and administrative expenses (“expenses”)

For fiscal 2023, expenses increased by 8.1% compared with fiscal 2022. Normalized growth of expenses<sup>1</sup> was 8.3%, as shown in the table below:

	53-week period ended April 30, 2023	52-week period ended April 24, 2022
<b>Growth of expenses, as reported</b>	<b>8.1%</b>	<b>14.3%</b>
Adjusted for:		
Decrease (increase) from the net impact of foreign exchange translation	2.7%	(0.3%)
Increase from higher electronic payment fees, excluding acquisitions	(1.7%)	(2.6%)
Increase from incremental expenses related to acquisitions	(1.0%)	(1.8%)
Prior year cloud computing transition adjustment	0.3%	(0.3%)
(Increase) decrease from changes in acquisition costs recognized to earnings	(0.1%)	0.1%
<b>Normalized growth of expenses<sup>1</sup></b>	<b>8.3 %</b>	<b>9.4 %</b>

Normalized growth of expenses<sup>1</sup> was mainly driven by the impact of the 53<sup>rd</sup> week in fiscal 2023, inflationary pressures, notably on energy costs in our European operations, costs from rising minimum wages, increased usage of software as a service solutions, and by incremental investments to support our strategic initiatives, while being partly offset by the impact of lower pressure in the employment market. When factoring in the estimated impact of the 53<sup>rd</sup> week in fiscal 2023, our normalized growth of expenses<sup>1</sup> remained lower than the average inflation observed throughout our network as we have continued to deploy strategic efforts in order to mitigate the impact of a higher inflation level and continued pressure on wages.

## Earnings before interest, taxes, depreciation, amortization and impairment (“EBITDA<sup>1</sup>”) and adjusted EBITDA<sup>1</sup>

During fiscal 2023, EBITDA stood at \$5.8 billion, an increase of \$517.4 million, or 9.9%, compared with fiscal 2022. Adjusted EBITDA for fiscal 2023 increased by \$509.3 million, or 9.7%, compared with fiscal 2022, mainly attributable to higher road transportation fuel gross profit, organic growth in our convenience operations as well as to the impact of the 53<sup>rd</sup> week in fiscal 2023, partly offset by higher expenses as well as by the translation of our foreign currency operations into US dollars which had a net negative impact of approximately \$133.0 million.

## Depreciation, amortization and impairment (“depreciation”)

For fiscal 2023, our depreciation expense decreased by \$19.8 million compared with fiscal 2022. The translation of our foreign currency operations into US dollars had a net favorable impact of approximately \$52.0 million. The remaining increase of approximately \$32.0 million, or 2.1%, is mainly driven by the impact of the impairment on our investment in Fire & Flower Holdings Corp. of \$23.9 million, the replacement of equipment, the ongoing improvement of our network, the impact from investments made through acquisitions as well as the impact of the 53<sup>rd</sup> week in fiscal 2023, partly offset by the impact of the deconsolidation and the impairment of our Russian subsidiaries of \$56.2 million and the impairment on our investment in Fire & Flower Holdings Corp. of \$33.7 million in the comparable fiscal year.

## Net financial expenses

Net financial expenses for fiscal 2023 was \$306.7 million, an increase of \$25.7 million compared with fiscal 2022. A portion of the increase is explained by certain items that are not considered indicative of future trends, as shown in the table below:

	53-week period ended April 30, 2023	52-week period ended April 24, 2022	Variation
<i>(in millions of US dollars)</i>			
<b>Net financial expenses, as reported</b>	<b>306.7</b>	<b>281.0</b>	<b>25.7</b>
Explained by:			
Loss on convertible promissory notes recorded at fair value through earnings or loss prior to their maturity	(26.4)	—	(26.4)
Net foreign exchange (loss) gain	(0.7)	20.7	(21.4)
Change in fair value of financial instruments and amortization of deferred differences	0.8	8.9	(8.1)
Impact of the redemption notice of senior unsecured notes	—	(3.2)	3.2
<b>Remaining variation</b>	<b>280.4</b>	<b>307.4</b>	<b>(27.0)</b>

The remaining variation of fiscal 2023 is mainly driven by increased interest revenue due to a higher interest rate on available cash compared with fiscal 2022.

<sup>1</sup> Please refer to the “Non-IFRS Measures” section for additional information on performance measures not defined by IFRS.

## Income taxes

The income tax rate for fiscal 2023 was 21.3% compared with 21.5% for fiscal 2022. The decrease is mainly stemming from the impact of a different mix in our earnings across the various jurisdictions in which we operate.

## Net earnings and adjusted net earnings<sup>1</sup>

For fiscal 2023, net earnings stood at \$3.1 billion, an increase of \$407.6 million, or 15.2%, compared with fiscal 2022. Diluted net earnings per share stood at \$3.06, compared with \$2.52 for the previous fiscal year. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$81.0 million on net earnings of fiscal 2023.

Adjusted net earnings for fiscal 2023 stood at \$3.2 billion, an increase of \$382.0 million, or 13.8%, compared with fiscal 2022. Adjusted diluted net earnings per share<sup>1</sup> were \$3.12 for fiscal 2023, compared with \$2.60 for fiscal 2022, an increase of 20.0%.

## Financial Position as at April 30, 2023

As shown by our indebtedness ratios included in the “Summary Analysis of Consolidated Results for Fiscal 2023” section and our net cash provided by operating activities, our financial position remains healthy.

Our total consolidated assets amounted to \$29.0 billion as at April 30, 2023, a decrease of \$542.4 million over the balance as at April 24, 2022, primarily due to the use of our available cash for our share repurchase program partly offset by the different acquisitions made throughout the year.

For the 53-week period ended April 30, 2023, and the 52-week period ended April 24, 2022, we recorded a return on capital employed<sup>1</sup> of 17.5% and 15.4%, respectively. The increase was driven by increased earnings before interest and taxes.

Significant balance sheet variations are explained as follows:

### Property and equipment

Property and equipment increased by \$586.8 million, from \$11.3 billion as at April 24, 2022, to \$11.9 billion as at April 30, 2023, mainly attributable to the investments we made to our network and through our business acquisitions, partly offset by depreciation as well as the weakening of the Canadian, European and other currencies against the US dollar, which had an impact of approximately \$216.0 million.

### Goodwill

Goodwill increased by \$527.4 million, from \$6.1 billion as at April 24, 2022, to \$6.6 billion as at April 30, 2023, mainly attributable to the acquisitions of True Blue, Big Red Stores and Wilsons, partly offset by the weakening of the Canadian, European and other currencies against the US dollar, which had an impact of approximately \$99.0 million.

### Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased by \$758.2 million, from \$5.3 billion as at April 24, 2022, to \$4.5 billion as at April 30, 2023. The decrease is mainly attributable to lower road transportation fuel costs, timing of payments of capital expenditures, lower sales and excise taxes in Europe, as well as to the net impact of the weakening of the Canadian and European currencies against the US dollar, which had an impact of approximately \$112.0 million.

### Equity

Equity amounted to \$12.6 billion as at April 30, 2023, an increase of \$126.9 million over the balance as at April 24, 2022, reflecting the impact of net earnings for fiscal 2023, partly offset by the share repurchase program, as well as the dividends declared. For the 53-week period ended April 30, 2023, and the 52-week period ended April 24, 2022, we recorded a return on equity<sup>1</sup> of 24.7% and 21.8%, respectively.

<sup>1</sup> Please refer to the “Non-IFRS Measures” section for additional information on performance measures not defined by IFRS.



## Liquidity and Capital Resources

Our principal sources of liquidity are our net cash provided by operating activities and borrowings available under our revolving unsecured credit facility or United States commercial paper program. Our principal uses of cash are to repay our debt, finance our acquisitions and capital expenditures, repurchase shares and pay dividends, as well as to provide for working capital. We expect that cash generated from operations and borrowings available under our term revolving unsecured operating credit facility or United States commercial paper program will be adequate to meet our liquidity needs in the foreseeable future, except for needs in connection with the proposed acquisition of TotalEnergies SE, which will be partly funded through new term loans.

Our credit facility and United States commercial paper program are detailed as follows:

### *Term revolving unsecured operating credit facility (“operating credit facility”)*

On April 21, 2023, we amended our operating credit facility to increase the maximum amount available from \$2.5 billion to \$3.5 billion. The maximum amount available includes a first tranche of \$1.0 billion and a second tranche of \$2.5 billion, maturing in April 2026 and April 2028, respectively. As at April 30, 2023 and April 24, 2022, the term revolving unsecured operating credit facility was not used and we were in compliance with the restrictive provisions and ratios imposed by the credit agreement.

### *United States commercial paper program*

On May 9, 2022, we established a commercial paper program in the United States on a private placement basis. The commercial paper program allows us to issue, at our discretion, unsecured commercial paper notes with maturities not exceeding 397 days. The aggregate principal amount of unsecured commercial paper notes outstanding at any given time cannot exceed \$2.5 billion and our term revolving unsecured operating credit facility serves as a liquidity backstop for the repayment of the unsecured commercial paper notes. As at April 30, 2023, there were no outstanding unsecured commercial paper notes. As at June 27, 2023, an outstanding principal of issued unsecured commercial paper notes of \$382.0 million was used or is expected to be used for corporate matters.

### *Available liquidities<sup>1</sup>*

As at April 30, 2023, a total of approximately \$3.5 billion was available under our operating credit facility. Thus, at the same date, we had access to \$4.3 billion through our available cash and our operating credit facility.

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<sup>1</sup> Please refer to the “Non-IFRS Measures” section for additional information on performance measures not defined by IFRS.

## Selected Consolidated Cash Flow Information

	53-week period ended	52-week period ended	Variation
	April 30, 2023	April 24, 2022	
<i>(in millions of US dollars)</i>			
<b>Operating activities</b>			
Net cash provided by operating activities	4,344.6	3,944.9	399.7
<b>Investing activities</b>			
Purchase of property and equipment, intangible assets and other assets	(1,803.8)	(1,664.5)	(139.3)
Business acquisitions and contingent consideration paid	(847.9)	(323.4)	(524.5)
Proceeds from disposal of property and equipment, assets held for sale and other assets	262.1	403.3	(141.2)
Proceeds from disposal of investments in equity instruments and share units indexed deposits	194.2	—	194.2
Purchase of equity instruments, other financial assets and investments and loan related to Fire & Flower	(55.6)	(196.7)	141.1
Investment in a joint venture	(30.1)	—	(30.1)
Change in restricted cash	5.5	(15.9)	21.4
Impact of the deconsolidation of the Corporation's Russian subsidiaries	—	(2.2)	2.2
<b>Net cash used in investing activities</b>	<b>(2,275.6)</b>	<b>(1,799.4)</b>	<b>(476.2)</b>
<b>Financing activities</b>			
Share repurchases	(2,392.5)	(1,842.3)	(550.2)
Principal elements of lease payments	(438.9)	(443.6)	4.7
Cash dividends paid	(377.7)	(330.1)	(47.6)
Repayment of debts on business acquisitions	(144.5)	—	(144.5)
Exercise of stock options	5.3	0.8	4.5
Net payments on other debts	(1.4)	(78.5)	77.1
Repayment of senior unsecured notes	—	(1,190.6)	1,190.6
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs	—	990.1	(990.1)
Settlements of derivative financial instruments	—	(56.9)	56.9
<b>Net cash used in financing activities</b>	<b>(3,349.7)</b>	<b>(2,951.1)</b>	<b>(398.6)</b>
<b>Credit ratings</b>			
S&P Global Ratings – Corporate and Senior unsecured notes credit ratings	BBB	BBB	
Moody's – Corporate and Senior unsecured notes credit ratings	Baa2	Baa2	

Following the end of the fiscal year, our long-term senior unsecured rating was upgraded to Baa1, from Baa2, by Moody's Investors Service.

### Operating activities

During fiscal 2023, net cash from our operations reached \$4.3 billion, up \$399.7 million compared with fiscal 2022, mainly due to higher cash earnings.

### Investing activities

During fiscal 2023, Purchase of property and equipment, intangible assets and other assets, net of Proceeds from disposal of property and equipment, assets held for sale and other assets amounted to \$1.5 billion, and business acquisitions amounted to \$847.9 million. These investments were primarily for the replacement of equipment in some of our stores in order to enhance our offering of products and services, for the addition of new stores, for the ongoing improvement of our network, as well as for strategic initiatives and information technology. In addition, strategic investments in the form of equity instruments, other financial assets and loans during fiscal 2023 amounted to \$55.6 million and we disposed of equity instruments for total proceeds of \$194.2 million.

### Financing activities

During fiscal 2023, we settled share repurchases for an amount of \$2.4 billion, paid \$438.9 million on the principal elements of our lease liabilities, paid dividends in the amount of \$377.7 million and repaid a net amount of \$144.5 million of debts on business acquisitions.

## Contractual Obligations and Commercial Commitments

Set out below is a summary of our material contractual obligations as at April 30, 2023<sup>(1)</sup>:

<i>(in millions of US dollars)</i>	2024	2025	2026	2027	2028	Thereafter	Total
<b>Contractual obligations<sup>(2)</sup></b>							
Long-term debt	196.5	704.0	746.7	983.1	1,126.6	4,714.3	8,471.2
Lease liabilities	534.0	478.7	429.1	396.1	332.2	2,235.9	4,406.0
Cross-currency interest rate swaps payable	40.1	588.4	580.8	—	(0.1)	—	1,209.2
Cross-currency interest rate swaps receivable	(34.2)	(539.4)	(522.3)	—	—	—	(1,095.9)
Total	736.4	1,231.7	1,234.3	1,379.2	1,458.7	6,950.2	12,990.5

(1) The summary does not include the payments required under defined benefit pension plans.

(2) Based on spot rates, as at April 30, 2023, for balances for which the underlying currency differs from our reporting currency and for balances bearing interest at variable rates.

	2024	2025	2026	2027	2028	Thereafter	Total
<b>Fuel Purchase Obligations</b>							
United States (in millions of gallons)	1,541.6	1,539.5	1,536.6	1,536.6	1,536.6	301.3	7,992.2
Europe (in millions of liters)	8,311.1	—	—	—	—	—	8,311.1
Canada (in millions of liters)	3,272.2	3,009.7	3,009.7	3,009.7	3,009.7	18,333.3	33,644.3

**Long-term debt.** As at April 30, 2023, our long-term debt totaled \$5.9 billion, detailed as follows:

- i. Senior unsecured notes denominated in US-dollar totaling \$4.0 billion, in Canadian-dollar totaling CA \$1.4 billion, in Euro totaling €750.0 million and in Norwegian-krone totaling NOK 675.0 million, divided as follows:

<i>(in millions of US dollars, unless otherwise stated)</i>	Principal amount	Maturity	Coupon rate	Effective rate	Interest payment dates
<b>Issuance date</b>					
July 26, 2017	CA \$700.0	July 26, 2024	3.06%	3.13%	July 26 <sup>th</sup> and January 26 <sup>th</sup>
June 2, 2015	CA \$700.0	June 2, 2025	3.60%	3.65%	June 2 <sup>nd</sup> and December 2 <sup>nd</sup>
February 18, 2016	NOK 675.0	February 18, 2026	3.85%	3.93%	April 20 <sup>th</sup> and October 20 <sup>th</sup>
May 6, 2016	€750.0	May 6, 2026	1.88%	1.94%	May 6 <sup>th</sup>
July 26, 2017	\$1,000.0	July 26, 2027	3.55%	3.64%	July 26 <sup>th</sup> and January 26 <sup>th</sup>
January 22, 2020	\$750.0	January 25, 2030	2.95%	3.03%	July 25 <sup>th</sup> and January 25 <sup>th</sup>
May 13, 2021	\$650.0	May 13, 2041	3.44%	3.50%	May 13 <sup>th</sup> and November 13 <sup>th</sup>
July 26, 2017	\$500.0	July 26, 2047	4.50%	4.58%	July 26 <sup>th</sup> and January 26 <sup>th</sup>
January 22, 2020	\$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	\$350.0	May 13, 2051	3.63%	3.69%	May 13 <sup>th</sup> and November 13 <sup>th</sup>

- ii. Other debts of \$9.7 million, including various notes payable.

**Lease liabilities.** We lease an important portion of our assets, mainly lands, buildings, building components, equipment, and motor vehicles. 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 to 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. When contracts are determined to contain a lease, lease liabilities and related right-of-use assets are included in our consolidated balance sheets. Under certain leases, we are subject to additional rent based on revenues as well as future escalations in the minimum lease amount.

**Fuel purchase obligations.** We have entered into various fuel purchase agreements, which require us to purchase minimum volume of road transportation fuel annually. Failure to satisfy the minimum purchase requirements could result in termination of the contract, penalties for shortfall volumes, change in the pricing of the products, payment to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received. We have generally exceeded such minimum requirements in the past and do 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. As at April 30, 2023, our fuel purchase obligation consisted of multiple contracts under which we have 8.0 billion gallons and 42.0 billion liters to be purchased over the next years.

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

We are covered by insurance policies that have significant deductibles. At this time, we believe that we are adequately covered through the combination of insurance policies and self-insurance. Future losses which exceed insurance policy limits or, under adverse interpretations, could be excluded from coverage would have to be paid out of general corporate funds. In relation to workers' compensation policies, we issue letters of credit as collateral for certain policies.

**Guarantees.** We assigned a number of lease agreements for premises to third parties. Under some of these agreements, we retain 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 30, 2023, the total future lease payments under such agreements are approximately \$20.5 million and the fair value of the guarantee is not significant. Historically, we have not made any significant payments in connection with these contracts and we do not expect to make any in the foreseeable future.

We have also issued different form of guarantees, including financial guarantee commitments under car rental agreements and on behalf of retailers in Sweden and Ireland. The maximum undiscounted future payments related to those guarantees total \$17.3 million and the carrying amount and fair value of the guarantee commitments recognized in our consolidated balance sheet as at April 30, 2023, were not significant.

We also issue surety bonds for a variety of business purposes for our own operations, including surety bonds for taxes, lottery sales, wholesale distribution and alcoholic beverage sales. In most cases, a municipality or state governmental agency requires the surety bonds as a condition of operating a store in that area.

**Other commitments.** We have entered into various property purchase agreements, as well as product purchase agreements, which require us to purchase minimum amounts or quantities of merchandise 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. We have generally exceeded such minimum requirements in the past and do 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.

## Off-Balance Sheet Arrangements

In the normal course of business, we had issued outstanding letters of credit for an amount of \$243.9 million as at April 30, 2023. Other than those letters of credit, we have no other off-balance sheet activities. Our future commitments are presented in the section "Contractual Obligations and Commercial Commitments".

## Selected Quarterly Financial Information

Our 52-week reporting cycle is divided into quarters of 12 weeks each except for the third quarter, which comprises 16 weeks. When a fiscal year, such as fiscal 2023, contains 53 weeks, the fourth quarter comprises 13 weeks. The following is a summary of selected consolidated financial information derived from our interim consolidated financial statements for each of the eight most recently completed quarters.

<i>(in millions of US dollars, except per share data)</i>	53-week period ended April 30, 2023				52-week period ended April 24, 2022			
	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>
Quarter								
Weeks	<b>13 weeks</b>	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks
<b>Revenues</b>	<b>16,264.4</b>	20,055.1	16,879.5	18,657.7	16,434.9	18,576.4	14,219.7	13,578.9
Depreciation, amortization and impairment	<b>389.6</b>	463.2	353.9	319.2	449.4	456.3	325.7	314.3
Operating income	<b>933.7</b>	1,026.1	1,093.7	1,178.5	667.2	1,028.4	938.0	1,044.9
Share of earnings of joint ventures and associated companies	<b>(4.4)</b>	0.5	2.1	5.6	1.2	7.2	11.6	0.1
Net financial expenses	<b>99.0</b>	82.5	58.1	67.1	51.5	87.9	67.3	74.3
Net earnings	<b>670.7</b>	737.4	810.4	872.4	477.7	746.4	694.8	764.4
<b>Net earnings per share</b>								
Basic	<b>\$0.68</b>	\$0.73	\$0.79	\$0.85	\$0.46	\$0.70	\$0.65	\$0.71
Diluted	<b>\$0.68</b>	\$0.73	\$0.79	\$0.85	\$0.46	\$0.70	\$0.65	\$0.71

The volatility of road transportation fuel gross margins, mostly in the United States, seasonality and changes in the exchange rates have an impact on the variability of our quarterly net earnings.



# Analysis of Consolidated Results for the Fiscal Year Ended April 24, 2022

## Revenues

For fiscal 2022, our revenues increased by \$17.0 billion, or 37.3%, compared with fiscal 2021, mainly attributable to a higher average road transportation fuel and other fuel products selling price, a higher fuel demand, the contribution from acquisitions, organic growth on merchandise and service sales, as well as the positive impact of approximately \$150.0 million from the translation of our foreign currency operations into US dollars.

### Merchandise and service revenues

For fiscal 2022, the growth in merchandise and service revenues was \$730.8 million compared with fiscal 2021. The translation of our foreign currency operations into US dollars had a net positive impact of approximately \$108.0 million. The remaining increase of approximately \$623.0 million, or 3.9%, is mainly attributable to the contribution from acquisitions, which amounted to approximately \$509.0 million, and organic growth, partly offset by the disposal of stores following the strategic review of our network. Same-store merchandise revenues increased by 1.9% in the United States, by 5.9%<sup>1</sup> in Europe and other regions, and decreased by 3.4% in Canada. On a 2-year basis, same-store merchandise revenues increased by an annual average rate of 3.8% in the United States, 6.0%<sup>1</sup> in Europe and other regions, and 3.1% in Canada.

### Road transportation fuel revenues

For fiscal 2022, the road transportation fuel revenues increased by \$15.9 billion compared with fiscal 2021. The translation of our foreign currency operations into US dollars had a net positive impact of approximately \$49.0 million. The remaining increase of approximately \$15.9 billion, or 54.1%, is mostly due to the positive impact of the higher average road transportation fuel selling price, which had an impact of approximately \$14.4 billion, and organic growth. Same-store road transportation fuel volumes increased by 4.0% in the United States, by 3.8% in Europe and other regions, and by 6.1% in Canada. On a 2-year basis, same-store road transportation fuel volumes decreased by an annual average rate of 4.5% in the United States, 1.3% in Europe and other regions, and 4.4% in Canada.

The following table shows the average selling price of road transportation fuel of our company-operated stores in our various markets for the last eight quarters. The average selling price of road transportation fuel consists of the road transportation fuel revenues divided by the volume of road transportation fuel sold:

Quarter	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Weighted average
<u>52-week period ended April 24, 2022</u>					
United States (US dollars per gallon)	2.97	3.08	3.28	3.94	3.31
Europe and other regions (US cents per liter)	79.09	86.29	96.66	120.84	95.89
Canada (CA cents per liter)	117.51	123.00	129.39	150.30	129.60
<u>52-week period ended April 25, 2021</u>					
United States (US dollars per gallon)	2.04	2.14	2.16	2.72	2.26
Europe and other regions (US cents per liter)	56.89	63.19	65.84	79.29	66.42
Canada (CA cents per liter)	86.89	92.00	92.54	108.99	94.78

### Other revenues

Total other revenues for fiscal 2022 were \$854.7 million, an increase of \$372.9 million compared with fiscal 2021. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$12.0 million. The remaining increase of approximately \$385.0 million, or 79.9%, is mainly attributable to higher prices and higher demand on our other fuel products, which had a minimal impact on gross profit<sup>1</sup>.

## Gross profit<sup>1</sup>

For fiscal 2022, our gross profit increased by \$889.5 million, or 8.8%, compared with fiscal 2021, mainly attributable to higher road transportation fuel gross margins in the United States and Canada, higher road transportation fuel demand, the contribution from acquisitions, improved merchandise and service gross margin, organic growth and the net positive impact of approximately \$44.0 million from the translation of our foreign currency operations into US dollars.

<sup>1</sup> Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.

### Merchandise and service gross profit

During fiscal 2022, our merchandise and service gross profit was \$5.7 billion, an increase of \$347.0 million compared with fiscal 2021. The translation of our foreign currency operations into US dollars had a net positive impact of approximately \$29.0 million. The remaining increase of approximately \$318.0 million, or 6.0%, is mainly attributable to the contribution from acquisitions, which amounted to approximately \$148.0 million, and to the favorable impact of changes in product mix and to pricing initiatives. Our gross margin<sup>1</sup> increased by 0.6% to 33.7% in the United States, increased by 0.8% in Canada to 32.2%, and decreased by 0.9% in Europe and other regions to 38.2%, mainly due to the impact of the integration of Circle K Hong Kong, which has a different product mix than our European operations.

### Road transportation fuel gross profit

During fiscal 2022, our road transportation fuel gross profit was \$5.2 billion, an increase of \$570.6 million compared with fiscal 2021. The translation of our foreign currency operations into US dollars had a net positive impact of approximately \$15.0 million. The remaining increase in our gross profit was approximately \$556.0 million, or 12.1%. In the United States, our road transportation fuel gross margin<sup>1</sup> was 39.62¢ per gallon, an increase of 4.34¢ per gallon, in Europe and other regions it was US 9.86¢ per liter, a decrease of US 1.13¢ per liter, and in Canada, it was CA 11.74¢ per liter, an increase of CA 1.38¢ per liter. Fuel margins remained healthy throughout our network, due to favorable market conditions and the continued work on the optimization of our supply chain. In Europe and other regions, fuel margins were however impacted by increase in crude oil prices, supply chain challenges from the current geopolitical context, as well as volatility in the diesel market in the last quarter of fiscal 2022.

The road transportation fuel gross margin<sup>1</sup> of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, were as follows:

*(US cents per gallon)*

Quarter	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Weighted average
52-week period ended April 24, 2022					
Before deduction of expenses related to electronic payment modes	37.58	37.68	41.02	47.55	40.87
Expenses related to electronic payment modes <sup>(1)</sup>	5.38	5.31	5.74	6.61	5.75
After deduction of expenses related to electronic payment modes	32.20	32.37	35.28	40.94	35.12
52-week period ended April 25, 2021					
Before deduction of expenses related to electronic payment modes	42.99	37.48	31.86	35.25	36.48
Expenses related to electronic payment modes <sup>(1)</sup>	4.88	4.79	4.66	5.10	4.84
After deduction of expenses related to electronic payment modes	38.11	32.69	27.20	30.15	31.64

(1) Expenses related to electronic payment modes are determined by allocating the portion of total electronic payment modes, which are included in Operating, selling, general and administrative expenses, deemed related to our United States company-operated stores road transportation fuel transactions.

Generally, during normal economic cycles, road transportation fuel margins in the United States can be volatile from one quarter to another, while in Europe and other regions and in Canada, fuel margins and expenses related to electronic payment modes are not as volatile.

### Other revenues gross profit

During fiscal 2022, other revenues gross profit was \$165.6 million, a decrease of \$28.1 million compared with fiscal 2021. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$1.0 million. The remaining decrease of approximately \$27.0 million, or 13.9%, is primarily due to lower margins on our other fuel products.

<sup>1</sup> Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.

## Operating, selling, general and administrative expenses (“expenses”)

For fiscal 2022, expenses increased by 14.3% compared with fiscal 2021. Normalized growth of expenses<sup>1</sup> was 9.4%, as shown in the table below:

	52-week period ended April 24, 2022
<b>Growth of expenses, as reported</b>	<b>14.3%</b>
Adjusted for:	
Increase from higher electronic payment fees, excluding acquisitions	(2.6%)
Increase from incremental expenses related to acquisitions	(1.8%)
Increase from the net impact of foreign exchange translation	(0.3%)
Cloud computing transition adjustment	(0.3%)
Decrease from changes in acquisition costs recognized to earnings	0.1%
<b>Normalized growth of expenses<sup>1</sup></b>	<b>9.4%</b>

The normalized growth of expenses<sup>1</sup> for fiscal 2022 was mainly driven by government grants of \$51.1 million in the previous fiscal year, measures necessitated by the impact of the labor shortage and the need to improve employee retention, an increase of marketing initiatives and other discretionary expenses that were significantly reduced in the prior year, inflationary pressures, including higher utility costs in Europe, higher costs from rising minimum wages, as well as by incremental investments in our stores to support our strategic initiatives. This increase was partly offset by lower COVID-19 related expenses compared to the previous fiscal year. The costs of the retention measures implemented during the year, of approximately \$81.0 million, the employee-related COVID-19 costs in the previous fiscal year such as Thank you bonuses, of approximately \$72.0 million, as well as the government grants, represented an increase in expenses of 1.2% for fiscal 2022.

For fiscal 2022, we have deployed strategic efforts in order to mitigate the impacts of a higher inflation level and continued pressure on wages, which is demonstrated by a compound annual growth rate of 3.4% of our normalized growth of expenses compared to 2020, including employee-related costs<sup>1</sup>, below inflation, despite the challenging market conditions.

## Earnings before interest, taxes, depreciation, amortization and impairment (“EBITDA<sup>1</sup>”) and adjusted EBITDA<sup>1</sup>

During fiscal 2022, EBITDA increased from \$5.1 billion to \$5.2 billion, an increase of 3.6% compared with fiscal 2021. Adjusted EBITDA for fiscal 2022 increased by \$261.3 million, or 5.2%, compared with fiscal 2021, mainly attributable to higher road transportation fuel margins in the United States and Canada, higher road transportation fuel demand, organic growth for our convenience operations, as well as to the contribution from acquisitions. The translation of our foreign currency operations into US dollars had a net positive impact of approximately \$27.0 million.

## Depreciation, amortization and impairment (“depreciation”)

During fiscal 2022, our depreciation expense increased by \$186.8 million compared with fiscal 2021. The translation of our foreign currency operations into US dollars had a net unfavorable impact of approximately \$7.0 million. The remaining increase of approximately \$180.0 million, or 13.2%, is mainly driven by the impact of the deconsolidation and the impairment of our Russian subsidiaries of \$56.2 million, the impairment on our investment in Fire & Flower of \$33.7 million, as well as by the impact from investments made through acquisitions, the replacement of equipment, and the ongoing improvement of our network.

## Net financial expenses

Net financial expenses for fiscal 2022 were \$281.0 million, a decrease of \$61.5 million compared with fiscal 2021. A portion of the decrease is explained by certain items that are not considered indicative of future trends, as shown in the table below:

<i>(in millions of US dollars)</i>	52-week periods ended		
	April 24, 2022	April 25, 2021	Variation
<b>Net financial expenses, as reported</b>	<b>281.0</b>	342.5	(61.5)
Explained by:			
Net foreign exchange gain (loss)	20.7	(44.9)	65.6
Change in fair value of financial instruments and amortization of deferred differences	8.9	26.8	(17.9)
Impact of the redemption notice of senior unsecured notes	(3.2)	(29.1)	25.9
Impact from conversion of a portion of our convertible debentures in Fire & Flower	—	13.1	(13.1)
<b>Remaining variation</b>	<b>307.4</b>	308.4	(1.0)

<sup>1</sup> Please refer to the “Non-IFRS Measures” section for additional information on performance measures not defined by IFRS.

## Income taxes

The income tax rate for fiscal 2022 was 21.5% compared with 19.5% for fiscal 2021. The increase is mainly stemming from the impact of gains and losses taxable or deductible at a lower income tax rate between current and prior year, and a different mix in our earnings across the various jurisdictions in which we operate.

## Net earnings and adjusted net earnings<sup>1</sup>

For fiscal 2022, net earnings were \$2.7 billion, a decrease of \$22.2 million, or 0.8%, compared with fiscal 2021. Diluted net earnings per share stood at \$2.52, compared with \$2.44 for the previous fiscal year. The translation of revenues and expenses from our foreign currency operations into US dollars had a net positive impact of approximately \$20.0 million on net earnings of fiscal 2022.

Adjusted net earnings for fiscal 2022 stood at \$2.8 billion, an increase of \$54.0 million, or 2.0%, compared with fiscal 2021. Adjusted diluted net earnings per share<sup>1</sup> were \$2.60 for fiscal 2022, compared with \$2.45 for fiscal 2021, an increase of 6.1%.

## Internal Controls over Financial Reporting

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We also maintain a system of disclosure controls and procedures designed to ensure, in all material respects, the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed with securities regulatory agencies is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to our management, including our President and Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As at April 30, 2023, our management, following its assessment, certifies the design and operating effectiveness of the Corporation's controls and procedures.

We undertake ongoing evaluations of the effectiveness of our internal controls over financial reporting and implement control enhancements, when appropriate. As at April 30, 2023, our management and our external auditors reported that these internal controls were effective.

## Critical Accounting Policies and Estimates

**Estimates.** This MD&A is based on the Corporation's consolidated financial statements, which have been prepared in accordance with IFRS. These standards require management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management reviews its estimates 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.

**Useful lives of tangible and intangible assets.** Property and equipment 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

Licenses and trademarks that are expected to provide economic benefits to the Corporation indefinitely have indefinite useful lives and are not amortized. 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.

The Corporation performs an annual evaluation of estimated useful lives used for tangible and intangible assets and any change resulting from this evaluation is applied prospectively by the Corporation.

<sup>1</sup> Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.



*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 reviewed at each reporting date and 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 reviewed at each reporting date and 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.

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 30, 2023, no provision for uncertain tax positions were significant to the Corporation.

*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.

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.

*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, in particular, 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.

**Impairment of long-lived assets.** 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. 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's evaluation of the existence of impairment indicators is based on market conditions and its operational performance. The variability of these factors depends on a number of conditions, including uncertainty about future events. These factors could cause the Corporation to conclude that impairment indicators exist and require that impairment tests be performed, which could result in determining that the value of certain long-lived assets is impaired, resulting in a write-down of such long-lived assets.

**Goodwill and other intangible assets.** Goodwill and other intangible assets with indefinite-life are evaluated for impairment annually, or more often if events or changes in circumstances indicate that the value of certain goodwill or intangibles may be impaired or if necessary due to the timing of acquisitions. For the purpose of this impairment test, management uses estimates and assumptions to establish the fair value of the Corporation's cash-generating units and intangible assets. If these assumptions and estimates prove to be incorrect, the carrying value of the cash generating unit or other intangible assets may be overstated. The annual impairment test is performed in the first quarter of each fiscal year.

**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. 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.

## Recently issued accounting standards not yet implemented

### *Amendments to IAS 1 Presentation of financial statements*

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period. For the purpose of non-current classification, the amendments remove the requirement for a right to defer settlement of or roll over a liability for at least 12 months to be unconditional. Instead, such a right must have substance and must exist at the end of the reporting period. The amendments also clarify the definition of a settlement and provide situations which would be considered as a settlement of a liability. In October 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)*. These further amendments clarify how to address the effects on classification and disclosure of covenants which an entity is required to comply with on or before the reporting date and covenants which an entity must comply with only after the reporting date.

These amendments will be applied by the Corporation starting April 29, 2024, and they are not expected to have a significant impact on its consolidated financial statements.

A number of other new standards or amendments to standards and interpretations will be effective for the fiscal year beginning May 1, 2023 or after. The Corporation does not expect that these other new standards or amendments will have a significant impact on its consolidated financial statements.

## Business Risks

We are constantly looking to control and improve our operations. In this perspective, identification and management of risks are key components of such activities. We have identified and assessed key risk factors that could negatively impact our objectives and their ensuing performance.

We manage risks on an ongoing basis and implement a series of measures designed to mitigate key risks described in the present section as well as their financial impact.

*Economic conditions.* Our revenues may be negatively influenced by changes in global, national, regional and/or local economic variables and consumer confidence. Changes in economic conditions, including inflationary pressures, and decisions taken by governments to manage economic matters, could adversely affect consumer spending patterns, travel and tourism in certain of our market areas.

*Changes in customer behaviour.* In the road transportation fuel and convenience business sector, customer traffic is generally driven by consumer preferences and spending trends, growth of road traffic and trends in travel and tourism as well as working from home policies. A decline in the number of potential customers using our fuel stations and convenience stores due to changes in consumer preferences, changes in discretionary consumer spending or modes of transportation could adversely impact our business, financial condition and results of operations.

Our continued success depends on our ability to remain relevant with respect to consumer's needs and preferences for ways of doing business with us, particularly with respect to digital engagement, contactless transactions and other non-traditional ordering and delivery platforms. We continually work to develop, produce and market new products, and refine our approach as to how and where we market, sell and deliver our products. If we are unable to anticipate and respond to sudden challenges that we may face in the marketplace, trends in the market for our products and changing consumer demands, it could have a material adverse effect on our business, financial condition and results of operations.

*Information technology systems.* We depend on information technology systems ("IT systems") to manage numerous aspects of our business transactions and to provide complete and reliable information to management. Our IT systems are an essential component of our business and growth strategies, and obsolescence of or a serious disruption to our IT systems could significantly limit our ability to manage and operate our business efficiently. These systems are vulnerable to, among other things, damage and interruption from power outage or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches, cyberattacks, computer viruses and laws and regulations necessitating mandatory upgrades and timelines with which we may not be able to comply. Any serious disruption could adversely affect our operations, our competitive position and/or reputation, and could lead to claims that could have an adverse effect on profitability.

*Acts of war, terrorism and geopolitical events.* Acts of war and terrorism, political instability, armed conflict and sanctions imposed by countries could impact general economic conditions as well as supply chain and price of crude oil. Such events could adversely impact our business, financial condition and results of operations.

*Legislative and regulatory requirements.* Our operations are subject to extensive and evolving laws, regulations, by-laws and self-regulatory standards, including, but without limitation, laws and regulations relating to the sale and labeling of alcohol, tobacco and nicotine products, and products containing cannabidiol (CBD), various food preparation, packaging, safety and product quality requirements, lottery and related products and other age-restricted products laws and regulations, minimum wage laws, overtime and other employment laws and regulations, data privacy laws, securities laws, competition laws, tax laws and regulations, and self-regulatory standards, including the Payment Card Industry Data Security Standards. In addition, convenience store operations are subject to numerous environmental laws and regulations that are discussed under "Environmental laws and regulations".

We currently incur substantial operating and capital costs for compliance with existing health, safety, environmental and other laws regulations and self-regulatory frameworks applicable to our operations. Such laws and regulations are subject to change and it is expected that, given the nature of our business, we will continue to be subject to increasingly stringent health, safety, environmental laws and regulations, and other laws and regulations that may increase the cost of operating our business above currently expected levels and require substantial future capital and other expenditures. As a result, there can be no assurance that the effect of any future laws and regulations or any changes to existing laws and regulations, or their current interpretation, on our business, financial condition and results of operations would not be material.

If we fail to comply with any laws and regulations or permit limitations or conditions, or fail to obtain any necessary permits or registrations, or to extend current permits or registrations upon expiry of their terms, or to comply with any restrictive terms contained in our current permits or registrations, we may be subject to, among other things, civil and criminal penalties, litigation and, in certain circumstances, the temporary or permanent curtailment or shutdown of a portion of our operations. Further, if we or our business partners fail to comply with the Payment Card Industry Data Security Standards or to adequately protect sensitive customer information, we may become subject to fines or limitations on our ability to accept credit or debit cards and litigation, which could adversely affect our sales, operating income, brand and reputation.

As we sell products containing cannabidiol (“CBD”) derived from hemp, the U.S. *Agricultural Improvement Act of 2018* (also known as the 2018 Farm Bill) enacted a number of changes to the legal status of hemp and products containing CBD derived from hemp, including removal from the statutory list of controlled substances. However, implementation of the 2018 Farm Bill is ongoing, and there is still significant uncertainty regarding the legal status of products containing CBD under U.S. law. The Food and Drug Administration (“FDA”) regulates human and animal food products and dietary supplements containing CBD and has stated that it interprets the *Federal Food, Drug, and Cosmetic Act of 1938*, as amended, to prohibit the sale of these products that contain CBD. Additionally, numerous states have enacted various state laws concerning the use of hemp and hemp derivatives like CBD, with some states expressly authorizing the use, some states expressly prohibiting the use, some states limiting the use to certain forms, and many states still remaining silent on the issue. While the FDA indicated for several years that it was reviewing the current regulatory framework and considering changes to allow for certain CBD-containing products, the FDA announced in January 2023 that it was deferring any consideration of statutory and regulatory changes to the U.S. Congress. Unless and until such changes are enacted by the U.S. Congress, the FDA and other federal and state regulatory authorities could take enforcement action to prevent the marketing of products with CBD, which could adversely impact our business, reputation, financial condition and results of operations or cause us to halt certain product sales altogether.

There is a risk that our interpretation of the U.S. legislation is inaccurate or that it will be successfully challenged by U.S. federal or state authorities. A successful challenge to such position by a U.S. state or federal authority could have an adverse impact on our operations and results, including as a result of civil and criminal penalties, damages, fines, the curtailment of a portion of our operations or asset seizures and the denial of regulatory applications, as well as on our reputation.

*Recruitment and retention of employees.* We are dependent on our ability to attract and retain a strong management team and key employees. If, for any reason, we are not able to attract and retain sufficient and appropriately skilled people, our business, our financial results and our ability to achieve our strategic objectives may be compromised. Furthermore, we are dependent on our ability to recruit and retain qualified employees in our stores, which is subject to many environmental factors, such as unemployment levels, wage rates and labor legislation in the various geographies in which we operate.

*Dependence on third party suppliers.* Our fuel business is dependent upon the supply of refined oil products from a relatively limited number of suppliers and upon a distribution network serviced principally by third party tanker trucks. Furthermore, we are also dependent on our suppliers and their manufacturers for convenience merchandise for resale and other raw materials. Political and economic instability, international conflicts, or other events may cause a disruption to our suppliers’ supply chains, which can have a significant effect on our ability to receive refined oil products and merchandise for resale, or can result in us paying higher cost to obtain such products.

*Climate change.* Developments regarding climate change and the effects of greenhouse gas emissions on climate change and the environment may decrease the demand for our major product, petroleum-based fuel. Attitudes toward our product and its relationship to the environment and the green movement may significantly affect our sales and ability to market our product. New technologies developed to steer the public toward non-fuel dependent means of transportation may create an environment with negative attitude toward fuel, thus affecting the public’s attitude toward our major product and potentially having a material effect on our business, financial condition and results of operations. Further, new technologies developed to improve fuel efficiency or governmental mandates to improve fuel efficiency may result in decreased demand for petroleum-based fuel, which could have a material effect on our business, financial condition and results of operations.

Our business may also be affected by laws and regulations addressing global climate change and the role played in it by fossil fuel combustion and the resulting carbon emissions. Some jurisdictions in which we operate have enacted measures to limit carbon emissions, and such measures increase the costs of petroleum-based fuels above what they otherwise would be and may adversely affect the demand for road transportation fuel. Similarly, adoption of other environmental protection measures affecting the petroleum supply chain, such as more stringent requirements applicable to the exploration, drilling, and transportation of crude oil and to the refining and transportation of petroleum products, may also increase the costs of petroleum-based fuels with similar effects on demand for road transportation fuel. The impact of such developments, individually or in combination, could adversely affect our sales of road transportation fuel and associated gross profit.

**Road transportation fuel.** Our results are sensitive to the changes in road transportation fuel prices and gross margin. Factors beyond our control such as market-driven changes in supply terms, road transportation fuel price fluctuations due to, among other things, general political and economic conditions, as well as the market's limited ability to absorb road transportation fuel prices fluctuations, are factors that could influence road transportation fuel selling price and related gross margin. During fiscal 2023, road transportation fuel revenues accounted for approximately 74.0%<sup>1</sup> of our total revenues, yet the road transportation fuel gross profit represented about only 50.0%<sup>1</sup> of our overall gross profit<sup>2</sup>.

**Tobacco products and alternative tobacco products.** Tobacco products and alternative tobacco products represent our largest product category of merchandise and service revenues. For fiscal 2023, tobacco products and alternative tobacco products revenues and gross profit<sup>2</sup> were \$6.4 billion and \$1.2 billion, respectively, representing approximately 37.0% and 20.0% of total merchandise and service revenues and gross profit<sup>2</sup>, respectively. Significant increases in wholesale cigarette pricing, significant increases or structural changes in tobacco related taxes, current and future legislation and national and local campaigns to discourage smoking, or prevent use of tobacco products, competition of illicit trade and introduction of smoking alternatives may have an adverse impact on the demand for tobacco products, and may therefore adversely affect our revenues and profits in light of the competitive landscape and consumer sensitivity to the price of such products.

**Sensitive information – data protection.** In the normal course of our business as a fuel and merchandise retailer, we are in receipt of personal data from our customers as well as other sensitive information regarding our employees, business partners and vendors. While we have invested significant amounts in the protection of our information technology and maintain what we believe are appropriate security controls over individually identifiable customer, employee and vendor data provided to us, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur and have a material effect on our reputation, operating results and financial condition. Such a breakdown or breach could also materially increase the costs we incur to protect against such risks. A material failure on our part to comply with regulations relating to our obligations to protect such sensitive data or to the privacy rights of our customers, employees and others could subject us to fines or other regulatory sanctions and potentially to lawsuits.

**Competition.** The industries and geographic areas in which we operate are highly competitive and marked by a constant change in terms of the number and type of retailers offering the products and services found in our stores. We compete with other convenience store chains, independent convenience stores, gas station operators, large and small food retailers, quick service restaurants, local pharmacies and pharmacy chains and dollar stores. There can be no assurance that we will be able to compete successfully against our competitors. Our business may also be adversely affected if we do not sustain our ability to meet customer requirements relative to price, quality, customer service and service offerings.

**Environmental laws and regulations.** Our operations, particularly those relating to the storage, transportation and sale of fuel products, are subject to numerous environmental laws and regulations in the countries in which we operate. These include laws and regulations governing the quality of fuel products, ground pollution and emissions and discharges into air and water, the implementation of targets regarding the use of certain bio-fuel or renewable energy products, the handling and disposal of hazardous wastes, the use of vapor reduction systems to capture fuel vapor, and the remediation of contaminated sites. Environmental requirements, and the enforcement and interpretation of these requirements, change frequently and have generally become more stringent over time. Under various national, provincial, state and local laws and regulations, we may, as the owner or operator, be liable for the costs of removal or remediation of contamination at our current or former sites, whether or not we knew of, or caused, the presence of such contamination. We may also be subject to litigation costs, fines and other sanctions as a result of our failure to comply with these requirements.

Tax incentives and other subsidies in different legislations in which we operate have also made renewable fuels as well as alternative powered and energy-efficient vehicles more competitive than they otherwise would have been, which may adversely impact our business, financial condition and results of operations.

**Acquisitions.** Acquisitions have been and should continue to be a significant part of our growth strategy. Our ability to identify and complete strategic acquisitions in the future may be limited by different factors, including the number of attractive acquisition targets with motivated sellers, internal demands on our resources and, to the extent necessary, our ability to obtain regulatory approval and financing on satisfactory terms for larger acquisitions, if at all.

<sup>1</sup> Please refer to the "Summary Analysis of Consolidated Results for Fiscal 2023" section for additional information of these performance measures.

<sup>2</sup> Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.



Achieving anticipated benefits and synergies of an acquisition will depend in part on whether the operations, systems, management and cultures of our Corporation and the acquired business can be integrated in an efficient and effective manner and whether the presumed bases or sources of synergies produce the benefits anticipated. We may not be able to achieve anticipated synergies and cost savings for an acquisition for many reasons, including contractual constraints, an inability to take advantage of expected synergistic savings and increased operating efficiencies, loss of key employees, or changes in tax laws and regulations. The process of integrating an acquired business may lead to greater than expected operating costs, significant one-time write-offs or restructuring charges, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, or suppliers). Failure to successfully integrate an acquired business may have an adverse effect on our business, financial condition and results of operations.

Although we perform a due diligence investigation of the businesses or assets that we acquire, there may be liabilities or expenses of the acquired business or assets that we do not uncover during our due diligence investigation and for which we, as a successor owner, may be responsible. The discovery of any material liabilities relating to an acquisition could have a material adverse effect on our business, financial condition and results of operations.

*Electronic payment modes.* We are exposed to significant fluctuations in expenses related to electronic payment modes resulting from large changes in road transportation fuel retail prices, because the majority of this expense is based on a percentage of the retail prices of road transportation fuel. For fiscal 2023, a variation of 10.0% in our expenses associated with electronic payment modes would have had an impact of approximately \$0.06 on earnings per share on a diluted basis.

*Tax laws and liabilities.* We are subject to extensive tax obligations imposed by multiple jurisdictions, including direct and indirect taxes, payroll taxes, franchise taxes, foreign withholding taxes and property taxes. New or changes to existing tax laws and regulations, involve judgement, and could result in increased tax expenses or liabilities in the future and could materially and adversely impact our financial condition, results of operations and cash flows. Additionally, many tax obligations are subject to periodic audits by tax authorities which could result in penalties and interest payments.

*Litigation.* In the ordinary course of business, we are a defendant in a number of legal proceedings, suits, and claims common to companies engaged in our business and an adverse outcome in such proceedings could adversely affect our business, financial condition and results of operations. Effectively, convenience store businesses and other foodservices operators can be adversely affected by litigation and complaints from customers or government agencies resulting from food quality, illness, or other health or environmental concerns or operating issues stemming from one or more locations. Lack of fresh food handling experience among our workforce increases the risk of food borne illness resulting in litigation and reputational damage. Adverse publicity about these allegations may negatively potentially affect us, regardless of whether the allegations are true, by discouraging customers from purchasing fuel, merchandise or food at one or more of our convenience stores. We could also incur significant liabilities if a lawsuit or claim results in a decision against us. Even if we are successful in defending such litigation, our litigation costs could be significant, and the litigation may divert time and money away from our operations and adversely affect our performance or our ability to continue operating our stores.

*Brand image and reputation.* Trademarks and other proprietary rights are important to the Corporation's competitive position and we benefit from a well-recognized brand. If the Corporation is unsuccessful in protecting its intellectual property rights, or if another party prevails in litigation claiming any rights thereto, the value of the brand could be diminished, causing customer confusion and materially adversely impacting our business and financial results. Failure to maintain product safety and quality could materially adversely affect our brand image and reputation and lead to potential product liability claims (including class-action), government agency investigations and damages.

*Pandemic, epidemic or outbreak of an infectious disease.* The widespread outbreak of an illness including the COVID-19 pandemic or any other communicable disease, or any other public health crisis, could adversely affect our business, results of operations and financial condition. Changes in general economic and other impacts in response to such outbreak, whether self-imposed or due to governmental or other authority, could materially impact financial results and may include temporary closures of facilities, temporary or long-term labor shortages or disruptions, temporary or long-term impacts on supply chains and distribution channels, temporary or long-term restrictions on cross-border commerce and travel, greater currency volatility, and increased risks to IT systems, networks and digital services.

Uncertain economic conditions resulting from a pandemic, epidemic or outbreak may, in the short or long term, adversely impact operations and the financial performance of the Corporation and each of its operating segments. These could include the loss of consumer confidence and spend, greater currency volatility, consequences on the financial condition of our customers, suppliers and other counterparties.

*Seasonality and natural disasters.* Weather conditions can have an impact on our revenues as historical purchase patterns indicate that our customers increase their transactions and also purchase higher margin items when weather conditions are favorable. We have operations in the Southeast and West Coast regions of the United States and, although these regions are generally known for their mild weather, they are susceptible to severe storms, hurricanes, earthquakes and other natural disasters.

**Hazards and risks associated with fuel products.** Our operations expose us to certain risks, particularly at our terminals and other storage facilities, where large quantities of fuel are stored, and at our fuel stations. These risks include equipment failure, work accidents, fires, explosions, vapour emissions, spills and leaks at storage facilities and/or in the course of transportation to or from our or a third party's terminal, fuel stations or other sites. In addition, we are also exposed to the risk of accidents involving the tanker trucks used in our fuel product distribution system. These types of hazards and accidents may cause personal injuries or the loss of life, business interruptions and/or property, equipment and environmental contamination and damage. Further, we may be subject to litigation, compensation claims, governmental fines or penalties or other liabilities or losses in relation to such incidents and accidents and may incur significant costs as a result. Such incidents and accidents may also affect our reputation or our brands, leading to a decline in the sales of our products and services, and may adversely impact our business, financial condition and results of operations.

**Indebtedness.** Our current level of indebtedness could have important consequences, such as allocating a portion of cash flows from operations to the payment of interests on the indebtedness and other financial obligations, and thus making it unavailable for other purposes and potentially affecting the Corporation's ability to obtain additional financing. The credit arrangements contain restrictive covenants that may limit our ability to incur, assume or permit to exist additional indebtedness, guarantees or liens. They also require the Corporation to comply with certain coverage ratio tests which may prevent the Corporation from pursuing certain business opportunities or taking certain actions. Please refer to the sections "Contractual Obligations and Commercial Commitments" and "Liquidity and Capital Resources" for more information on the composition of our long-term debt and credit arrangements.

**Interest rates.** We are exposed to interest rate fluctuations associated with changes in the short-term interest rate. Borrowings under our credit facilities bear interest at variable rates, and other debt we incur could likewise bear interest at variable rates. As at April 30, 2023, our variable rate debt was not significant, which limits our interest rate risk. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flows. We do not currently use derivative instruments to mitigate this risk. We could also be exposed to a risk of change in cash flows due to changes in interest rates on future debt issuance. To mitigate this risk, we can enter into interest rate locks and/or forward starting interest rate swaps in order to hedge the interest rates on forecasted debt issuance.

**Exchange rate.** The functional currency of our parent Company is the Canadian dollar. As such, our investments in our U.S., European and Asian operations are exposed to net changes in currency exchange rates. Should changes in currency exchange rates occur, the amount of our net investment in our U.S., European and Asian operations could increase or decrease. From time to time, we use cross-currency interest rate swap agreements to hedge a portion of this risk.

We are also exposed to foreign currency risk with respect to our cash and cash equivalents denominated in currencies other than the respective functional currencies, debt denominated in US dollars, our Norwegian-krone and Euro-denominated senior unsecured notes, the cross-currency interest rate swaps and the Canadian dollar / US dollar notional currency forwards, a portion of which are designated as net investment hedges of our operations in the United States, Norway, Denmark, the Baltics and Ireland. As we use the US dollar as our 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, the cross-currency interest rate swaps and the notionally divided Canadian dollar / US dollar currency forwards which are designated as net investment hedges of foreign operations, as at April 30, 2023, a variation in those currencies would be offset by equivalent amounts from the hedged net investments in Other comprehensive income ("OCI"). For the cash and cash equivalent denominated in currencies other than the respective functional currencies, as at April 30, 2023 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 \$11.6 million on Net earnings, which would be partially offset by a net impact of \$2.5 million from the portion of our long-term debt denominated in US dollars not designated as net investment hedges of foreign operations. For the notionally divided Euro / Canadian dollar currency forwards which are designated as a foreign currency cash flow hedge of a firm commitment to acquire a business in a foreign currency, as at April 30, 2023, and with all other variables held constant, a hypothetical variation of 5.0% of the Euro would have had a net impact of \$85.0 million on OCI.

We use the US dollar as our reporting currency. As such, changes in currency exchange rates could materially increase or decrease our foreign currency-denominated net assets on consolidation which would increase or decrease, as applicable, shareholders' equity. In addition, changes in currency exchange rates will affect the translation of the revenues and expenses of our Canadian, European and Asian operations and will result in lower or higher net earnings than would have occurred had the exchange rate not changed.

In addition to currency translation risks, we incur a currency transaction risk whenever one of our subsidiaries enters into a contract with customer or supplier labelled in a different currency than its functional currency. Given the volatility of exchange rates, we may not be able to manage our currency transaction and/or translation risks effectively, and volatility in currency exchange rates could have an adverse effect on our business, financial condition and results of operations.

**Credit risk.** We are exposed to credit risk arising from the share units indexed deposits and from derivative financial instruments when the unsettled fair value is favorable to us. In accordance with our risk management policy, to reduce this risk, we have entered into these instruments with major financial institutions with a very low credit risk. In some European markets, customers can settle their purchases at our multiple points of sale or at any other merchants with a Circle K / MasterCard credit card. We have 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 us and the issuing banks. In light of accurate credit assessments and continuous monitoring of outstanding balances, we believe that the receivables do not represent any significant risk.

**Liquidity.** Liquidity risk is the risk that we will encounter difficulties in meeting our obligations associated with financial liabilities and lease liabilities. We are exposed to this risk mainly through our long-term debt, accounts payable and accrued liabilities, lease liabilities and outflows associated with derivative financial instruments. Our liquidities are provided mainly by cash flows from operating activities and borrowings available under our credit facilities.

**Accounts receivable.** We are exposed to risk related to the creditworthiness and performance of our customers, suppliers and contract counterparties. As at April 30, 2023, we had outstanding accounts receivable totaling \$2.3 billion. This amount primarily consists of receivables arising from the sale of fuel and other products to independent franchised or licensed fuel station operators, receivables from other industrial and commercial clients, credit card receivables, as well as amounts receivable from vendor rebates due from our suppliers. Contracts with longer payment cycles or difficulties in enforcing contracts or collecting accounts receivable could lead to material fluctuations in our cash flows and could adversely impact our business, financial condition and results of operations.

**Insurance.** We carry comprehensive liability, fire and extended coverage insurance on most of our facilities, with policy specifications and insured limits customarily carried in our industry for similar properties. There can be no assurance that we will be able to continue to obtain such insurance on favorable terms or at all. Some types of losses, such as losses resulting from wars, acts of terrorism, pandemics, or natural disasters, generally are not insured because they are either uninsurable or not economically practical.

**Global operations.** We have significant operations in multiple jurisdictions throughout the world. Some of the risks inherent in the scope of our international operations include: the difficulty of enforcing agreements and collecting receivables through certain foreign legal systems, more expansive legal rights of foreign labor unions and employees, foreign currency exchange rate fluctuations, the potential for changes in local economic conditions, potential tax inefficiencies in repatriating funds from foreign subsidiaries and foreign exchange controls and restrictive governmental actions, such as restrictions on transfer or repatriation of funds and trade protection matters, including prohibitions or restrictions on acquisitions or joint ventures. Any of these factors could materially and adversely affect our business, financial condition and results of operations.

**Corporate structure.** We are a holding company and essentially all of our assets consist of the capital stock of our material subsidiaries. We conduct substantially all of our business through our subsidiaries, which generate substantially all of our revenues. Consequently, our cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before us.

## Outlook

As we have concluded the last milestone of our five-year strategy, we will soon introduce our new strategic plan to meet our customers' needs, making their lives a little easier every day. Despite challenging global economic conditions, we will remain focused on our convenience and mobility business by refining our *Fresh Food, Fast* program, pursuing opportunities to expand the flexibility in our supply chain and growing our electric vehicles offer to solidify our position as a global leader in the future of electric charging solutions. We stand ready to seek out additional acquisition opportunities and nurture the culture of discipline and entrepreneurship that has been our trademark over the past four decades. In this rapidly evolving environment, the roll out of the *Values We Live By* and actions taken toward them are proofs of our commitment into increasing employee engagement, diversity and inclusion as well as sustainability which will remain at the forefront of our priorities and a lens to the business.

Looking ahead, we will continue, as always, to look for and seize opportunities to grow the business and integrate our acquisitions into our network, always focusing on creating value for our employees, partners, and shareholders.

June 27, 2023

## 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 30, 2023, and April 24, 2022, 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 27, 2023

*/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 30, 2023. 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 30, 2023.

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 30, 2023 and expressed an unqualified opinion thereon, which is included herein.

June 27, 2023

*/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 30, 2023 and April 24, 2022, and its financial performance and its cash flows for the fiscal 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 fiscal years ended April 30, 2023 and April 24, 2022;
- the consolidated statements of comprehensive income for the fiscal years ended April 30, 2023 and April 24, 2022;
- the consolidated statements of changes in equity for the fiscal years ended April 30, 2023 and April 24, 2022;
- the consolidated statements of cash flows for the fiscal years ended April 30, 2023 and April 24, 2022;
- the consolidated balance sheets as at April 30, 2023 and April 24, 2022; 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 effectiveness of the Corporation's internal control over financial reporting as at April 30, 2023, 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 27, 2023.

### 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 Frédéric Lepage.

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

Montréal, Quebec

June 27, 2023

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<sup>1</sup>CPA auditor, public accountancy permit No. A123475

## 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 30, 2023.

### 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 Canadian generally accepted accounting principles. 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 Canadian generally accepted accounting principles, 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 30, 2023, in accordance with the criteria established in *Internal Control – Integrated Framework (2013)* issued by the 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 30, 2023 and April 24, 2022 and for the years then ended and issued our report dated June 27, 2023.

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

Montréal, Quebec  
June 27, 2023

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<sup>1</sup>CPA auditor, public accountancy permit No. A123475

## Consolidated Statements of Earnings

For the fiscal years ended April 30, 2023 and April 24, 2022  
(in millions of US dollars (Note 2), except per share amounts)

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
<b>Revenues</b>	<b>71,856.7</b>	<b>62,809.9</b>
Cost of sales, excluding depreciation, amortization and impairment (Note 8)	<b>59,804.6</b>	51,805.1
Operating, selling, general and administrative expenses (Note 8)	<b>6,361.8</b>	5,884.5
Gain on disposal of property and equipment and other assets (Notes 5, 8 and 17)	<b>(67.6)</b>	(103.9)
Depreciation, amortization and impairment (Notes 5, 6, 8, 16, 17 and 18)	<b>1,525.9</b>	1,545.7
<b>Operating income</b>	<b>4,232.0</b>	<b>3,678.5</b>
Share of earnings of joint ventures and associated companies (Note 7)	<b>3.8</b>	20.1
Financial expenses (Note 10)	<b>384.2</b>	325.8
Other financial items (Note 10)	<b>(78.2)</b>	(24.1)
Foreign exchange loss (gain)	<b>0.7</b>	(20.7)
<b>Net financial expenses</b>	<b>306.7</b>	<b>281.0</b>
Earnings before income taxes	<b>3,929.1</b>	3,417.6
Income taxes (Note 11)	<b>838.2</b>	734.3
<b>Net earnings</b>	<b>3,090.9</b>	<b>2,683.3</b>
Net earnings per share (Note 12)		
Basic	<b>3.07</b>	2.53
Diluted	<b>3.06</b>	2.52

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



## Consolidated Statements of Comprehensive Income

For the fiscal years ended April 30, 2023 and April 24, 2022  
(in millions of US dollars (Note 2))

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
<b>Net earnings</b>	<b>3,090.9</b>	2,683.3
<b>Other comprehensive loss</b>		
<b>Items that may be reclassified subsequently to earnings</b>		
<b>Translation adjustments</b>		
Change in cumulative translation adjustments <sup>(1)</sup>	(241.9)	(275.2)
Cumulative translation adjustments reclassified to earnings (Note 5)	—	10.5
Net changes in fair value and net interest on cross-currency interest rate swaps and currency forwards designated as a hedge of the Corporation's net investment in some of its foreign operations <sup>(2)</sup> (Notes 20 and 24)	(49.2)	(11.8)
<b>Cash flow hedges</b>		
Change in fair value of financial instruments <sup>(2)</sup> (Note 31)	36.7	32.0
Gain realized on financial instruments transferred to earnings <sup>(2)</sup>	(3.8)	(1.9)
<b>Items that will never be reclassified to earnings</b>		
Net actuarial gain <sup>(3)</sup> (Note 30)	3.6	17.2
(Loss) gain on investments in equity instruments measured at fair value through Other comprehensive income <sup>(4)</sup>	(6.1)	11.2
Other comprehensive loss	(260.7)	(218.0)
<b>Comprehensive income</b>	<b>2,830.2</b>	2,465.3

(1) For the fiscal years ended April 30, 2023 and April 24, 2022, these amounts include a loss of \$256.2 (net of income taxes of \$36.2) and a gain of \$47.3 (net of income taxes of \$7.2), respectively. These losses and gains arise from the translation of long-term debts denominated in foreign currencies and designated as net investment hedges in some of the Corporation's foreign operations.

(2) For the fiscal years ended April 30, 2023 and April 24, 2022, these amounts are net of income tax expenses of \$7.9 and \$5.0, respectively.

(3) For the fiscal years ended April 30, 2023 and April 24, 2022, these amounts are net of income tax expenses of \$0.9 and \$5.0, respectively.

(4) For the fiscal years ended April 30, 2023 and April 24, 2022, these amounts are net of income tax (recoveries) expenses of \$(1.0) and \$0.4, 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 30, 2023 and April 24, 2022  
(in millions of US dollars (Note 2))

	2023 (53 weeks)				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 29)	Equity
	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	639.9	25.8	12,521.0	(749.1)	12,437.6
Comprehensive income:					
Net earnings			3,090.9		3,090.9
Other comprehensive loss				(260.7)	(260.7)
					<u>2,830.2</u>
Share repurchases (Note 27)	(32.4)		(2,303.4)		(2,335.8)
Dividends declared			(377.7)		(377.7)
Transfer of realized gain on investments in equity instruments measured at fair value through Other comprehensive income (loss)			3.8	(3.8)	—
Stock option-based compensation expense (Note 28)		4.9			4.9
Exercise of stock options	7.2	(1.9)			5.3
<b>Balance, end of year</b>	<b>614.7</b>	<b>28.8</b>	<b>12,934.6</b>	<b>(1,013.6)</b>	<b>12,564.5</b>

	2022 (52 weeks)				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 29)	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)
					<u>2,465.3</u>
Share repurchases (Note 27)	(32.1)		(1,850.0)		(1,882.1)
Dividends declared			(330.1)		(330.1)
Stock option-based compensation expense (Note 28)		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>

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

## Consolidated Statements of Cash Flows

For the fiscal years ended April 30, 2023 and April 24, 2022  
(in millions of US dollars (Note 2))

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
<b>Operating activities</b>		
Net earnings	3,090.9	2,683.3
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, amortization, impairment and amortization of financing costs	1,533.5	1,549.9
Changes in non-cash working capital (Note 13)	(315.4)	(340.5)
Net changes in commodity indexed deposits and fuel swaps (Note 31)	(99.2)	50.6
Deferred income taxes (Note 11)	80.9	56.7
Gain on disposal of property and equipment and other assets (Note 5)	(67.6)	(103.9)
Net change in fair value of investments in equity instruments and other financial assets, convertible debentures and common share warrants (Notes 6 and 31)	30.0	(8.9)
Non-operating foreign exchange loss	21.0	—
Dividends received in excess of the share of earnings of joint ventures and associated companies	20.8	4.4
Early redemption premiums and deemed interest on repayment of senior unsecured notes	—	(37.7)
Other	49.7	91.0
<b>Net cash provided by operating activities</b>	<b>4,344.6</b>	<b>3,944.9</b>
<b>Investing activities</b>		
Purchase of property and equipment, intangible assets and other assets	(1,803.8)	(1,664.5)
Business acquisitions and contingent consideration paid (Note 4)	(847.9)	(323.4)
Proceeds from disposal of property and equipment, assets held for sale and other assets (Notes 4, 5 and 17)	262.1	403.3
Proceeds from disposal of investments in equity instruments and share units indexed deposits (Note 31)	194.2	—
Purchase of equity instruments, other financial assets and investments and loan related to Fire & Flower (Notes 6 and 31)	(55.6)	(196.7)
Investment in a joint venture (Note 7)	(30.1)	—
Change in restricted cash	5.5	(15.9)
Impact of the deconsolidation of the Corporation's Russian subsidiaries (Note 5)	—	(2.2)
<b>Net cash used in investing activities</b>	<b>(2,275.6)</b>	<b>(1,799.4)</b>
<b>Financing activities</b>		
Share repurchases (Note 27)	(2,392.5)	(1,842.3)
Principal elements of lease payments (Note 13)	(438.9)	(443.6)
Cash dividends paid	(377.7)	(330.1)
Repayment of debts on business acquisitions (Notes 4 and 13)	(144.5)	—
Exercise of stock options	5.3	0.8
Net payments on other debts (Note 13)	(1.4)	(78.5)
Repayment of senior unsecured notes (Note 13)	—	(1,190.6)
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs (Note 13)	—	990.1
Settlements of derivative financial instruments (Note 13)	—	(56.9)
<b>Net cash used in financing activities</b>	<b>(3,349.7)</b>	<b>(2,951.1)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(29.0)	(66.3)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,309.7)</b>	<b>(871.9)</b>
Cash and cash equivalents, beginning of year	2,143.9	3,015.8
Cash and cash equivalents, end of year	834.2	2,143.9
<b>Supplemental information:</b>		
Interest and early redemption premiums paid	353.6	329.7
Interest and dividends received	122.5	37.9
Income taxes paid, net	794.5	714.6

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

## Consolidated Balance Sheets

As at April 30, 2023 and April 24, 2022  
(in millions of US dollars (Note 2))

	2023	2022
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	834.2	2,143.9
Restricted cash	13.8	19.3
Accounts receivable (Note 14)	2,298.5	2,497.5
Inventories (Note 15)	2,176.0	2,403.0
Prepaid expenses	151.6	147.0
Assets held for sale (Note 5)	—	9.3
Other short-term financial assets (Notes 6, 20, and 31)	95.0	23.1
Income taxes receivable	100.5	85.2
	<b>5,669.6</b>	<b>7,328.3</b>
Property and equipment (Note 16)	11,873.0	11,286.2
Right-of-use assets (Note 17)	3,385.1	3,302.2
Intangible assets (Note 18)	762.2	687.5
Goodwill (Note 18)	6,621.5	6,094.1
Other assets (Note 19)	330.5	401.5
Other long-term financial assets (Notes 6, 23 and 31)	172.9	272.7
Investments in joint ventures and associated companies (Notes 6 and 7)	183.4	169.6
Deferred income taxes (Note 11)	51.0	49.5
	<b>29,049.2</b>	<b>29,591.6</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 21)	4,497.9	5,256.1
Short-term provisions (Note 25)	147.9	144.7
Other short-term financial liabilities (Notes 13 and 31)	0.8	85.2
Income taxes payable	79.6	103.1
Liabilities associated with assets held for sale (Note 5)	—	1.5
Current portion of long-term debt (Notes 13 and 22)	0.7	1.4
Current portion of lease liabilities (Note 13)	438.1	425.4
	<b>5,165.0</b>	<b>6,017.4</b>
Long-term debt (Notes 13 and 22)	5,888.3	5,963.6
Lease liabilities (Note 13)	3,138.8	3,049.5
Long-term provisions (Note 25)	647.7	577.0
Pension benefit liability (Note 30)	85.1	85.8
Other long-term financial liabilities (Notes 13, 24 and 31)	93.8	34.1
Deferred credits and other liabilities (Note 26)	182.1	243.9
Deferred income taxes (Note 11)	1,283.9	1,182.7
	<b>16,484.7</b>	<b>17,154.0</b>
<b>Equity</b>		
Capital stock (Note 27)	614.7	639.9
Contributed surplus	28.8	25.8
Retained earnings	12,934.6	12,521.0
Accumulated other comprehensive loss (Note 29)	(1,013.6)	(749.1)
	<b>12,564.5</b>	<b>12,437.6</b>
	<b>29,049.2</b>	<b>29,591.6</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 30, 2023 and April 24, 2022

(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 30, 2023, the Corporation operates a network of 12,432 convenience stores across North America, Europe and Asia, of which 9,983 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 2,000 stores are operated under the Circle K banner in 14 other countries and territories (Cambodia, Egypt, Guam, Guatemala, Honduras, Indonesia, Jamaica, Macau, Mexico, New Zealand, Saudi Arabia, South Africa, the United Arab Emirates and Vietnam), which brings the worldwide total network to more than 14,400 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 30, 2023, and April 24, 2022, are referred to as “2023” and “2022”. The fiscal year ended April 30, 2023 had 53 weeks (52 weeks in 2022).

### 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 27, 2023, the Corporation’s consolidated financial statements were approved by the Board of Directors, which also approved their publication.

## 3. ACCOUNTING POLICIES

### 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.

### 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



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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.

#### *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 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,

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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 automated stations. These revenues are recognized at the time of the transaction since control of goods and services is considered transferred when the 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.

The Corporation's retail operations also include subscription revenues which are recognized on a straight-line basis over the term of the subscription.

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

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.

One of the Corporation's wholly owned subsidiaries generates revenues from the direct sale of cannabis products in certain company-operated licensed stores in Canada. Moreover, through license fees with various licensed stores in 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, 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 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 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 deferred and included in Accounts payable and accrued liabilities or Deferred credits and other liabilities.

### **Operating, selling, general and administrative expenses**

The main items comprising Operating, selling, general and administrative expenses are labor, electronic payment modes fees, occupancy costs, repairs, maintenance, information technologies and overhead, excluding depreciation, amortization and impairment.

### **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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 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 reviewed at each reporting date and 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 reviewed at each reporting date and 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.

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 30, 2023, no provision for uncertain tax positions were significant to the Corporation.

### 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, heating systems, plumbing and electrical fixtures. Equipment includes signage, fuel equipment, in-store equipment and equipment for electric vehicles charging stations.

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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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.

### 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

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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, general and administrative expenses in the consolidated statements of earnings.

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, general and administrative 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.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 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 credit facilities 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.

### 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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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

### *Environmental costs*

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

### *Asset retirement obligations*

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

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

### *Obligations related to general liability and workers' compensation*

In the United States, Ireland and Canada, in particular, 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 timing of the restructuring; and
- The expenditures that will have to be undertaken.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 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.

### 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 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.

Until April 19, 2023, the Corporation was also 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 were recorded at fair value on the consolidated balance sheet under Accounts receivable and Other assets.

The Corporation 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 determined that the share units indexed deposits were 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 were 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 affect consolidated net earnings.

#### *Total return swaps*

The Corporation uses total return swaps 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 total return swaps”). As at April 30, 2023, the share units total return swaps are recorded at fair value on the consolidated balance sheet under Other short-term financial assets and Other long-term financial assets.

The Corporation has documented and designated the share units total return swaps 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 total return swaps are an effective hedge at the time of the establishment of the hedge and for the duration of the share units total return swaps. The changes in the fair value 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

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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, general and administrative expenses.

### *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 long-term debt as a foreign exchange hedge of its net investment in some of its foreign 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 effective portion of the changes in fair value of the cross-currency interest rate swaps is 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, including in relation with its United States commercial paper program (Note 22). 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 unless they have been designated as part of hedging relationships.

The Corporation designated its Euro / US dollar currency forwards (Note 20) as the hedge of more than one type of risks by notionally dividing these currency forwards, with the Canadian dollar imputed as the base currency for two notional derivatives.

The Euro / Canadian dollar notional currency forwards are designated as a cash flow hedge of the currency fluctuation risk associated with a firm commitment to acquire a business in a foreign currency. Accordingly, the effective portion of the change in fair value of these currency forwards are recognized in OCI until the date of the business combination.

The Canadian dollar / US dollar notional currency forwards are designated as a foreign exchange hedge of the Corporation's net investment in its United States operations. Accordingly, the effective portion of the change in fair value of these currency forwards are recognized in OCI, counterbalancing gains and losses arising from the translation of the Corporation's related net investments.

### *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 Financial expenses over the same periods as the interest expense on the debt is 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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 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

#### *Amendments to IAS 1 Presentation of financial statements*

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period. For the purpose of non-current classification, the amendments remove the requirement for a right to defer settlement of or roll over a liability for at least 12 months to be unconditional. Instead, such a right must have substance and must exist at the end of the reporting period. The amendments also clarify the definition of a settlement and provide situations which would be considered as a settlement of a liability. In October 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)*. These further amendments clarify how to address the effects on classification and disclosure of covenants which an entity is required to comply with on or before the reporting date and covenants which an entity must comply with only after the reporting date.

These amendments will be applied by the Corporation starting April 29, 2024, and they are not expected to have a significant impact on its consolidated financial statements.

A number of other new standards or amendments to standards and interpretations will be effective for the fiscal year beginning May 1, 2023 or after. The Corporation does not expect that these other 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:

### 2023

#### **Acquisition of Cape D'Or Holdings Limited, Barrington Terminals Limited and other related holding entities**

On August 30, 2022, the Corporation closed the acquisition of all the issued and outstanding shares of Cape D'Or Holdings Limited, Barrington Terminals Limited, and other related holding entities which operate an independent convenience store and fuel network in Atlantic Canada under the Esso, Go! Store and Wilsons Gas Stops brands (collectively "Wilsons"). The Wilsons network comprises 79 company-owned and operated convenience retail and fuel locations, 2 company-owned and dealer-operated locations, 137 dealer-owned and operated locations, and a fuel terminal in Halifax, Canada. The transaction was settled for a consideration of CA \$280.9 (\$215.3), using available cash.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

In connection with obtaining the Competition Bureau (Canada) approval for the transaction, the Corporation has entered into a consent agreement with the Commissioner of Competition to divest 34 company-owned and operated convenience retail and fuel locations, 1 company-owned and dealer-operated location, and 12 dealer-owned and operated locations in New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island, Canada. From the acquisition date, the assets and liabilities related to the locations to be divested were classified as held for sale on the consolidated balance sheet. On March 1, 2023, the Corporation closed the divestiture of these locations and of five additional dealer-owned and operated locations for a consideration of \$59.2. In addition, the consideration includes a contingent consideration receivable based on the future performance of the divested locations and which can go up to a maximum amount of \$8.5. The Corporation assessed that the fair value of the contingent consideration receivable was not significant.

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

	Preliminary estimate	Changes	Final estimate
	\$	\$	\$
Identifiable assets acquired			
Current assets			
Cash and cash equivalents	3.7	3.5	7.2
Accounts receivable	16.0	(8.2)	7.8
Inventories	9.3	(0.6)	8.7
Prepaid expenses	0.7	(0.2)	0.5
Assets held for sale <sup>(a)</sup>	26.4	38.5	64.9
	56.1	33.0	89.1
Property and equipment	70.1	9.6	79.7
Right-of-use assets	—	0.6	0.6
Intangible assets	17.2	12.6	29.8
Other assets	0.7	—	0.7
Deferred income taxes	3.0	(3.0)	—
<b>Total identifiable assets</b>	<b>147.1</b>	<b>52.8</b>	<b>199.9</b>
Liabilities assumed			
Current liabilities			
Accounts payable and accrued liabilities	34.6	(4.8)	29.8
Short-term provisions	—	0.1	0.1
Liabilities associated with assets held for sale	4.6	(3.0)	1.6
Current portion of long-term debt	52.6	(0.3)	52.3
Current portion of lease liabilities	—	0.1	0.1
	91.8	(7.9)	83.9
Lease liabilities	—	0.5	0.5
Long-term provisions	6.0	(4.1)	1.9
Deferred credits and other liabilities	0.3	—	0.3
Deferred income taxes	—	12.1	12.1
<b>Total liabilities assumed</b>	<b>98.1</b>	<b>0.6</b>	<b>98.7</b>
<b>Net identifiable assets acquired</b>	<b>49.0</b>	<b>52.2</b>	<b>101.2</b>
<b>Goodwill<sup>(a)</sup></b>	<b>164.0</b>	<b>(49.9)</b>	<b>114.1</b>
Total consideration	213.0	2.3	215.3
Cash and cash equivalents acquired	(3.7)	(3.5)	(7.2)
<b>Net cash flow for the acquisition</b>	<b>209.3</b>	<b>(1.2)</b>	<b>208.1</b>

(a) Assets held for sale include goodwill for an amount of \$29.7 in Final estimate (nil in Preliminary estimate).

On August 30, 2022, the Corporation repaid all of Wilsons' borrowings for an amount of \$52.3. The Wilsons acquisition was concluded in order to expand the Corporation's market share and generated goodwill mainly due to the strategic value of the locations acquired for the Corporation. None of the goodwill related to this transaction was deductible for tax purposes. Since the date of acquisition, revenues and net earnings from this acquisition amounted to \$386.6 and \$4.2, respectively.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### Acquisition of True Blue Car Wash LLC ("True Blue")

On February 8, 2023, the Corporation acquired all of the memberships interests of True Blue Car Wash LLC ("True Blue"). True Blue operates 65 express tunnel car wash sites under the brands Clean Freak and Rainstorm, in the Midwest and Southwest regions of the United States. The transaction was settled for a consideration of \$302.2 and is subject to post closing adjustments. The transaction was financed using borrowings available under the Corporation's United States commercial paper program (Note 22) and available cash.

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

The preliminary estimates of the fair value of assets acquired and liabilities assumed for the True Blue acquisition 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	3.4
Accounts receivable	0.3
Inventories	0.2
Prepaid expenses	0.3
Property and equipment	43.5
Right-of-use assets	183.8
Other assets	0.2
<u>Total tangible assets</u>	<u>231.7</u>
Liabilities assumed	
Accounts payable and accrued liabilities	9.3
Long-term debt	92.2
Lease liabilities	182.8
<u>Total liabilities assumed</u>	<u>284.3</u>
<u>Net tangible assets acquired</u>	<u>(52.6)</u>
Intangible assets	38.5
Goodwill	316.3
Total consideration	302.2
Cash and cash equivalents acquired	(3.4)
<u>Net cash flow for the acquisition</u>	<u>298.8</u>

On August 30, 2022, the Corporation repaid all of True Blue's borrowings for an amount of \$92.2. The True Blue acquisition was concluded in order to expand the Corporation's market share related to its car wash operations and generated goodwill mainly due to the strategic value of the locations acquired for the Corporation. The Corporation expects that all of the goodwill related to this transaction will be deductible for tax purposes. Since the date of acquisition, revenues and net earnings from this acquisition amounted to \$18.9 and \$1.0, respectively.

### Acquisition of Big Red Stores

On April 17, 2023, the Corporation acquired 45 company-owned and operated convenience retail and fuel sites operating under the Big Red Stores brand and located in the state of Arkansas, United States. The transaction was settled for a consideration of \$285.7, and is subject to post closing adjustments. The transaction was financed using the Corporation's available cash and existing credit facilities.

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

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

The preliminary estimates of the fair value of assets acquired and liabilities assumed for the Big Red Stores acquisition 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	0.1
Accounts receivable	0.2
Inventories	5.3
Property and equipment	122.1
<u>Total tangible assets</u>	<u>127.7</u>
Liabilities assumed	
Provisions	0.9
<u>Total liabilities assumed</u>	<u>0.9</u>
<u>Net tangible assets acquired</u>	<u>126.8</u>
<u>Goodwill</u>	<u>158.9</u>
Total consideration	285.7
Cash and cash equivalents acquired	(0.1)
<u>Net cash flow for the acquisition</u>	<u>285.6</u>

The Big Red Stores acquisition was concluded in order to expand the Corporation's market share and generated goodwill mainly due to the strategic value of the locations acquired for the Corporation. The Corporation expects all of the goodwill related to this transaction will be deductible for tax purposes. Since the date of acquisition, revenues and net earnings from this acquisition amounted to \$7.7 and \$0.2, respectively.

On a pro forma basis, had the Corporation concluded the Wilsons, True Blue and Big Red Stores acquisitions at the beginning of its fiscal year, total revenues and net earnings of the Corporation would have amounted to \$72,516.7 and \$3,116.8, respectively.

### Other acquisitions

During the fiscal year ended April 30, 2023, the Corporation also acquired 17 company-operated stores, including 10 company-owned and operated convenience retail and fuel sites operating under the Dion's Quik Chik brand and located in the state of Florida, United States. The Corporation owns the building and the land for seven sites, owns the building while leasing the land for seven sites and leases the building and the land for the other sites. These transactions were settled for a total consideration of \$63.5, including a cash consideration of \$54.6 using available cash and a consideration payable of \$8.9. Given the timing of certain of these acquisitions, the Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed, and the resulting goodwill.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

The preliminary estimates of the fair value of the assets acquired and the liabilities assumed for these acquisitions, based on the estimated fair value on the date of acquisition and available information as at the date of the publication of these consolidated financial statements are as follows:

	\$
Tangible assets acquired	
Inventories	2.0
Prepaid expenses	0.1
Property and equipment	19.3
Right-of-use assets	16.5
<b>Total tangible assets</b>	<b>37.9</b>
Liabilities assumed	
Accounts payable and accrued liabilities	0.7
Provisions	0.3
Lease liabilities	16.4
<b>Total liabilities assumed</b>	<b>17.4</b>
<b>Net tangible assets acquired</b>	<b>20.5</b>
<b>Goodwill</b>	<b>43.0</b>
<b>Total consideration</b>	<b>63.5</b>
<b>Consideration payable</b>	<b>(8.9)</b>
<b>Net cash flows for the acquisitions</b>	<b>54.6</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. 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 \$17.7 and \$0.9, 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.

### Commitments for business acquisitions

On March 16, 2023, the Corporation agreed to a firm and irrevocable offer to acquire 2,193 sites from TotalEnergies SE for a total cash consideration of approximately €3,100.0 (\$3,400.0). The retail assets included in the proposed acquisition cover 1,195 sites located in Germany, 566 sites in Belgium, 387 sites in Netherlands, and 45 sites in Luxembourg, of which 1,495 sites are company-owned and 698 sites are dealer-owned. For the same sites included in the proposed acquisition, 12% are company-operated and 88% are dealer-operated. The proposed acquisition would comprise 100% of TotalEnergies SE's retail assets in Germany and Netherlands as well as a 60% interest in the Belgium and Luxembourg entities. Subsequent to the end of the fiscal year ended April 30, 2023, and following the completion of the information and consultation process involving TotalEnergies SE employee representative bodies at European level in Belgium, Netherlands and Luxembourg, TotalEnergies SE has accepted the Corporation's offer, which will lead to entering into definitive agreements. The Corporation expects the transaction to be completed before the end of calendar year 2023 and it remains subject to customary closing conditions and regulatory approvals. The transaction would be financed using the Corporation's available cash, existing credit facilities, United States commercial paper program, and new term loans (Note 22). To mitigate the currency fluctuation risk associated with the Euro, the Corporation entered into currency forward contracts with financial institutions for a portion of the consideration, representing €1,600.0 (Note 20).

On April 27, 2023, the Corporation entered into a binding agreement to acquire 112 company-owned and operated convenience retail and fuel sites operating under the MAPCO brand and located in the states of Alabama, Georgia, Kentucky, Mississippi and Tennessee, in the United States. The agreement also includes surplus property and a logistics fleet. The transaction would be financed using the Corporation's available cash, existing credit facilities, including its United States commercial paper program (Note 22). The Corporation expects the transaction to close in the second half of calendar year 2023 and is subject to customary closing conditions and regulatory approvals.

For the fiscal year ended April 30, 2023, acquisition costs of \$13.7 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, general and administrative expenses.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 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.

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. During the fiscal year ended April 30, 2023, the Corporation paid \$0.8 in relation with this contingent consideration and there were no changes to the expected amount of payment. 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, general and administrative expenses.

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

	\$
Identifiable 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
Intangible assets	26.4
Other assets	0.2
<u>Total identifiable assets</u>	<u>174.6</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 identifiable assets acquired</u>	<u>101.2</u>
<u>Goodwill</u>	<u>205.7</u>
Total consideration	306.9
Cash and cash equivalents acquired	(1.0)
Consideration payable	(4.0)
Contingent consideration payable	(3.5)
<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. Almost all of the goodwill related to these transactions was deductible for tax purposes. 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 30, 2023 and April 24, 2022

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

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

#### 2023

##### *Disposal of business*

During the fiscal year ended April 30, 2023, as a result of the continued strategic review of its network, the Corporation completed the sale of 40 sites located in the United States to various buyers for cash consideration of \$50.0, resulting in a gain of \$17.5 which is included in Gain on disposal of property and equipment and other assets in the consolidated statement of earnings. In addition, the Corporation completed the sale of seven sites located in the United States that were classified as held for sale as at April 24, 2022, for cash consideration of \$6.0, resulting in a gain of \$1.7 which is included in Gain on disposal of property and equipment and other assets in the consolidated statement of earnings. During the fiscal year ended April 30, 2023, the sale of four sites that were classified as held for sale as at April 24, 2022 was no longer deemed highly probable following the termination of their associated sales agreements and the impact of their reclassification was not significant to the Corporation.

Please refer to Note 4 for more information on the locations that were divested in relation with the Wilsons network business acquisition.

#### 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.

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:

	\$
<b>Assets</b>	
Inventory	1.4
Property and equipment	3.8
Right-of-use assets	1.7
Intangible assets	0.2
Goodwill	2.2
	<u>9.3</u>
<b>Liabilities</b>	
Lease liabilities	1.3
Provisions	0.2
	<u>1.5</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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### *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. In August 2022, the Corporation disposed of its investment and no gain or loss resulted from the disposal.

### 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 (the Series A-1, A-2, A-3, B and C Warrants). As at April 30, 2023, the principal amount of unsecured convertible debentures outstanding was CA \$2.4 (\$1.8) and the Series C Warrants were not exercised. On June 30, 2023, the convertible debentures will mature and the Series C Warrants, which have been exercisable since October 1, 2022, will expire. During the fiscal year ended April 30, 2023, the Corporation assessed that its currently existing and potential voting rights continued to provide significant influence over Fire & Flower. The accounting periods of Fire & Flower, which is a publicly traded company, do not coincide with the Corporation's accounting periods, therefore the Corporation used Fire & Flower's financial statements for the reporting period ended March 31, 2023, adjusted to reflect significant transactions, if any, in applying the equity method of accounting for the fiscal year ended April 30, 2023. As at April 30, 2023, the Corporation's ownership interests in Fire & Flower was 35.7%.

On October 9, 2022, the Corporation determined that the decrease in the market capitalization of Fire & Flower was an evidence of impairment on its investment and, as a result, a loss of \$23.9 was recorded to Depreciation, amortization and impairment (\$33.7 following a similar assessment as at April 24, 2022 in 2022). The recoverable amount of the investment in the associated company was determined on the basis of fair value less costs of disposal, which included the Corporation's share of Fire & Flower market capitalization (Level 1), using the following observable inputs:

	<u>As at October 9, 2022</u>	<u>As at April 24, 2022</u>
Fire & Flower common shares closing value	<b>CA \$1.72</b>	CA \$4.23
Number of Fire & Flower outstanding common shares	<b>45,518,025</b>	37,015,708
% of Fire & Flower common shares owned	<b>35.2 %</b>	20.8 %
Fair value of the Corporation's investment in Fire & Flower	<b>20.1</b>	25.7

On April 28, 2022, the Corporation exercised the Series B Warrants for a total consideration of CA \$37.8 (\$29.5), including a cash consideration of CA \$17.3 (\$13.5) as well as CA \$20.5 (\$16.0) representing the non-cash settlement of the principal and accrued interests of a CA \$20.0 secured loan granted to Fire & Flower. During the fiscal year ended April 30, 2023, the Corporation also entered into a loan agreement consisting of a secured loan of CA \$11.0 (\$8.0) which was granted to Fire & Flower, bearing interest at an annual rate of 11.0% and maturing on December 31, 2023. As at April 30, 2023, the secured loan was recorded under Accounts receivable on the consolidated balance sheet.

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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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

	Estimated fair value of the convertible debentures	Estimated fair value of the common share warrants	Estimated total fair value of the financial assets	Deferred differences	Net carrying amount
	\$	\$	\$	\$	\$
<b>Fiscal year ended April 30, 2023 (53 weeks)</b>					
Balance, beginning of year	2.3	0.3	2.6	(0.7)	1.9
Net gain recognized to Other financial items	(0.2)	(0.3)	(0.5)	0.7	0.2
Effect of exchange rate variations	(0.1)	—	(0.1)	—	(0.1)
<b>Balance, end of year</b>	<b>2.0</b>	<b>—</b>	<b>2.0</b>	<b>—</b>	<b>2.0</b>
<b>Fiscal year ended April 24, 2022 (52 weeks)</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>

Expected volatility is a key unobservable input which is used to establish the fair value and its fluctuation stems mainly from the developing market in which Fire & Flower operates. As at April 30, 2023 and April 24, 2022, 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 the convertible debentures and common share warrants. 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 31). 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.

On June 6, 2023, subsequent to the end of the fiscal year ended April 30, 2023, the Corporation executed a facility agreement with Fire & Flower pursuant to which it agreed to advance a CA \$9.8 (\$7.2) debtor-in-possession loan. The debtor-in-possession loan availability is subject to certain conditions being satisfied, including an order for creditor protection under the *Companies' Creditors Arrangement Act* received by Fire & Flower remaining in effect. On June 21, 2023, the Ontario Superior Court of Justice approved a Sales and Investment Solicitation Process ("SISP") pursuant to which one of the Corporation's wholly-owned subsidiaries is acting as Stalking Horse bidder. The success of the Stalking Horse bid is dependent on the outcome of the SISP.

### 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:

	2023	2022
	\$	\$
Investment in joint ventures	179.9	143.9
Investment in associated companies	3.5	25.7
	<b>183.4</b>	<b>169.6</b>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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:

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Joint ventures' net earnings and comprehensive income	28.9	27.8
Associated companies' losses and comprehensive loss	(25.1)	(7.7)
	<u>3.8</u>	<u>20.1</u>

During the fiscal year ended April 30, 2023, the Corporation invested an amount of \$30.1 in a joint venture with Musket Corporation, which then acquired four road transportation fuel terminals located in Florida, Illinois, and North Carolina, United States.

### 8. SUPPLEMENTARY INFORMATION RELATING TO EXPENSES

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Cost of sales	59,827.1	51,820.7
Selling and marketing expenses	6,739.0	6,301.7
Administrative expenses	981.8	931.5
Other operating expenses	76.8	77.5

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Employee benefit charges		
Salaries	2,973.5	2,744.9
Fringe benefits and other employer contributions	279.8	296.2
Employee future benefits (Note 30)	170.2	156.7
Termination benefits	14.1	2.2
Stock-based compensation and other stock-based payments (Note 28)	28.3	23.6
	<u>3,465.9</u>	<u>3,223.6</u>

### 9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Salaries and other current benefits	13.0	11.3
Stock-based compensation and other stock-based payments	14.3	12.0
Employee future benefits (Note 30)	2.9	2.7
	<u>30.2</u>	<u>26.0</u>

Key management personnel comprise members of the Board of Directors, President and Chief Executive Officer, and Executive Vice-Presidents.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 10. FINANCIAL EXPENSES AND OTHER FINANCIAL ITEMS

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Financial expenses		
Interest on long-term debt and short-term debt	256.6	216.1
Interest on lease liabilities	96.3	85.0
Accretion of provisions (Note 25)	18.9	14.2
Other finance costs	12.4	7.3
Impact of the redemption notices of senior unsecured notes	—	3.2
	<b>384.2</b>	<b>325.8</b>
Other financial items		
Interest on bank deposits	(93.9)	(9.8)
Other financial revenues	(9.9)	(5.4)
Change in fair value of financial instruments classified at fair value through earnings or loss (Notes 6 and 31)	25.6	(8.9)
	<b>(78.2)</b>	<b>(24.1)</b>

### 11. INCOME TAXES

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Current income tax expense	757.3	677.6
Deferred income tax expense	80.9	56.7
	<b>838.2</b>	<b>734.3</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:

	2023	2022
	%	%
Combined statutory income tax rate in Canada <sup>(a)</sup>	26.50	26.50
Impact of other jurisdictions' tax rates	(4.29)	(5.72)
Other permanent differences	(0.88)	0.71
Effective income tax rate	<b>21.33</b>	<b>21.49</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 30, 2023 and April 24, 2022

(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:

	2023 (53 weeks)				
	Balance as at April 24, 2022	Recognized to earnings	Recognized directly to OCI or equity	Recognized through business acquisitions	Balance as at April 30, 2023
	\$	\$	\$	\$	\$
Deferred income tax assets					
Property and equipment	(10.5)	(4.9)	4.1	—	(11.3)
Expenses deductible during the following years	(4.1)	(1.2)	0.3	—	(5.0)
Intangible assets	0.9	1.4	1.3	—	3.6
Deferred charges	34.3	4.6	(3.4)	—	35.5
Tax losses and tax credits carried forward	15.1	0.5	(9.7)	—	5.9
Asset retirement obligations	12.2	2.8	(1.2)	—	13.8
Deferred credits	(7.2)	(0.9)	1.3	—	(6.8)
Revenues taxable during the following years	2.0	(1.7)	(0.2)	—	0.1
Right-of-use assets	(68.1)	(0.7)	5.2	—	(63.6)
Lease liabilities	69.9	1.0	(5.4)	—	65.5
Investments	1.3	7.5	1.3	—	10.1
Other	3.7	9.2	(9.7)	—	3.2
	<b>49.5</b>	<b>17.6</b>	<b>(16.1)</b>	<b>—</b>	<b>51.0</b>

	2023 (53 weeks)				
	Balance as at April 24, 2022	Recognized to earnings	Recognized directly to OCI or equity	Recognized through business acquisitions	Balance as at April 30, 2023
	\$	\$	\$	\$	\$
Deferred income tax liabilities					
Property and equipment	1,161.5	36.3	(5.0)	3.4	1,196.2
Expenses deductible during the following years	(27.0)	7.8	—	—	(19.2)
Intangible assets	1.1	80.4	(0.7)	8.7	89.5
Goodwill	288.3	9.5	(4.6)	—	293.2
Deferred Charges	(65.0)	12.0	1.2	—	(51.8)
Tax losses and tax credits carried forward	(40.5)	(13.5)	6.8	—	(47.2)
Asset retirement obligations	(66.9)	(9.0)	1.6	—	(74.3)
Deferred credits	(8.4)	2.2	—	—	(6.2)
Revenues taxable during the following years	19.5	0.3	0.2	—	20.0
Right-of-use assets	236.5	(9.2)	(13.0)	0.2	214.5
Lease liabilities	(288.5)	4.5	14.0	(0.2)	(270.2)
Investments	7.5	(2.6)	(0.2)	—	4.7
Unrealized exchange loss	(35.4)	(20.2)	(9.7)	—	(65.3)
	<b>1,182.7</b>	<b>98.5</b>	<b>(9.4)</b>	<b>12.1</b>	<b>1,283.9</b>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

2022  
(52 weeks)

	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
	60.6	3.7	(14.8)	—	49.5

2022  
(52 weeks)

	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)
	1,128.6	60.4	(8.5)	2.2	1,182.7

The losses carried forward and deductible temporary differences for which deferred tax assets have not been recognized amounted to \$694.8 as at April 30, 2023 (\$566.2 as at April 24, 2022), of which \$570.9 will reverse through OCI (\$438.9 as at April 24, 2022).

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

Of these amounts, approximately \$682.5 as at April 30, 2023 had no expiration date (\$511.5 as at April 24, 2022). 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 ten years	—
Ten to twenty years	12.3
	<u>12.3</u>

During the fiscal year ended April 30, 2023, \$3.2 of previously unrecognized deferred tax assets 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 \$9,132.5 (\$7,529.1 in 2022).

### 12. NET EARNINGS PER SHARE

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

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Net earnings	<u>3,090.9</u>	2,683.3
Weighted average number of shares (in millions)	1,007.7	1,062.0
Dilutive effect of stock options (in millions)	1.8	1.5
Weighted average number of diluted shares (in millions)	<u>1,009.5</u>	1,063.5
Basic net earnings per share	<u>3.07</u>	2.53
Diluted net earnings per share	<u>3.06</u>	2.52

When they have an antidilutive effect, stock options must be excluded from the calculation of the diluted net earnings per share. For fiscal 2023, no stock options were excluded (1,334 stock options excluded in 2022).

For fiscal 2023, the Board of Directors declared total dividends of CA 53.00¢ per share (CA 41.75¢ per share for 2022).

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

#### Changes in non-cash working capital

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Accounts receivable	106.5	(838.8)
Inventories	202.8	(639.2)
Prepaid expenses	(5.9)	(34.5)
Accounts payable and accrued liabilities	(577.5)	1,203.3
Current income taxes	(41.3)	(31.3)
	<u>(315.4)</u>	<u>(340.5)</u>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### Changes in liabilities arising from financing activities

	2023 (53 weeks)			2022 (52 weeks)		
	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>36.6</b>	<b>3,474.9</b>	<b>5,965.0</b>	87.5	3,212.1	6,389.9
<b>Cash flows</b>						
Net cash payments on long-term debt presented as financing activities	—	—	(145.9)	—	—	(279.0)
Principal elements of lease payments	—	(438.9)	—	—	(443.6)	—
Settlements of derivative financial instruments	—	—	—	(56.9)	—	—
Early redemption premiums and deemed interest on repayment of senior unsecured notes presented as operating activities	—	—	—	—	—	(37.7)
<b>Non-cash movements</b>						
Reclassified (to) from liabilities associated with assets held for sale (Note 5)	—	(2.5)	—	—	49.8	—
Change in estimates	—	189.1	—	—	472.9	—
Additions	—	241.4	—	—	202.9	—
Change in fair value	58.0	—	—	6.0	—	—
Business acquisitions (Note 4)	—	199.8	144.5	—	65.6	4.0
Impact of the redemption notices of senior unsecured notes	—	—	—	—	—	3.2
Amortization of financing costs	—	—	3.8	—	—	3.6
Impact of the deconsolidation of the Corporation's Russian subsidiaries (Note 5)	—	—	—	—	(1.5)	—
Effect of exchange rate fluctuations	—	(86.9)	(78.4)	—	(83.3)	(119.0)
<b>Balance, end of year</b>	<b>94.6</b>	<b>3,576.9</b>	<b>5,889.0</b>	36.6	3,474.9	5,965.0

### 14. ACCOUNTS RECEIVABLE

	2023	2022 <sup>(b)</sup>
	\$	\$
Trade accounts receivable, proprietary cards receivable and vendor rebates receivable <sup>(a)(b)</sup>	1,569.8	1,727.7
Credit and debit cards receivable from payment-processing providers <sup>(a)(b)</sup>	510.0	483.5
Provision for expected credit losses	(28.2)	(33.4)
Credit and debit cards receivable from payment-processing providers and Trade accounts receivable, proprietary cards receivable and vendor rebates receivable – net	2,051.6	2,177.8
Other accounts receivable	246.9	319.7
	<b>2,298.5</b>	<b>2,497.5</b>

(a) These amounts are presented net of an amount of \$133.4 from Accounts payable and accrued liabilities (Note 21) due to netting arrangements (\$162.3 as at April 24, 2022).

(b) The Corporation now isolates credit and debit cards receivable from payment-processing providers from its proprietary cards receivable due to their different credit risk profile. They were formerly classified together as Credit and debit cards receivable. Proprietary cards receivable are now included in Trade accounts receivable, proprietary cards receivable and vendor rebates receivable and, as a result, an amount of \$696.1 was reclassified to reflect this change in the comparative figures.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

(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 from payment-processing providers, and Trade accounts receivable, proprietary cards 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:

	2023			2022		
	Gross carrying amount	Expected loss rate	Loss allowance	Gross carrying amount	Expected loss rate	Loss allowance
	\$	%	\$	\$	%	\$
Not past due	1,891.1	0.1	2.2	1,973.3	0.2	3.5
Past due 1-90 days	128.9	1.5	1.9	189.6	1.1	2.1
Past due 91 days and over	59.8	40.3	24.1	48.3	57.6	27.8
	<b>2,079.8</b>		<b>28.2</b>	<b>2,211.2</b>		<b>33.4</b>

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

	2023	2022
	(53 weeks)	(52 weeks)
	\$	\$
Balance, beginning of year	33.4	37.3
Provision for expected credit losses, net of unused beginning balance	0.3	3.8
Receivables written off during the year	(4.8)	(4.8)
Effect of exchange rate variations	(0.7)	(2.9)
Balance, end of year	<b>28.2</b>	<b>33.4</b>

### 15. INVENTORIES

	2023	2022
	\$	\$
Merchandise <sup>(a)</sup>	1,008.6	937.5
Road transportation fuel <sup>(b)</sup>	1,131.7	1,434.9
Other products	35.7	30.6
	<b>2,176.0</b>	<b>2,403.0</b>

(a) For the fiscal year ended April 30, 2023, write-down to net realizable value expenses of \$0.5 were recorded for this category in Cost of sales, excluding depreciation, amortization and impairment in the consolidated statements of earnings (\$9.2 for the fiscal year ended April 24, 2022).

(b) For the fiscal year ended April 30, 2023, write-down to net realizable value expenses of \$8.1 were recorded for this category in Cost of sales, excluding depreciation, amortization and impairment in the consolidated statements of earnings (nil for the fiscal year ended April 24, 2022).

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 30, 2023 and April 24, 2022

(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>2023 (53 weeks)</b>					
<b>Net book amount, beginning</b>	3,563.8	3,003.9	4,196.2	522.3	11,286.2
Additions	75.0	295.8	1,074.7	214.2	1,659.7
Business acquisitions (Note 4)	76.7	103.3	80.7	3.9	264.6
Disposals	(59.6)	(13.4)	(55.4)	(1.8)	(130.2)
Depreciation and amortization expense	—	(270.6)	(626.0)	(81.2)	(977.8)
Transfers	—	107.4	(109.9)	2.5	—
Reclassified to assets held for sale (Note 5)	(5.3)	(2.8)	(4.4)	(0.7)	(13.2)
Effect of exchange rate variations	(71.5)	(53.4)	(85.1)	(6.3)	(216.3)
<b>Net book amount, ending<sup>(a)</sup></b>	<b>3,579.1</b>	<b>3,170.2</b>	<b>4,470.8</b>	<b>652.9</b>	<b>11,873.0</b>
<b>As at April 30, 2023</b>					
Cost	3,580.6	5,253.3	8,393.1	1,334.2	18,561.2
Accumulated depreciation, amortization and impairment	(1.5)	(2,083.1)	(3,922.3)	(681.3)	(6,688.2)
<b>Net book amount<sup>(a)</sup></b>	<b>3,579.1</b>	<b>3,170.2</b>	<b>4,470.8</b>	<b>652.9</b>	<b>11,873.0</b>
Portion related to property and equipment not operated by the Corporation as they are subject to operating leases	38.9	9.9	5.4	—	54.2
<b>2022 (52 weeks)</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 (to) from 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, ending<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

(a) The net book amount as at April 30, 2023 includes \$1,236.4 related to construction in progress (\$1,087.7 as at April 24, 2022).

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

(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>2023 (53 weeks)</b>				
<b>Net book amount, beginning</b>	<b>3,216.3</b>	<b>66.2</b>	<b>19.7</b>	<b>3,302.2</b>
Additions	184.1	49.0	9.2	242.3
Business acquisitions (Note 4)	200.9	—	—	200.9
Depreciation and amortization expense	(432.8)	(25.7)	(5.1)	(463.6)
Change in estimates	195.4	(2.1)	(0.3)	193.0
Reclassified to assets held for sale (Note 5)	(2.1)	—	—	(2.1)
Deemed disposals related to subleases	(5.8)	—	—	(5.8)
Effect of exchange rate variations	(81.0)	(0.7)	(0.1)	(81.8)
<b>Net book amount, ending</b>	<b>3,275.0</b>	<b>86.7</b>	<b>23.4</b>	<b>3,385.1</b>
<b>2022 (52 weeks)</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, ending</b>	<b>3,216.3</b>	<b>66.2</b>	<b>19.7</b>	<b>3,302.2</b>

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

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Expenses relating to short-term leases and leases of low-value assets	33.4	29.8
Expenses relating to variable lease payments not included in the measurement of lease liabilities	23.4	24.0
Gain on sale and leaseback transactions	63.1	52.9

#### Information on cash flows

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Total cash outflow for leases	592.0	580.5
Proceeds on sale and leaseback transactions	94.7	95.6

As at April 30, 2023, 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 to contracts with maturities up to more than 50 years and also include options to renew at market prices when applicable. As at April 30, 2023, the Corporation was in

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

compliance with the restrictions imposed by its lease agreements. The Corporation concludes from time to time 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.

Some of the property leases contain variable payment terms that are linked to sales generated from a store. 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 30, 2023, a 10.0% 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 optimize 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 30, 2023, potential future annual undiscounted cash outflows of \$141.9 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 30, 2023, future undiscounted cash outflows of \$111.5 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 30, 2023, 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

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Income relating to operating leases, excluding those variable lease payments that do not depend on an index or a rate	33.3	25.7
Income relating to variable lease payments that do not depend on an index or a rate	19.3	19.7
Rental income from subleasing right-of-use assets	44.4	44.1

As at April 30, 2023, the total amount of undiscounted future minimum operating leases payments expected to be received under operating lease and sublease agreements is \$92.0. These minimum payments are expected to be received as follows:

	\$
Less than one year	25.7
One to five years	40.0
More than five years	26.3
	<u>92.0</u>

As at April 30, 2023, the total amount of undiscounted future minimum payments expected to be received under net investment in finance subleases is \$30.4. These minimum payments are expected to be received as follows:

	\$
Less than one year	11.7
One to five years	15.0
More than five years	3.7
	<u>30.4</u>
Unearned finance income included in payments above	(2.5)
Net investment in subleases	<u>27.9</u>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 18. GOODWILL AND INTANGIBLE ASSETS

#### Goodwill

	2023	2022
	\$	\$
Net book amount, beginning of year	6,094.1	5,946.3
Business acquisitions (Note 4)	632.3	205.7
Reclassified (to) out of assets held for sale and disposals (Note 5)	(5.7)	15.3
Effect of exchange rate variations	(99.2)	(73.2)
<b>Net book amount, end of year</b>	<b>6,621.5</b>	<b>6,094.1</b>

#### Intangible assets

	Trademarks	Franchise agreements	Software <sup>(a)</sup>	Fuel supply agreements	Reacquired rights	Other	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2023 (53 weeks)</b>							
<b>Net book amount, beginning</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>
Additions	—	—	101.2	—	—	3.3	104.5
Business acquisitions (Note 4)	39.6	—	0.1	22.5	—	6.1	68.3
Disposals	—	(0.3)	(3.7)	—	—	—	(4.0)
Depreciation and amortization expense	(1.1)	(6.5)	(42.1)	(3.4)	(8.9)	(7.2)	(69.2)
Effect of exchange rate variations	(4.6)	(1.5)	(17.3)	(1.0)	—	(0.5)	(24.9)
<b>Net book amount, ending</b>	<b>283.2</b>	<b>29.8</b>	<b>291.7</b>	<b>33.0</b>	<b>17.1</b>	<b>107.4</b>	<b>762.2</b>
<b>As at April 30, 2023</b>							
Cost	324.6	135.2	546.8	78.9	38.2	182.3	1,306.0
Accumulated depreciation and amortization	(41.4)	(105.4)	(255.1)	(45.9)	(21.1)	(74.9)	(543.8)
<b>Net book amount</b>	<b>283.2</b>	<b>29.8</b>	<b>291.7</b>	<b>33.0</b>	<b>17.1</b>	<b>107.4</b>	<b>762.2</b>
<b>2022 (52 weeks)</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	—	—	(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, ending</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>

(a) The net book amount as at April 30, 2023 includes \$115.3 related to software in progress (\$111.5 as at April 24, 2022).

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

(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 30, 2023, and April 24, 2022, is as follows:

CGU	2023		2022	
	Intangible assets with indefinite useful lives	Goodwill	Intangible assets with indefinite useful lives	Goodwill
	\$	\$	\$	\$
Canada	—	875.2	—	824.4
United States	242.5	4,940.3	207.0	4,430.3
Scandinavia	53.4	408.1	58.6	442.6
Central and Eastern Europe	24.0	11.5	23.5	11.3
Ireland	—	80.0	—	79.0
Asia	12.5	306.4	12.5	306.5
	<b>332.4</b>	<b>6,621.5</b>	<b>301.6</b>	<b>6,094.1</b>

The intangible assets with indefinite useful lives for the United States CGU are the Circle K trademark, trademarks related to car wash operations 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 and Poland (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 in the Hong Kong Special Administrative Region of the People's Republic of China (“Hong Kong SAR”).

For the annual impairment test, the recoverable amount of the CGUs is determined on the basis of their fair value less costs to sell. The Corporation uses an approach based on Earnings before interest, taxes, depreciation and amortization (“EBITDA”, which is a non-IFRS measure) multiples of comparable corporations (Level 3) ranging from 9.0x to 10.2x to determine these values.

### 19. OTHER ASSETS

	2023	2022
	\$	\$
Pension benefit assets (Note 30)	74.6	68.5
Deferred compensation assets	70.8	79.5
Environmental costs receivable (Note 25)	62.7	62.5
Deferred incentive payments	37.8	36.2
Net investment in subleases (Note 17)	27.9	34.1
Deposits	17.0	14.8
Notes receivable	16.6	18.5
Share units indexed deposits (Note 31)	—	62.0
Other	23.1	25.4
	<b>330.5</b>	<b>401.5</b>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 20. CURRENCY FORWARDS

The Corporation has entered into currency forward contracts with the following terms:

Receive - Notional	Pay - Notional	Exchange rate (US dollars per Euro)	Maturity date	Fair value as at April 30, 2023 (Note 31)
€1,600.0	\$1,739.5	From 1.0739 to 1.1029	December 2023	\$ 41.9

These currency forwards are presented as Other short-term financial assets on the consolidated balance sheet. For hedge accounting purposes, the Corporation notionally divided these currency forwards, with the Canadian dollar imputed as the base currency for two notional derivatives. The Euro / Canadian dollar notional derivatives are designated as a cashflow hedge of the Corporation's currency fluctuation risk associated with the firm and irrevocable offer to acquire certain assets from TotalEnergies SE (Note 4), which resulted in a pre-tax gain of \$21.0 recognized to OCI for the fiscal year ended April 30, 2023. The Canadian dollar / US dollar notional derivatives are designated as a foreign exchange hedge of the Corporation's net investment in its operations in the United States, which resulted in a pre-tax gain of \$20.9 recognized to OCI for the fiscal year ended April 30, 2023.

### 21. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022 <sup>(b)</sup>
	\$	\$
Accounts payable and accrued expenses <sup>(a)(b)</sup>	3,181.7	3,787.0
Sales and excise taxes	702.5	825.8
Salaries and related benefits	388.3	360.0
Other <sup>(b)</sup>	225.4	283.3
	<b>4,497.9</b>	<b>5,256.1</b>

(a) This amount is presented net of an amount of \$88.3 from Credit and debit cards receivable from payment-processing providers (Note 14) and \$45.1 from Trade accounts receivable, proprietary cards receivable and vendor rebates receivable (Note 14) due to netting arrangements (\$100.1 and \$62.2, respectively as at April 24, 2022).

(b) During the fiscal year ended April 30, 2023, the Corporation changed its classification of certain items of Accounts payable and accrued liabilities to regroup all items of similar nature. As a result, an amount of \$70.3 was reclassified from Other to Accounts payable and accrued expenses to reflect this change in the comparative figures.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 22. LONG-TERM DEBT

	2023	2022
	\$	\$
US-dollar-denominated senior unsecured notes, maturing from July 2027 to May 2051 <sup>(a)</sup>	3,969.5	3,967.5
Canadian-dollar-denominated senior unsecured notes, maturing from July 2024 to June 2025 <sup>(a)</sup>	1,025.2	1,102.5
Euro-denominated senior unsecured notes, maturing in May 2026 <sup>(a)</sup>	821.9	809.1
NOK-denominated senior unsecured notes, maturing in February 2026 <sup>(a)</sup>	62.7	75.7
Other debts	9.7	10.2
	<b>5,889.0</b>	<b>5,965.0</b>
Current portion of long-term debt	<b>0.7</b>	<b>1.4</b>
Long-term portion of long-term debt	<b>5,888.3</b>	<b>5,963.6</b>

#### (a) Senior unsecured notes

As at April 30, 2023, 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:

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

The Canadian-dollar-denominated notes issued on June 2, 2015 and July 26, 2017 are associated with cross-currency interest rate swaps (Note 24).

#### Term revolving unsecured operating credit facility

As at April 30, 2023, the Corporation had a credit facility agreement, which was amended on April 21, 2023, consisting of a revolving unsecured facility of a maximum amount of \$3,500.0 (\$2,525.0 as at April 24, 2022), including a first tranche of \$975.0 and a second tranche of \$2,525.0, maturing in April 2026 and April 2028, respectively.

The first tranche of the credit facility was available in the following form:

- A term revolving unsecured operating credit facility, available i) in Canadian dollars, ii) in US dollars, and iii) in Euros. 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 and eventually CORRA, the US base rate, the US prime rate, SOFR or EURIBOR plus a variable margin.

The second tranche of 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, in Euros or in other currencies, if needed, 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 and eventually CORRA, the US base rate, the US prime 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 on the Canadian prime rate, the US prime rate or the US base rate plus a variable margin, depending on the form and currency of the loan.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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 30, 2023 and April 24, 2022, 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.

### United States commercial paper program

On May 9, 2022, the Corporation established a commercial paper program in the United States on a private placement basis. The commercial paper program allows the Corporation to issue, at its discretion, unsecured commercial paper notes with maturities not exceeding 397 days. The aggregate principal amount of unsecured commercial paper notes outstanding at any given time cannot exceed \$2,500.0 and the Corporation's term revolving unsecured operating credit facility serves as a liquidity backstop for the repayment of the unsecured commercial paper notes. As at April 30, 2023, there were no outstanding unsecured commercial paper notes. As at June 27, 2023, an outstanding principal of issued unsecured commercial paper notes of \$382.0 was used or is expected to be used for corporate matters.

### Senior non-revolving term loans

On April 21, 2023, the Corporation obtained commitments for new term loans of €1,500.0 and \$1,750.0. The term loans are available exclusively to finance the proposed acquisition of certain assets from TotalEnergies SE (Note 4).

### Bank overdraft facilities

As at April 30, 2023, the Corporation had access to bank overdraft facilities totaling approximately \$55.4, of which \$0.1 was used.

### Letters of credit

As at April 30, 2023, the Corporation had outstanding letters of credit related to its own operations of \$243.9 (\$179.9 as at April 24, 2022), of which \$2.9 (\$6.7 as at April 24, 2022) reduced funds available under the Corporation's term revolving unsecured operating credit facility.

## 23. FORWARD STARTING INTEREST RATE SWAPS

The Corporation has entered into forward starting interest rate swaps with the following terms:

	Notional amount	Interest rate swaps terms	Rate	Maturity date	Fair value as at (Note 31)	
					April 30, 2023	April 24, 2022
					\$	\$
2022 issuance	\$550.0	10 years	From 2.06% to 2.27%	July 2024 and June 2025	36.6	23.4
2023 issuance	\$625.0	From 7 to 30 years	From 2.79% to 3.14%	September 2024	(3.1)	—
2023 issuance	€750.0	From 7 to 12 years	From 2.76% to 3.01%	September 2024	0.9	—

These instruments allowed the Corporation to hedge the variability of its interest payments on the anticipated issuance of senior unsecured notes due to changes in the US and Euro benchmark fixed rates. These instruments were designated as a cash flow hedge of the Corporation's interest rate risk and they are presented as Other long-term financial assets (Other long-term financial liabilities) on the consolidated balance sheets.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 24. 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 31)	
					April 30, 2023	April 24, 2022
					\$	\$
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	(90.7)	(34.1)

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.

### 25. 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>2023 (53 weeks)</b>						
Balance, beginning of year	435.2	142.8	49.8	61.8	32.1	721.7
Business acquisitions (Note 4)	3.2	—	—	—	—	3.2
Liabilities incurred	11.0	18.0	22.0	45.5	23.7	120.2
Liabilities settled	(8.7)	(23.0)	(29.9)	(36.4)	(18.7)	(116.7)
Accretion expense	16.5	1.3	0.8	0.3	—	18.9
Reversal of provisions	(4.8)	(1.8)	—	—	(2.7)	(9.3)
Change in estimates	76.7	4.1	(4.3)	0.5	—	77.0
Reclassified to liabilities associated with assets held for sale (Note 5)	(0.6)	—	—	—	—	(0.6)
Effect of exchange rate variations	(14.0)	(4.1)	—	(0.1)	(0.6)	(18.8)
Balance, end of year	<b>514.5</b>	<b>137.3</b>	<b>38.4</b>	<b>71.6</b>	<b>33.8</b>	<b>795.6</b>
Current portion	54.6	51.4	6.8	14.0	21.1	147.9
Long-term portion	459.9	85.9	31.6	57.6	12.7	647.7

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

	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 (52 weeks)</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

(a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately \$1,023.7 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 on a regular basis.

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 \$137.3 provision for environmental costs as at April 30, 2023 (\$142.8 as at April 24, 2022). Furthermore, the Corporation has recorded an amount of \$70.9 for environmental costs receivable from trust funds as at April 30, 2023 (\$72.7 as at April 24, 2022), of which \$8.2 (\$10.2 as at April 24, 2022) is included in Accounts receivable and \$62.7 in Other assets (\$62.5 as at April 24, 2022).

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 26. DEFERRED CREDITS AND OTHER LIABILITIES

	2023	2022
	\$	\$
Deferred compensation liabilities	92.3	120.9
Deferred credits	29.5	47.7
Deposits from independent operators, franchisees and tenants	28.0	28.8
Deferred branding credits	7.2	19.1
Employee benefits	5.8	18.5
Other liabilities	19.3	8.9
	<u>182.1</u>	<u>243.9</u>

### 27. 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.
- Common 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
- Common shares.

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.

On September 1, 2022, as a result of the adoption of a special resolution at the Corporation's Annual General and Special Meeting of Shareholders, all of the Corporation's issued and outstanding Class A multiple-voting shares were converted into Common shares, a newly created class of shares having an unlimited number of shares, carrying one vote per share. Following the conversion, the Corporation's Class A multiple-voting shares and Class B subordinate voting shares as well as their rights, privileges, restrictions and conditions were repealed and all stock-based compensation and other stock-based payment plans of the Corporation (Note 28) are covering Common shares.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

(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:

	2023 (53 weeks)	2022 (52 weeks)
<b>Common shares/Class A multiple voting shares (in millions of shares)</b>		
Balance, beginning of year	1,032.9	253.8
Share repurchases <sup>(a)</sup>	(52.0)	(29.1)
Issuance of shares on stock options exercised	0.4	—
Conversions into Class B shares	—	(4.8)
Automatic conversion of Class B shares	—	813.0
Balance, end of year	<u>981.3</u>	<u>1,032.9</u>
<b>Class B subordinate voting shares (in millions of shares)</b>		
Balance, beginning of year	—	825.8
Issued on conversions of Class A shares	—	4.8
Share repurchases <sup>(a)</sup>	—	(17.7)
Issuance of shares on stock options exercised	—	0.1
Automatic conversion into Class A shares	—	(813.0)
Balance, end of year	<u>—</u>	<u>—</u>
<b>Issued and outstanding</b>	<u><b>981.3</b></u>	<u><b>1,032.9</b></u>

#### (a) Share repurchase program

On April 22, 2022, the Toronto Stock Exchange approved the renewal of the Corporation's share repurchase program, which took effect on April 26, 2022. The renewed share repurchase program allowed 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 ended April 25, 2023.

During the fiscal year ended April 30, 2023, the Corporation repurchased 52,024,694 shares (46,806,328 shares for the fiscal year ended April 24, 2022). These repurchases were settled for an amount of \$2,335.8 (\$1,882.1 for the fiscal year ended April 24, 2022). As at April 24, 2022, an amount of \$56.7 related to share repurchases was recorded in Accounts payable and accrued liabilities and was paid during the first quarter of fiscal 2023.

On April 26, 2023, the Toronto Stock Exchange approved another renewal of the Corporation's share repurchase program, which took effect on May 1, 2023. The renewed share repurchase program allows the Corporation to repurchase up to 49,066,629 shares, representing 5.0% of the shares outstanding as at April 20, 2023, and the share repurchase period will end no later than April 30, 2024. Subsequent to the end of the fiscal year ended April 30, 2023 and under the renewed share repurchase program, the Corporation repurchased 4,145,100 shares for an amount of \$204.1.

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 upon their repurchase. An automatic securities purchase plan, which was pre-cleared by the Toronto Stock Exchange, 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 30, 2023 and April 24, 2022

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

### 28. 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 30, 2023, and April 24, 2022, and the changes therein during the years then ended:

(in thousands, except otherwise noted)	2023 (53 weeks)		2022 (52 weeks)	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
		CA \$		CA \$
Outstanding, beginning of year	3,423.7	27.50	3,267.5	25.45
Granted	425.7	56.61	286.2	42.03
Exercised	(421.4)	16.88	(130.0)	7.93
Forfeited	(10.3)	41.03	—	—
Outstanding, end of year	<u>3,417.7</u>	<u>32.39</u>	<u>3,423.7</u>	27.50
Exercisable, end of year	<u>2,915.5</u>	<u>29.42</u>	<u>2,909.5</u>	25.59

For options exercised in 2023, the weighted average share price at the date of exercise was CA \$64.38 (CA \$48.01 in 2022).

The following table presents information on the stock options outstanding and exercisable as at April 30, 2023:

(in thousands, except otherwise noted)	Options outstanding		Options exercisable		
	Number of stock options outstanding as at April 30, 2023	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 30, 2023	Weighted average exercise price
			CA \$		CA \$
Range of exercise prices					
14 – 30	1,636.0	1.98	22.17	1,636.0	22.17
30 – 57	1,781.7	6.77	41.79	1,279.5	38.69
	<u>3,417.7</u>			<u>2,915.5</u>	

For 2023, the compensation cost charged to the consolidated statements of earnings amounts to \$4.9 (\$2.8 in 2022).

#### 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 30, 2023 and April 24, 2022

(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 30, 2023, the Corporation had a total of 699,003 DSUs outstanding (471,589 as at April 24, 2022) and an obligation related to this plan of \$33.6 was recorded in Accounts payable and accrued liabilities (\$21.2 as at April 24, 2022). The exposure to the Corporation's share price risk was managed with the share units indexed deposits until April 19, 2023, and with the share units total return swaps thereafter (Note 31). For 2023, the compensation cost amounted to \$7.6 (\$4.1 for 2022).

### 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 30, 2023, and April 24, 2022, and the changes therein during the years then ended in number of units:

<i>(in thousands of units)</i>	<b>2023</b>	2022
	<b>(53 weeks)</b>	(52 weeks)
Outstanding, beginning of year	<b>1,452.2</b>	1,525.0
Granted	<b>434.1</b>	521.0
Paid	<b>(438.6)</b>	(446.7)
Forfeited	<b>(120.3)</b>	(147.1)
Outstanding, end of year	<b>1,327.4</b>	1,452.2

As at April 30, 2023, an obligation related to this notional unit allocation plan of \$19.0 was recorded in Accounts payable and accrued liabilities (\$18.7 as at April 24, 2022) and \$20.7 was recorded in Deferred credits and other liabilities (\$21.6 as at April 24, 2022). The price risk of this obligation was also managed with the share units indexed deposits until April 19, 2023, and with the share units total return swaps thereafter (Note 31). For 2023, the compensation cost amounted to \$15.8 (\$16.7 for 2022).

## 29. 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 <sup>(b)</sup>	Investments in equity instruments measured at fair value through OCI <sup>(b)</sup>	Accumulated other comprehensive loss
	\$	\$	\$	\$	\$	\$
<b>2023 (53 weeks)</b>						
Balance, beginning of year	(522.5)	(292.4)	21.2	33.1	11.5	(749.1)
Other comprehensive (loss) income	(241.9)	(49.2)	32.9	3.6	(6.1)	(260.7)
Transfer of realized gain on investments in equity instruments measured at fair value through OCI	—	—	—	—	(3.8)	(3.8)
<b>Balance, end of year</b>	<b>(764.4)</b>	<b>(341.6)</b>	<b>54.1</b>	<b>36.7</b>	<b>1.6</b>	<b>(1,013.6)</b>
<b>2022 (52 weeks)</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>

(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 30, 2023 and April 24, 2022

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

### 30. 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, in particular. 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:

	2023	2022
	\$	\$
Present value of defined benefit obligation for funded pension plans	(96.1)	(116.3)
Fair value of plans' assets	170.7	187.6
Net funded status of funded plans – net surplus	74.6	71.3
Present value of defined benefit obligation for unfunded pension plans	(85.1)	(88.6)
Net accrued pension benefit liability	(10.5)	(17.3)

As at April 30, 2023, the pension benefit asset of \$74.6 (\$68.5 as at April 24, 2022) is included in Other assets and the Pension benefit liability of \$85.1 (\$85.8 as at April 24, 2022) 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>2023</b>	\$	\$	\$	\$	\$
Present value of defined benefit obligation	(46.0)	(29.8)	(79.9)	(25.5)	(181.2)
Fair value of plans' assets	17.1	1.7	151.9	—	170.7
Net funded status of plans – (deficit) surplus	(28.9)	(28.1)	72.0	(25.5)	(10.5)
<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 plans – (deficit) surplus	(30.5)	(29.6)	68.3	(25.5)	(17.3)

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

(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:

	2023				2022			
	Quoted	Unquoted	Total	Plans' assets allocation	Quoted	Unquoted	Total	Plans' assets allocation
	\$	\$	\$	%	\$	\$	\$	%
Cash and cash equivalents	0.6	—	0.6	0.4	0.2	—	0.2	0.1
Equity securities	103.7	—	103.7	60.8	106.4	—	106.4	56.7
Debt instruments								
Government	46.5	—	46.5	27.2	71.9	—	71.9	38.3
Corporate	18.9	0.3	19.2	11.2	4.9	0.3	5.2	2.8
Real estate	0.2	0.2	0.4	0.2	0.3	0.3	0.6	0.3
Other assets	0.3	—	0.3	0.2	3.3	—	3.3	1.8
Total	170.2	0.5	170.7	100.0	187.0	0.6	187.6	100.0

The Corporation's service cost under its defined benefit plans, net of employee contributions and curtailment gains, for the fiscal year 2023 is \$4.2 (\$2.8 for 2022).

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

	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Losses from changes in demographic assumptions	0.1	5.3
Gains from changes in financial assumptions	(20.6)	(28.7)
Losses from changes in experience adjustments assumptions	12.5	1.3
Return on assets (excluding interest income)	3.5	(0.1)
Net gains recognized in OCI	(4.5)	(22.2)

The Corporation expects to make a contribution of \$3.7 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:

	2023				2022			
	Canada	Norway	Sweden	Others	Canada	Norway	Sweden	Others
	%	%	%	%	%	%	%	%
Discount rate	4.8	3.3	3.8	4.5	4.9	2.8	3.0	3.6
Rate of compensation increase	3.8	3.5	3.0	3.6	3.3	2.8	3.3	2.4
Rate of benefit increase	2.1	2.2	2.0	2.2	2.3	0.5	2.3	2.2
Rate of social security base amount increase ( <i>G-amount</i> )	—	3.3	3.0	—	—	2.5	3.3	—

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 19 years.

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

	Change in assumption	Impact on obligation from an increase in the assumption	Impact on obligation from a decrease in the assumption
Discount rate	0.5 %	Decrease by 8.6%	Increase by 9.8%
Rate of compensation increase	0.5 %	Increase by 1.9%	Decrease by 1.8%
Rate of benefit increase	0.5 %	Increase by 6.9%	Decrease by 7.2%
Increase of life expectancy	1 year	Increase by 3.8%	-

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

(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 2023 is \$166.0 (\$153.9 for 2022).

### 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 \$71.6 as at April 30, 2023 (\$78.1 as at April 24, 2022) 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 \$70.8 as at April 30, 2023 (\$79.5 as at April 24, 2022) and are included in Other assets (Note 19).

## 31. 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 and notionally divided Canadian dollar / US dollar notional currency forwards to hedge its foreign currency risk related to its net investments in its operations in the United States as well as notionally divided Euro / Canadian dollar notional currency forwards to hedge the currency fluctuation risk associated with a firm commitment to acquire a business in a foreign currency. 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.

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, debt denominated in US dollars, its Norwegian-krone and Euro-denominated senior unsecured notes, the cross-currency interest rate swaps and the Canadian dollar / US dollar notional currency forwards, 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

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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, the cross-currency interest rate swaps and the notionally divided Canadian dollar / US dollar currency forwards which are designated as net investment hedges of foreign operations, as at April 30, 2023, 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 30, 2023, 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 \$11.6 on Net earnings, which would be partially offset by a net impact of \$2.5 from the portion of its long-term debt denominated in US dollars not designated as net investment hedges of foreign operations. For the notionally divided Euro / Canadian dollar currency forwards which are designated as a foreign currency cash flow hedge of a firm commitment to acquire a business in a foreign currency, as at April 30, 2023, and with all other variables held constant, a hypothetical variation of 5.0% of the Euro would have had a net impact of \$85.0 on OCI.

### 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 30, 2023, 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 30, 2023, 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 30, 2023 and April 24, 2022, 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 23). As at April 30, 2023, a 1.0% increase in the interest rate curve would have favorably impacted the fair value of the forward starting interest rate swaps by \$160.5, 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 \$177.3.

### Credit risk

The Corporation is exposed to credit risk with respect to cash and cash equivalents, trade accounts receivable, proprietary cards receivable and vendor rebates receivable, credit and debit cards receivable from payment-processing providers, 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, proprietary cards receivable and vendor rebates receivable 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 30, 2023, no single creditor accounted for over 10.0% of total Trade accounts receivable, proprietary cards 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 30, 2023 and April 24, 2022

(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 from payment-processing providers by transacting solely with major financial institutions which meet the Corporation's minimum credit ratings requirements. As at April 30, 2023, the amounts at risk related to Cash and cash equivalents and Credit and debit cards receivable from payment-processing providers 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 30, 2023, relates to receivables of \$95.8, of which \$40.4 was interest-bearing. These receivables from cardholders are not recognized in the Corporation's consolidated balance sheet. For fiscal year 2023, 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 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 which meet the Corporation's minimum credit ratings requirements.

### 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, United States commercial paper program, 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 and United States commercial paper program.

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 30, 2023, 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>3,701.6</b>	<b>3,701.6</b>	<b>3,701.6</b>	<b>—</b>	<b>—</b>	<b>—</b>
US-dollar-denominated senior unsecured notes	3,969.5	6,410.6	143.7	143.7	1,413.3	4,709.9
Canadian-dollar-denominated senior unsecured notes	1,025.2	1,095.9	34.2	539.4	522.3	—
Euro-denominated senior unsecured notes	821.9	885.2	15.4	15.4	854.4	—
NOK-denominated senior unsecured notes	62.7	69.6	2.4	2.4	64.8	—
Other debts	9.7	9.9	0.8	3.1	1.6	4.4
<b>Long-term debt</b>	<b>5,889.0</b>	<b>8,471.2</b>	<b>196.5</b>	<b>704.0</b>	<b>2,856.4</b>	<b>4,714.3</b>
Lease liabilities - Current contractual maturities		2,682.4	525.7	435.5	801.3	919.9
Lease liabilities - Future renewal options		1,723.6	8.3	43.2	356.1	1,316.0
<b>Lease liabilities</b>	<b>3,576.9</b>	<b>4,406.0</b>	<b>534.0</b>	<b>478.7</b>	<b>1,157.4</b>	<b>2,235.9</b>
<b>Cross-currency interest rate swaps payable<sup>(1)</sup></b>	<b>90.7</b>	<b>1,209.2</b>	<b>40.1</b>	<b>588.4</b>	<b>580.7</b>	<b>—</b>
<b>Cross-currency interest rate swaps receivable<sup>(1)</sup></b>		<b>(1,095.9)</b>	<b>(34.2)</b>	<b>(539.4)</b>	<b>(522.3)</b>	<b>—</b>
	<b>13,258.2</b>	<b>16,692.1</b>	<b>4,438.0</b>	<b>1,231.7</b>	<b>4,072.2</b>	<b>6,950.2</b>

(1) Based on spot rates, as at April 30, 2023, 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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

(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 total return swaps with an investment grade financial institution with an underlying index representing the Corporation's shares. The share units total return swaps are recorded at fair market value on the consolidated balance sheet under Other short-term financial assets and Other long-term financial assets. As at April 30, 2023, the nominal of the share units total return swaps was 1,925,816 shares. The share units total return swaps are adjusted as needed to reflect new awards, adjustments, expected performance conditions and/or settlements of share units and DSUs. As at April 30, 2023, 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 30, 2023:

	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)	—	1,175.0
Forward starting interest rate swaps (in millions of Euro)	—	750.0
Currency forwards (in millions of US dollars)	1,739.5	—
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>	15.3	—
Fuel swaps - gasoline (in metric tons) <sup>(2)</sup>	86,000	—
Fuel swaps - diesel (in metric tons) <sup>(2)</sup>	224,700	—
Fuel swaps - aviation fuel (in metric tons) <sup>(2)</sup>	24,000	—

(1) As at April 30, 2023, the Corporation had a net short position in order to mitigate exposure to fuel prices.

(2) As at April 30, 2023, 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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### Offsetting of derivative financial instruments

The following table presents information about derivative financial instruments that are set off and not set off on the consolidated balance sheets as at April 30, 2023 and April 24, 2022, and which are subject to a master netting agreement or a similar agreement:

	Gross amounts	Set off amounts	Net amounts presented on the consolidated balance sheets	Associated amounts not set off on the consolidated balance sheets <sup>(1)</sup>	Residual amounts not set off
	\$	\$	\$	\$	\$
<b>2023</b>					
<b>Assets</b>					
Derivative financial instruments	145.7	(19.5)	126.2	(19.7)	106.5
<b>Liabilities</b>					
Derivative financial instruments	(114.1)	19.5	(94.6)	19.7	(74.9)
<b>2022</b>					
<b>Assets</b>					
Derivative financial instruments and share units indexed deposits	147.3	(39.5)	107.8	(6.7)	101.1
<b>Liabilities</b>					
Derivative financial instruments	(158.8)	39.5	(119.3)	6.7	(112.6)

(1) Relate to derivative financial instruments subject to International Swaps and Derivatives Association's master netting agreements that do not meet the criteria for offsetting as they give a right to set off that is enforceable only in the event of default, insolvency or bankruptcy.

### Fair value

The fair value of trade accounts receivable, proprietary cards receivable and vendor rebates receivable, credit and debit cards receivable from payment-processing providers, secured loan granted to Fire & Flower (Note 6) 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 30, 2023 and April 24, 2022

(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 30, 2023	April 24, 2022			
	\$	\$			
Share units total return swaps - Current	10.8	—	Other short-term financial assets	Fair market value of the Corporation's shares	Level 2
Share units total return swaps - Non-current	15.8	—	Other long-term financial assets		
Commodity indexed deposits	20.1	23.1	Other short-term financial assets	Market rates	Level 2
Currency forwards	41.9	—	Other short-term financial assets	Market rates	Level 2
Investments in equity instruments	30.0	166.1	Other long-term financial assets	Unadjusted quoted prices	Level 1
Investments in equity instruments	79.5	66.9	Other long-term financial assets	Latest transactions / Cessation of operations	Level 3
Investments in other financial assets	10.1	14.4	Other long-term financial assets	Latest transactions / Cessation of operations	Level 3
Forward starting interest rate swaps	37.5	23.4	Other long-term financial assets	Market rates	Level 2
Forward starting interest rate swaps	(3.1)	—	Other long-term financial liabilities	Market rates	Level 2
Fuel swaps	19.7	(82.7)	Other short-term financial assets (liabilities)	Market rates	Level 2
Currency put and call options	(0.8)	(2.5)	Other short-term financial liabilities	Market rates	Level 2
Cross-currency interest rate swaps	(90.7)	(34.1)	Other long-term financial liabilities	Market rates	Level 2
Other currency derivatives	0.5	—	Other short-term financial assets	Market rates	Level 2
Share units indexed deposits - Current	—	22.4	Accounts receivable	Fair market value of the Corporation's shares	Level 2
Share units indexed deposits - Non-current	—	62.0	Other assets		

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	
	2023 (53 weeks)	2022 (52 weeks)
	\$	\$
Balance, beginning of year	81.3	6.0
Purchases	34.1	48.5
Net (loss) gain recognized to Other financial items <sup>(1)</sup>	(25.8)	26.8
<b>Balance, end of year</b>	<b>89.6</b>	<b>81.3</b>

(1) Related to financial instruments still held by the Corporation as at April 30, 2023.

The valuations of those financial instruments were mainly based on prices for similar instruments stemming from larger private investments. Subsequently, in order to determine if any adjustments to their fair value is required, the Corporation performs an ongoing review of its investments. A number of factors are reviewed and monitored including, but not limited to, current operating performance of investees as well as changes in their respective market, economic and financing environment over time. As at April 30, 2023, following its review, the Corporation determined that sensitivity to unobservable inputs is not deemed to have a significant impact on the estimated fair value of those financial instruments given the limited impact of the few underlying assumptions used in their valuation.

During the fiscal year ended April 30, 2023, as a result of the cessation of operations of an investee in which the Corporation held convertible promissory notes, a pre-tax loss of \$26.4 was recorded in Other financial items to bring the investment in other financial assets to its fair value.

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.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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

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

	2023		2022	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
US-dollar-denominated senior unsecured notes (Level 2)	3,969.5	3,309.2	3,967.5	3,561.5
Canadian-dollar-denominated senior unsecured notes (Level 1)	1,025.2	1,004.3	1,102.5	1,089.6
Euro-denominated senior unsecured notes (Level 2)	821.9	777.4	809.1	794.4
NOK-denominated senior unsecured notes (Level 2)	62.7	61.5	75.7	76.2

### 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 assets to reduce debt or adjust the amount of dividends paid to shareholders (Notes 22 and 27).

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 28).

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:

	2023	2022
	\$	\$
Current portion of long-term debt and Current portion of lease liabilities	438.8	426.8
Long-term debt and lease liabilities	9,027.1	9,013.1
Less: Cash and cash equivalents	834.2	2,143.9
Net interest-bearing debt	8,631.7	7,296.0
Equity	12,564.5	12,437.6
Net interest-bearing debt	8,631.7	7,296.0
Total capitalization	21,196.2	19,733.6
Net interest-bearing debt to total capitalization ratio	40.7%	37.0%

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 30, 2023, and April 24, 2022. The Corporation is not subject to any significant externally imposed capital requirements.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

### 32. 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.

### 33. 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 30, 2023, the total future lease payments under such agreements are approximately \$20.5 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 forms of guarantees, including financial guarantee commitments under car rental agreements and on behalf of retailers in Sweden and Ireland. The maximum undiscounted future payments related to those guarantees total \$17.3 and the carrying amount and fair value of the guarantee commitments recognized in the consolidated balance sheet as at April 30, 2023, were not significant.

### 34. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States, in Europe and Asia, which are presented together as 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.



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2023 and April 24, 2022

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

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

	2023 (53 weeks)				2022 (52 weeks)			
	United States	Europe and other regions	Canada	Total	United States	Europe and other regions	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>External customer revenues<sup>(a)</sup></b>								
Merchandise and service	12,356.0	2,386.7	2,540.7	17,283.4	11,593.2	2,429.1	2,581.5	16,603.8
Road transportation fuel	35,232.1	11,837.7	6,342.6	53,412.4	30,115.0	9,892.0	5,344.4	45,351.4
Other	43.8	1,067.7	49.4	1,160.9	46.2	785.6	22.9	854.7
	<b>47,631.9</b>	<b>15,292.1</b>	<b>8,932.7</b>	<b>71,856.7</b>	<b>41,754.4</b>	<b>13,106.7</b>	<b>7,948.8</b>	<b>62,809.9</b>
<b>External customer revenues less Cost of sales, excluding depreciation, amortization and impairment</b>								
Merchandise and service	4,172.4	925.2	841.8	5,939.4	3,904.5	927.4	830.2	5,662.1
Road transportation fuel	4,375.6	1,034.4	546.6	5,956.6	3,626.4	1,057.7	493.0	5,177.1
Other	43.8	82.9	29.4	156.1	46.2	96.5	22.9	165.6
	<b>8,591.8</b>	<b>2,042.5</b>	<b>1,417.8</b>	<b>12,052.1</b>	<b>7,577.1</b>	<b>2,081.6</b>	<b>1,346.1</b>	<b>11,004.8</b>
<b>Total long-term assets<sup>(b)</sup></b>	<b>15,794.8</b>	<b>4,111.4</b>	<b>2,926.9</b>	<b>22,833.1</b>	<b>14,393.4</b>	<b>4,249.8</b>	<b>2,905.9</b>	<b>21,549.1</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.

### 35. SUBSEQUENT EVENT

#### Dividends

During its June 27, 2023 meeting, the Board of Directors declared a quarterly dividend of CA 14.0¢ per share for the fourth quarter of fiscal 2023 to shareholders on record as at July 7, 2023, and approved its payment effective July 21, 2023. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

# Corporate Governance & Executive Leadership Team

## BOARD OF DIRECTORS

**Alain Bouchard**

Founder and Executive Chairman of the Board

**Jean Bernier****Karinne Bouchard****Eric Boyko<sup>(2)</sup>**

Chair of the Audit Committee

**Jacques D'Amours**

Co-founder

**Janice L. Fields<sup>(1)</sup>****Éric Fortin****Richard Fortin**

Co-founder

**Brian Hannasch**

President and Chief Executive Officer

**Mélanie Kau<sup>(1)</sup>**

Chair of the Human Resources and Corporate Governance Committee

**Marie-Josée Lamothe<sup>(2)</sup>****Monique F. Leroux<sup>(2)</sup>****Réal Plourde**

Co-founder

**Daniel Rabinowicz<sup>(1)</sup>****Louis Têtu<sup>(1)</sup>****Louis Vachon**

Lead Director

<sup>(1)</sup> Member of the Human Resources and Corporate Governance Committee

<sup>(2)</sup> Member of the Audit Committee

## EXECUTIVE LEADERSHIP TEAM

**Brian Hannasch**

President and Chief Executive Officer

**Ed Dzadovsky**

Executive Vice President, Chief Technology Officer

**Hans-Olav Høidahl**

Executive Vice President, Operations, Europe

**Kevin A. Lewis**

Executive Vice President, Chief Growth Officer

**Alex Miller**

Executive Vice President, Chief Operating Officer

**Ina Strand**

Executive Vice President, Chief People Officer

**Claude Tessier**

Executive Vice President, Chief Financial Officer

**Niall Anderton**

Senior Vice President, Operations

**Brian Bednarz**

Senior Vice President, Operations

**Aaron Brooks**

Senior Vice President, Real Estate

**Kathleen K. Cunnington**

Senior Vice President, Global Shared Services

**Filipe Da Silva**

Senior Vice President, Finance

**Jørn Madsen**

Senior Vice President, Operations

**Suzanne Poirier**

Senior Vice President, Operations

**Sophie Provencher**

Senior Vice President, Global Merchandising

**Mette Uglebjerg**

Interim Senior Vice President, Operations

**Louise Warner**

Senior Vice President, Global Fuels

**Valery Zamuner**

Senior Vice President, General Counsel and Corporate Secretary

## GENERAL INFORMATION

**Head Office**

4204, Industriel Boulevard  
Laval, Québec, H7L 0E3 Canada

**Stock Exchange**

Toronto Stock Exchange  
Symbol: ATD  
Constituent of the TSX 60 index.

**Transfer Agent**

TSX Trust Company  
1 Toronto Street, Suite 1200  
Toronto, Ontario, M5C 2V6 Canada

**Auditors**

PricewaterhouseCoopers LLP  
1250, René-Lévesque Boulevard West, Suite 2500  
Montréal, Québec, H3B 4Y1 Canada

**Investor Relations**

Jean-Philippe D. Lachance, Vice President,  
Investor Relations and Treasury  
investor.relations@couche-tard.com | 1-450-662-6632, ext. 4619

**Corporate Secretary**

Valery Zamuner, Senior Vice President, General Counsel  
and Corporate Secretary  
valery.zamuner@couche-tard.com | 1-450-662-6632, ext. 4549

**Media Relations**

Lisa Koenig, Head of Global Communications  
communication@couche-tard.com | 1-450-662-6632, ext. 6611

**Annual Shareholders Meeting**

September 7, 2023

Additional information on Alimentation Couche-Tard Inc. and press releases are available on the company's website at:

[www.corpo.couche-tard.com](http://www.corpo.couche-tard.com)



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