Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	921 154 747
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	CIRCLE K TERMINAL GROUP AS
Forretningsadresse:	Schweigaards gate 16 0191 OSLO

Regnskapsår

Årsregnskapets periode:	01.05.2020 - 30.04.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Steffen Ronningen
Dato for fastsettelse av årsregnskapet:	15.09.2021

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert

År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 11.10.2022

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Revenues	7	62 185 246	28 181 741
Sum inntekter		**62 185 246**	**28 181 741**
Kostnader			
Personnel expenses	2	21 076 164	15 879 842
Administrative expenses	3,7	10 962 574	10 833 274
Sum kostnader		**32 038 738**	**26 713 116**
Driftsresultat		**30 146 508**	**1 468 625**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	7	14 775	39 733
Other financial income			7 102
Sum finansinntekter		**14 775**	**46 835**
Rentekostnad til foretak i samme konsern	7	5 602	2 539 095
Penalties		26 257	137 833
Sum finanskostnader		**31 859**	**2 676 928**
Netto finans		**-17 084**	**-2 630 093**
Ordinært resultat før skattekostnad		**30 129 424**	**-1 161 468**
Income tax	4	-509 280	-250 694
Ordinært resultat etter skattekostnad		**30 638 704**	**-910 774**
Årsresultat		**30 638 704**	**-910 774**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	4	2 640 723	2 059 024
Sum immaterielle eiendeler		**2 640 723**	**2 059 024**
Finansielle anleggsmidler			
Investering i datterselskap	5	596 948 556	576 895 949
Sum finansielle anleggsmidler		**596 948 556**	**576 895 949**
Sum anleggsmidler		**599 589 279**	**578 954 973**
Omløpsmidler			
Varer			
Fordringer			
Other receivables		128 880	14 051
Konsernfordringer	7	23 381 455	10 445 547
Sum fordringer		**23 510 335**	**10 459 598**
Bankinnskudd, kontanter og lignende			
Cash in bank		377 209	1 359 630
Sum bankinnskudd, kontanter og lignende		**377 209**	**1 359 630**
Sum omløpsmidler		**23 887 544**	**11 819 228**
SUM EIENDELER		**623 476 823**	**590 774 201**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	8	1 060 001	1 060 001
Overkurs	8	587 691 349	587 691 349
Sum innskutt egenkapital		**588 751 350**	**588 751 350**

Balanse

Beløp i: NOK	Note	2021	2020
Opptjent egenkapital			
Retained earnings	8	1 110 644	-6 528 059
Sum opptjent egenkapital		**1 110 644**	**-6 528 059**
Sum egenkapital		**589 861 994**	**582 223 291**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Trade and other payables	6	6 316 377	3 701 589
Other taxes and withholdings		1 665 539	1 257 570
Corporate income tax liabilities	4	223 967	223 967
Kortsiktig konserngjeld	7	25 408 946	3 367 784
Sum kortsiktig gjeld		**33 614 829**	**8 550 910**
Sum gjeld		**33 614 829**	**8 550 910**
SUM EGENKAPITAL OG GJELD		**623 476 823**	**590 774 201**

Skatteetaten

Vår dato 12.09.2019	Din/Deres dato 11.09.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/6419651	Postadresse Postboks 9200 Grønland 0134 OSLO

CIRCLE K AS
Postboks 1176 Sentrum
0107 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk og fritak for konsernregnskapsplikt

Vi viser til deres brev av 7. mars og 11. september 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk og om fritak for konsernregnskapsplikt. Vi beklager den lange saksbehandlingstiden. Søknaden gjelder for følgende selskaper;

CIRCLE K TERMINAL GROUP AS ORG.NR. 921 154 747
CIRCLE K TERMINAL NORWAY AS ORG.NR. 921 154 720

Søknad om tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk
Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet.
Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Circle K Terminal Norway AS er eid av Circle K Group AS som igjen er eid av Circle K AS. Circle K AS er eid av Alimentation Couche Tard Inc. Virksomheten til morselskapet er også etablert i flere forskjellige land med store språkforskjeller. Således er engelsk språk et naturlig valg for å sikre at regnskapsinformasjon når frem til alle sentrale regnskapsbrukere. På denne bakgrunn tilsier hensynet til selskapets sentrale regnskapsbrukere at engelsk bør benyttes som språk i årsregnskap og årsberetning. Utarbeidelse av årsregnskapet og årsberetning på norsk for Circle K Terminal Group AS og Circle K Terminal Norway AS blir kun gjort for å oppfylle kravet i regnskapsloven og innebærer ingen merverdi. Øvrige konsernselskap har tidligere fått dispensasjon.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal" årsregnskapet *og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene inngår i et utenlandsk konsern. Eierkretsen er begrenset. Arbeidsspråket er engelsk. Øvrige konsernselskap har tidligere fått dispensasjon.

Søknad om fritak for konsernregnskapsplikt

Overordnet morselskap i Canada, Alimentation Couche-Tard Inc., utarbeider konsernregnskap som omfatter det norske underkonsernet etter IFRS.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for det norske underkonsernet. Det forutsettes at Alimentation Couche-Tard Inc. utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskaper. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med IFRS og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7. september 2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten på norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Fiscal Year 2021

Alimentation Couche-Tard Inc.
Consolidated Financial Statements
April 25, 2021

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 25, 2021, and April 26, 2020, 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 29, 2021

/s/ Brian Hannasch	*/s/ Claude Tessier*
Brian Hannasch President and Chief Executive Officer	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 25, 2021. 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 25, 2021.

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 25, 2021 and expressed an unqualified opinion thereon, which is included herein.

June 29, 2021

*_/s/ Brian Hannasch_*	*_/s/ Claude Tessier_*
Brian Hannasch President and Chief Executive Officer	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 25, 2021 and April 26, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Corporation's consolidated financial statements comprise:

- The consolidated statements of earnings for the years ended April 25, 2021 and April 26, 2020;
- The consolidated statements of comprehensive income for the years ended April 25, 2021 and April 26, 2020;
- The consolidated statements of changes in equity for the years ended April 25, 2021 and April 26, 2020;
- The consolidated statements of cash flows for the years ended April 25, 2021 and April 26, 2020;
- The consolidated balance sheets as at April 25, 2021 and April 26, 2020; 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended April 25, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Valuation of intangible assets acquired in the Convenience Retail Asia (BVI) Limited business combination

Refer to Note 4 – Business acquisitions to the consolidated financial statements

On December 21, 2020, the Corporation acquired all the issued and outstanding shares of Convenience Retail Asia (BVI) Limited (Circle K HK), an important convenience store operator in the Hong Kong Special Administrative Region of the People's Republic of China, for a total cash consideration of HK $2,946.2 million ($380.1 million) using available cash and existing credit facilities. The fair value of the identifiable assets acquired included $96.9 million in intangible assets, which relate to reacquired rights, technology platform, customer relationships and trademarks. Management applied significant judgment in estimating the fair value of these intangible assets. To estimate the fair value of the intangible assets, management used the relief-from-royalty method to value reacquired rights, technology platform and trademarks, and the multi-period excess earnings method for the customer relationships. Key assumptions used by management in the valuation of the intangible assets acquired included proportion of revenue attributable to the intangible assets, royalty saving rates and useful life.

We considered this a key audit matter due to the significant judgment applied by management in estimating the fair value of the intangible assets, including the development of key assumptions. This, in turn, led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the key assumptions used by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

</td><td>

Our approach to addressing the matter included the following procedures, among others:

- Tested the operating effectiveness of internal controls related to the valuation of the intangible assets acquired, including management's review of the key assumptions used.
- Tested how management estimated the fair value of the intangible assets acquired, which included the following:
  - Read the purchase agreement.
  - Tested the underlying data used by management in the relief-from-royalty and multi-period excess earnings methods.
  - Evaluated the reasonableness of key assumptions used by management related to revenue attributable to the intangible assets, by considering the past performance of the acquired Circle K HK business and the budget approved by the Board of Directors.
  - Evaluated the reasonableness of the key assumption used by management related to useful life for the technology platform by considering industry data.
- Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of management's relief-from-royalty and multi-period excess earnings methods, as well as key assumptions used by management related to the proportion of revenue attributable to the intangible assets and royalty saving rates. These professionals also assisted in evaluating the reasonableness of key assumptions related to the useful life of reacquired rights, customer relationships and trademarks.

</td></tr>
</table>

Other matter – audit of internal control over financial reporting

We also have audited, in accordance with the standards for audits of internal control over financial reporting set out in the CPA Canada Handbook – Assurance, the Corporation's internal control over financial reporting as at April 25, 2021, 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 29, 2021.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
June 29, 2021

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

Independent auditor's report

To the Shareholders of
Alimentation Couche-Tard Inc.

We have audited the effectiveness of Alimentation Couche-Tard Inc. and its subsidiaries' internal control over financial reporting as at April 25, 2021.

Management's responsibility

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

Auditor's responsibility

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

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

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

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

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

Opinion

In our opinion, Alimentation Couche-Tard Inc. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at April 25, 2021, in accordance with the criteria established in *Internal Control – Integrated Framework (2013)*, issued by COSO.

We also have audited, in accordance with Canadian generally accepted auditing standards, the consolidated financial statements of Alimentation Couche-Tard Inc. and its subsidiaries as at April 25, 2021 and April 26, 2020 and for the years then ended and issued our report dated June 29, 2021.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
June 29, 2021

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

Consolidated Statements of Earnings

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except per share amounts)

	2021	2020 (adjusted, Note 3)
	$	$
Revenues	**45,760.1**	54,132.4
Cost of sales, excluding depreciation, amortization and impairment (Note 9)	**35,644.8**	44,488.9
Operating, selling, administrative and general expenses (Note 9)	**5,148.6**	5,227.3
Gain on disposal of property and equipment and other assets (Notes 5, 6 and 9)	**(67.8)**	(83.1)
Depreciation, amortization and impairment (Notes 9, 17, 18 and 19)	**1,358.9**	1,336.8
Operating income	**3,675.6**	3,162.5
Share of earnings of joint ventures and associated companies (Note 8)	**26.0**	25.5
Financial expenses (Note 11)	**357.0**	342.2
Financial revenues (Note 7)	**(59.4)**	(24.2)
Foreign exchange loss (gain)	**44.9**	(33.5)
Net financial expenses	**342.5**	284.5
Earnings before income taxes	**3,359.1**	2,903.5
Income taxes (Note 12)	**653.6**	545.9
Net earnings including non-controlling interests	**2,705.5**	2,357.6
Net earnings attributable to non-controlling interests (Notes 5 and 6)	**—**	(4.0)
Net earnings attributable to shareholders of the Corporation	**2,705.5**	2,353.6
Net earnings per share (Note 13)		
Basic	**2.45**	2.10
Diluted	**2.44**	2.09

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

Consolidated Statements of Comprehensive Income

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2))

	2021	2020
	$	$
Net earnings including non-controlling interests	**2,705.5**	2,357.6
Other comprehensive income		
Items that may be reclassified subsequently to earnings		
Translation adjustments		
Change in cumulative translation adjustments(1)	**507.1**	(268.8)
Change in fair value and net interest on cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in certain of its foreign operations(2) (Note 24)	**170.4**	(102.8)
Cash flow hedges		
Change in fair value of financial instruments(2) (Note 31)	**(5.6)**	3.6
Loss realized on financial instruments transferred to earnings(2) (Note 31)	**0.4**	1.0
Items that will never be reclassified to earnings		
Net actuarial gain (loss)(3) (Note 30)	**43.2**	(23.3)
Gain (loss) on investments in equity instruments measured at fair value through Other comprehensive income(4)	**20.6**	(14.0)
Other comprehensive income (loss)	**736.1**	(404.3)
Comprehensive income including non-controlling interests	**3,441.6**	1,953.3
Comprehensive income attributable to non-controlling interests	**—**	(4.0)
Comprehensive income attributable to shareholders of the Corporation	**3,441.6**	1,949.3

(1) For the fiscal years ended April 25, 2021 and April 26, 2020, these amounts include a gain of $249.4 (net of income taxes of $38.1) and losses of $134.1 (net of income taxes of $20.5), respectively. These gains and losses arise from the translation of long-term debts denominated in foreign currencies and designated as net investment hedges in certain of the Corporation's foreign operations.
(2) For the fiscal years ended April 25, 2021 and April 26, 2020, these amounts are net of income tax recoveries of $19.7 and $0.6, respectively.
(3) For the fiscal years ended April 25, 2021 and April 26, 2020, these amounts are net of income tax expenses (recoveries) of $11.4 and $(6.4), respectively.
(4) For the fiscal years ended April 25, 2021 and April 26, 2020, these amounts are net of income tax expenses of $3.3 and nil, 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 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2))

2021

	Attributable to the shareholders of the Corporation						
	Capital stock	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive loss (Note 29)**	**Total**	**Non-controlling interests**	**Equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, beginning of year	**694.8**	**21.4**	**10,611.3**	**(1,260.9)**	**10,066.6**	**—**	**10,066.6**
Comprehensive income:							
Net earnings			**2,705.5**		**2,705.5**	**—**	**2,705.5**
Other comprehensive income				**736.1**	**736.1**	**—**	**736.1**
Comprehensive income					**3,441.6**	**—**	**3,441.6**
Share repurchases (Note 27)	**(26.6)**		**(1,037.0)**		**(1,063.6)**		**(1,063.6)**
Dividends declared			**(268.3)**		**(268.3)**		**(268.3)**
Transfer of realized gain on investments in equity instruments measured at fair value through other comprehensive income			**6.3**	**(6.3)**	**—**		**—**
Stock option-based compensation expense (Note 28)		**4.4**			**4.4**		**4.4**
Exercise of stock options	**2.4**	**(2.2)**			**0.2**		**0.2**
Balance, end of year	**670.6**	**23.6**	**12,017.8**	**(531.1)**	**12,180.9**	**—**	**12,180.9**

2020

	Attributable to the shareholders of the Corporation						
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 29)	Total	Non-controlling interests	Equity
	$	$	$	$	$	$	$
Balance, beginning of year	706.8	19.5	9,053.5	(856.6)	8,923.2	257.9	9,181.1
Adoption of IFRS 16			(9.5)		(9.5)	—	(9.5)
Adjusted balance, beginning of year	706.8	19.5	9,044.0	(856.6)	8,913.7	257.9	9,171.6
Comprehensive income:							
Net earnings			2,353.6		2,353.6	4.0	2,357.6
Other comprehensive loss				(404.3)	(404.3)	—	(404.3)
Comprehensive income					1,949.3	4.0	1,953.3
Share repurchases (Note 27)	(13.1)		(457.7)		(470.8)		(470.8)
Dividends declared			(215.7)		(215.7)		(215.7)
Distributions to non-controlling interests						(47.5)	(47.5)
December 2018 asset exchange agreement (Note 6)			(7.7)		(7.7)	7.7	—
Disposal of the Corporation's interests in CAPL (Note 5)						(222.1)	(222.1)
Repurchase of non-controlling interest in CST Fuel Supply LP (Note 6)			(105.2)		(105.2)	—	(105.2)
Stock option-based compensation expense (Note 28)		3.0			3.0		3.0
Exercise of stock options	1.1	(1.1)			—		—
Balance, end of year	694.8	21.4	10,611.3	(1,260.9)	10,066.6	—	10,066.6

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

Consolidated Statements of Cash Flows

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2))

	2021	2020
	$	$
Operating activities		
Net earnings including non-controlling interests	**2,705.5**	2,357.6
Adjustments to reconcile net earnings including non-controlling interests to net cash provided by operating activities		
Depreciation, amortization, impairment and amortization of financing costs	**1,363.6**	1,343.8
Gain on disposal of property and equipment and other assets (Notes 5 and 6)	**(67.8)**	(83.1)
Deferred income taxes (Note 12)	**60.0**	105.1
Share of earnings of joint ventures and associated companies, net of dividends received	**(1.3)**	(5.3)
Net deferred credits	**50.7**	3.3
Net changes in fuel swaps	**42.5**	(28.5)
Other	**88.4**	27.2
Changes in non-cash working capital (Note 14)	**(155.0)**	0.6
Net cash provided by operating activities	**4,086.6**	3,720.7
Investing activities		
Purchase of property and equipment, intangible assets and other assets	**(1,222.2)**	(1,408.2)
Business acquisitions (Note 4)	**(433.5)**	(89.5)
Proceeds from disposal of property and equipment and other assets (Note 5)	**181.4**	89.7
Proceeds from disposal of investments in equity instruments	**100.5**	—
Investments in Fire & Flower (Note 7)	**(16.4)**	(19.5)
Change in restricted cash	**4.6**	28.5
Proceeds from the disposal of the Corporation's interests in CAPL, net of transaction costs and cash and cash equivalents disposed (Note 5)	**—**	185.2
Net cash used in investing activities	**(1,385.6)**	(1,213.8)
Financing activities		
Net (decrease) increase in term revolving unsecured operating credit facility D (Notes 14 and 22)	**(1,500.0)**	1,460.0
Share repurchases (Note 27)	**(1,046.7)**	(470.8)
Principal elements of lease payments and net changes in other debts (Note 14)	**(387.7)**	(380.0)
Cash dividends paid	**(268.3)**	(215.7)
Repayment of senior unsecured notes (Notes 14 and 22)	**(227.1)**	(1,241.4)
Exercise of stock options	**0.2**	—
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs (Note 14)	**—**	1,484.1
Settlements of derivative financial instruments (Note 14)	**—**	(100.6)
Distributions paid to non-controlling interests	**—**	(47.5)
Repurchase of non-controlling interest in CST Fuel Supply LP (Note 6)	**—**	(13.4)
Net increase in CAPL senior secured revolving credit facility (Note 14)	**—**	6.0
Net cash (used in) provided by financing activities	**(3,429.6)**	480.7
Effect of exchange rate fluctuations on cash and cash equivalents	**102.9**	(52.5)
Net (decrease) increase in cash and cash equivalents	**(625.7)**	2,935.1
Cash and cash equivalents, beginning of year	**3,641.5**	706.4
Cash and cash equivalents, end of year	**3,015.8**	3,641.5
Supplemental information:		
Interest paid	**313.3**	329.3
Interest and dividends received	**49.9**	48.6
Income taxes paid	**669.9**	193.6

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

Consolidated Balance Sheets

As at April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2))

	2021	2020
	$	$
Assets		
Current assets		
Cash and cash equivalents	**3,015.8**	3,641.5
Restricted cash	**3.4**	8.0
Accounts receivable (Note 15)	**1,771.7**	1,256.0
Inventories (Note 16)	**1,767.6**	1,237.4
Prepaid expenses	**111.7**	96.0
Assets held for sale (Notes 5 and 6)	**335.1**	64.0
Other short-term financial assets (Notes 7 and 31)	**11.0**	38.6
Income taxes receivable	**105.6**	89.4
	7,121.9	6,430.9
Property and equipment (Note 17)	**10,870.1**	10,136.5
Right-of-use assets (Note 18)	**3,069.1**	2,513.9
Intangible assets (Note 19)	**716.9**	550.8
Goodwill (Note 19)	**5,946.3**	5,505.8
Other assets (Note 20)	**389.7**	350.1
Other long-term financial assets (Note 7)	**20.1**	—
Investments in joint ventures and associated companies (Notes 7 and 8)	**199.8**	139.7
Deferred income taxes (Note 12)	**60.6**	51.8
	28,394.5	25,679.5
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 21)	**3,994.3**	2,808.3
Short-term provisions (Note 25)	**154.6**	108.1
Other short-term financial liabilities (Notes 14 and 31)	**26.6**	—
Income taxes payable	**155.6**	222.0
Liabilities associated with assets held for sale (Notes 5 and 6)	**91.9**	8.1
Current portion of long-term debt (Notes 14 and 22)	**1,107.3**	214.7
Current portion of lease liabilities (Note 14)	**419.4**	383.1
	5,949.7	3,744.3
Long-term debt (Notes 14 and 22)	**5,282.6**	7,515.8
Lease liabilities (Note 14)	**2,792.7**	2,265.7
Long-term provisions (Note 25)	**631.0**	551.3
Pension benefit liability (Note 30)	**98.1**	91.5
Other long-term financial liabilities (Notes 14, 24 and 31)	**79.6**	237.4
Deferred credits and other liabilities (Note 26)	**251.3**	161.9
Deferred income taxes (Note 12)	**1,128.6**	1,045.0
	16,213.6	15,612.9
Equity		
Capital stock (Note 27)	**670.6**	694.8
Contributed surplus	**23.6**	21.4
Retained earnings	**12,017.8**	10,611.3
Accumulated other comprehensive loss (Note 29)	**(531.1)**	(1,260.9)
	12,180.9	10,066.6
	28,394.5	25,679.5

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

On behalf of the Board of Directors,

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

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

As at April 25, 2021, the Corporation operates a network of 12,328 convenience stores across North America, Europe and Asia, of which 9,976 are company-operated, and generates income primarily from the sale of tobacco products and alternative tobacco products, beer, wine, beverages, 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, close to 1,900 stores are operated under the Circle K banner in 14 other countries and territories (Cambodia, Egypt, Guam, Guatemala, Honduras, Indonesia, Jamaica, Macau, Mexico, Mongolia, New Zealand, Saudi Arabia, the United Arab Emirates and Vietnam), which brings the worldwide total network to more than 14,200 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 25, 2021, and April 26, 2020, are referred to as "2021" and "2020".

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 29, 2021, the Corporation's consolidated financial statements were approved by the Board of Directors, which also approved their publication.

3. ACCOUNTING POLICIES

Changes in accounting policies, classification and presentation

Classification of internal logistics costs

During the fiscal year ended April 25, 2021, the Corporation changed its classification of internal logistics costs, which were previously included in Operating, selling, administrative and general expenses, and are now included in Cost of sales, excluding depreciation, amortization and impairment in the consolidated statements of earnings. This classification change is to better reflect all of the Corporation's supply chain's costs required to bring its products to their point of sale. This classification change was applied retroactively and the comparative figures for the fiscal year ended April 26, 2020 were adjusted to reflect this change which had no impact on net earnings and net earnings per share.

The table below shows, for the impacted line items only, the previously published figures, the adjustments stemming from this change and the adjusted figures:

			2020
	Published	Adjustments	Adjusted
	$	$	$
Cost of sales, excluding depreciation, amortization and impairment	44,397.7	91.2	44,488.9
Operating, selling, administrative and general expenses	5,318.5	(91.2)	5,227.3

In relation with this change, the Gross profit and Total operating expenses subtotals are no longer presented in the consolidated statements of earnings.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

Definition of a business

On April 27, 2020, the Corporation adopted the amendments to the guidance in IFRS 3 *Business combinations*, which revise the definition of a business. These amendments introduce an optional concentration test that, if met, leads to the conclusion that the group of assets acquired is not a business and that no further assessment is needed. To be considered a business, an acquisition must include an input and a substantive process that together significantly contribute to the ability to create outputs. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. The Corporation applied these amendments to business combinations and asset acquisitions for which the acquisition date was on or after April 27, 2020.

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 and intangible assets, lease terms and business combinations, including but not limited to the valuation of acquired intangible assets.

As at April 25, 2021, the Corporation performed an assessment of the impact of the uncertainties surrounding the COVID-19 pandemic on the carrying amount of its assets and liabilities. This assessment, which required the use of significant judgments and estimates, had no material impact on the Corporation's consolidated financial statements for the fiscal year ended April 25, 2021. As the Corporation continues to closely monitor the COVID-19 situation in the various jurisdictions where it operates, its duration and full financial effect are unknown, and accordingly, estimates of the extent to which it may materially and adversely affect the Corporation are subject to uncertainties.

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, which are generally wholly owned. They also include the Corporation's share of earnings of joint ventures and associated companies accounted for using the equity method, as well as its shares of assets, liabilities and earnings of joint operations. All intercompany balances and transactions have been eliminated on consolidation.

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

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

Foreign currency translation

Functional currency

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

Foreign currency transactions

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

Consolidation and foreign operations

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

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

Reporting currency

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

Net earnings per share

Basic net earnings per share are calculated by dividing the net earnings available to Class A and Class B shareholders by the respective weighted average number 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, beer, wine, beverages, fresh food offerings including quick service restaurants, candy and snacks and grocery items. Service revenues primarily include car wash revenues, commissions on the sale of lottery tickets, fees from automatic teller machines, sales of calling cards and sales of gift cards. Road transportation fuel sales comprise the sale of different types of road transportation fuel via fuel dispensers located at the Corporation's convenience stores or automate stations. These revenues are recognized at the time of the transaction since control of goods and services is considered transferred when customer makes payment and takes possession of the sold item.

Service revenues also include franchise and license fees, which are recognized in revenues over the period of the agreement, initial franchise fees for which a portion is recognized when the franchise store opens and the remaining portion is deferred and recognized over the estimated term of the related agreement, as well as commissions from agents, and royalties from franchisees and licensees, which are recognized periodically based on sales reported by agents, and franchise and license operators.

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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

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

Through license fees with Canopy Growth's Tweed Inc. branded licensed stores in Ontario, Canada, the Corporation generates revenues derived from the underlying sale of cannabis products. The Corporation's share of earnings of Fire & Flower Holdings Corp. ("Fire & Flower") (Note 7) is also derived from the underlying sale of cannabis products.

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

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

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

Operating, selling, administrative and general expenses

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

Government grants

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

Cash and cash equivalents

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

Restricted cash

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

Inventories

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

Income taxes

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

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

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

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

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 25, 2021, management determined that no significant provision for uncertain tax positions was required.

Property and equipment, depreciation, amortization and impairment

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

Buildings and building components	3 to 40 years
Equipment	3 to 40 years
Leasehold improvements	Lesser of the lease term and useful life

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

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

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

Intangible assets

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's goodwill exceed its recoverable amount, an impairment loss would be recognized.

Leases

<u>Determining whether a contract is, or contains, a lease</u>

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.

<u>Lease arrangements in which the Corporation is a lessee</u>

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

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

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

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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 in accordance with IAS 36 *Impairment of Assets*.

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

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

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

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

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

<u>Lease arrangements in which the Corporation is a lessor</u>

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 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

Financing costs

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

Stock-based compensation and other stock-based payments

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

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

The share unit plan compensation cost and the related liability are recorded on a straight-line basis over the corresponding vesting period based on the fair market value of Class B 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 Class B shares and revisions to the estimated forfeitures.

Employee future benefits

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

- The accrued benefit obligations and the cost of pension benefits earned by active employees are actuarially determined using the projected unit credit method pro-rated on service, and the pension expense is recorded in earnings as the services are rendered by active employees. The calculations reflect management's best estimate of salary escalation and retirement ages of employees;
- Plan assets are valued at fair value;
- Actuarial gains and losses arise from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments. Actuarial gains and losses are recognized immediately in 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 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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

Environmental costs

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

Asset retirement obligations

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

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

Obligations related to general liability and workers' compensation

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

Restructuring

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

A detailed formal plan usually includes:

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

Financial instruments recognition and measurement

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

Financial assets and financial liabilities	Classification	Subsequent measurement[1]	Classification of gains and losses
Cash and cash equivalents	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)[2]	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
Derivative financial instruments designated as fair value hedges	Fair value through earnings or loss subject to hedge accounting requirements	Fair value	Net earnings, with offsetting basis adjustment recorded to hedged item
Bank indebtedness and long-term debt	Amortized cost	Amortized cost	Net earnings
Accounts payable and accrued liabilities	Amortized cost	Amortized cost	Net earnings

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

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

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

Fuel swaps and fuel futures contracts

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

Designated long-term debts denominated in foreign currencies

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

Cross-currency interest rate swaps

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

Short-term cross-currency interest rate swaps

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

Interest rate locks

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

Guarantees

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

Business combinations

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations*, are recognized at their fair 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.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

4. BUSINESS ACQUISITIONS

The Corporation has made the following business acquisitions:

2021

Acquisition of Convenience Retail Asia (BVI) Limited

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

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

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

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

The fair value of the identifiable assets acquired included $96.9 in intangible assets, which relate to reacquired rights, technology platform, customer relationships and trademarks (Note 19). Management applied significant judgment in estimating the fair value of these intangible assets. The table below shows the valuation method, key assumptions used in the valuation as well as the final estimate of the fair value for each intangible assets acquired:

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

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

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

Since the date of acquisition, revenues and net earnings attributable to the shareholders of the Corporation from this acquisition amounted to $224.3 and $2.1, respectively. Net earnings since the date of acquisition include $4.6 of amortization of identifiable intangible assets stemming from the acquisition. On a pro forma basis, had the Corporation concluded the Circle K HK acquisition at the beginning of its fiscal year, total revenues and net earnings attributable to the shareholders of the Corporation would have amounted to $46,184.4 and $2,717.1, respectively.

Other acquisitions

During the fiscal year ended April 25, 2021, the Corporation acquired 26 company-operated stores through multiple transactions. The Corporation owns the land and building for 20 sites, owns the building and leases the land for 4 sites and leases the land and the building for the remaining 2 sites. These transactions were settled for a total consideration of $75.8 using available cash and existing credit facilities. For the fiscal year ended April 25, 2021, acquisition costs of $11.0 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

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

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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 $72.6 and $3.0, 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.

2020

During the fiscal year ended April 26, 2020, the Corporation acquired 30 company-operated stores through multiple transactions. The Corporation owns the land and building for 23 sites and leases the land and the building for the remaining 7 sites. These transactions were settled for a total consideration of $89.7 using available cash and existing credit facilities. For the fiscal year ended April 26, 2020, acquisition costs of $6.7 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

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

	$
Identifiable assets acquired	
Cash and cash equivalents	0.2
Inventories	4.1
Prepaid expenses	0.1
Property and equipment	50.8
Right-of-use assets	10.9
Total identifiable assets	66.1
Liabilities assumed	
Accounts payable and accrued liabilities	0.3
Provisions	0.8
Lease liabilities	10.9
Total liabilities assumed	12.0
Net identifiable assets acquired	54.1
Goodwill	35.6
Total cash consideration paid	89.7
Cash and cash equivalents acquired	0.2
Net cash flow for the acquisition	89.5

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

5. DISPOSAL OF BUSINESS AND PROPERTIES

2021

Disposal of business

- On March 22, 2021, the Corporation reached an agreement to sell 49 sites located in Oklahoma, within the United States, to Casey's General Stores Inc. for a cash consideration of approximately $39.0. The transaction closed subsequent to the end of fiscal 2021. As at April 25, 2021, criteria for the classification as assets held for sale had been met for these sites.
- On March 22, 2021, the Corporation also announced its intention to sell certain sites across 25 states in the United States and 6 provinces in Canada. The Corporation expects that these sites will be sold to various buyers during its fiscal year ending April 24, 2022. The decision to dispose of these sites was based on the outcome of a strategic review of the Corporation's network. As at April 25, 2021, criteria for the classification as assets held for sale had been met for 264 sites in the United States and 37 sites in Canada.

The following assets and liabilities were classified as held for sale as at April 25, 2021:

	$
Assets	
Inventory	44.3
Property and equipment	130.4
Right-of-use assets	77.9
Intangible assets	0.8
Goodwill	81.7
	335.1
Liabilities	
Lease liabilities	81.1
Provisions	10.8
	91.9

Disposal of properties

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

2020

On November 19, 2019, the Corporation announced the closing of the sale of its interests in CrossAmerica Partners LP ("CAPL"), representing 100% of the equity interests of the sole member of the General Partner, 100% of the incentive distribution rights and 21.7% of the outstanding common units of CAPL. Proceeds, net of transaction costs from the disposal, were $186.9 and the Corporation recognized a net gain on disposal of $61.5 in relation to this transaction. This gain is included in Gain on disposal of property and equipment and other assets in the consolidated statements of earnings for the fiscal year ended April 26, 2020.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

6. ASSET EXCHANGE AGREEMENTS

December 2018 asset exchange agreement

On December 17, 2018, the Corporation entered into an asset exchange agreement with CAPL which aimed at exchanging 192 of the Circle K U.S. stores against the real estate property held by CAPL for 56 U.S. company-operated stores leased and operated by the Corporation pursuant to a master lease that CAPL had previously purchased jointly with or from CST Brands Inc., and 17 company-operated stores owned and operated by CAPL in the U.S. Upper Midwest (the "December 2018 asset exchange agreement"). The aggregate value of this agreement totaled approximately $184.0.

During the fiscal year ended April 25, 2021, the Corporation closed the fifth and sixth transactions of the December 2018 asset exchange agreement, which completed the asset exchange. In these transactions, the Corporation transferred 53 Circle K U.S. stores for a total value of approximately $52.0. In exchange, CAPL transferred the real estate for 17 properties of an equivalent value. These two transactions resulted in a gain of $10.9 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 26, 2020, the Corporation closed the first four transactions of the December 2018 asset exchange agreement. In these transactions, 139 Circle K U.S. stores for a total value of approximately $132.0 have been exchanged against 17 company-operated stores owned and operated by CAPL and the real estate for 39 properties held by CAPL for an equivalent value. The first two transactions of the December 2018 asset exchange agreement, which occurred while CAPL was fully consolidated in the Corporation's consolidated financial statements, resulted in a reclassification of $7.7 between equity attributable to the shareholders of the Corporation and equity attributable to the non-controlling interests. The third and fourth transactions of the same agreement, which occurred after the disposal of the Corporation's interests in CAPL, resulted in a gain of $1.9 which is included in Gain on disposal of property and equipment and other assets in the consolidated statement of earnings for the fiscal year ended April 26, 2020.

November 2019 asset exchange agreement

During the fiscal year ended April 26, 2020, the Corporation closed an asset exchange agreement with CAPL under which the Corporation transferred a portion of its U.S. wholesale road transportation fuel operations, which consisted of 366 wholesale fuel supply agreements, as well as a cash consideration of approximately $14.0, receiving in return CAPL's 17.5% limited partnership interest in CST Fuel Supply LP (the "November 2019 asset exchange agreement"). The Corporation recognized a net gain on disposal of $41.0 in relation to this transaction which is included in Gain on disposal of property and equipment and other assets in the consolidated statement of earnings for the fiscal year ended April 26, 2020. Following this asset exchange agreement, the Corporation owns a 100% interest in CST Fuel Supply LP. Therefore, during the fiscal year ended April 26, 2020, an amount of $105.2, net of taxes, was recognized to retained earnings corresponding to the difference between the non-controlling interest in CST Fuel Supply LP recognized in the Corporation's consolidated financial statements and the fair value of the consideration to acquire the remaining 17.5% interest in CST fuel Supply LP.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

7. INVESTMENTS IN FIRE & FLOWER HOLDINGS CORP.

Convertible debentures and common share purchase warrants

Investments, conversion and exercise

On August 7, 2019, the Corporation invested an amount of CA $26.0 ($19.5) in Fire & Flower, a leading independent cannabis retailer listed on the Toronto Stock Exchange and based in Ontario, Canada. This investment is composed of the following:

- Unsecured convertible debentures bearing interest at an annual rate of 8%, and convertible into common shares of Fire & Flower at any time between the issuance and the maturity date ("August 2019 debentures"). On September 17, 2020, the terms and conditions of the August 2019 debentures were amended. The conversion price was modified from CA $1.07 per share to a variable conversion price which cannot reach more than CA $0.90 per share, and the maturity date was extended from December 31, 2020, to June 30, 2023 ("amended August 2019 debentures"). On March 10, 2021, a CA $23.6 ($18.5) amount of principal of the amended August 2019 debentures was converted into common shares of Fire & Flower following the realization of certain events, which allowed Fire & Flower to require the Corporation to convert all or part of the amended August 2019 debentures at a conversion price of CA $0.75 per share.

- Common share purchase warrants which consisted of the Series A, B and C Warrants. On September 17, 2020, the terms and conditions of common share purchase warrants were amended. The Series A Warrants were broken down into the Series A-1, A-2 and A-3 Warrants. During the fiscal year ended April 25, 2021, the Corporation exercised the Series A-1 and A-2 Warrants for a cash consideration of CA $19.0 ($14.6), and the Series A-3 Warrants are exercisable, at an amended price, at the Corporation's option and will expire on June 30, 2021. The amended Series B Warrants will only be exercisable, at an amended price, at any time after January 1, 2022, and will expire on September 30, 2022. The amended Series C Warrants will only be exercisable, at an amended price, at any time after October 1, 2022, and will expire on June 30, 2023. As at April 25, 2021, none of the Series A-3, B or C Warrants were exercised.

On April 28, 2020, the Corporation invested an additional amount of CA $2.5 ($1.8) composed of secured convertible debentures ("April 2020 debentures"), as well as additional common share purchase warrants which consisted of Series A, B and C Warrants. On March 3, 2021, the CA $2.5 ($1.8) amount of principal of the April 2020 debentures was converted into common shares of Fire & Flower following the realization of certain events, which allowed Fire & Flower to require the Corporation to convert all of the April 2020 debentures at a conversion price of CA $0.50 per share.

Valuation

The convertible debentures and common share purchase warrants are measured at fair value through earnings or loss. The estimated fair value of the amended August 2019 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. The following key unobservable inputs were used in establishing the fair value of these financial assets:

- Expected volatility: Sensitivity to volatility stems mainly from the emerging market in which Fire & Flower operates. As at April 25, 2021, with all other variables held constant, a 5% increase or decrease in the 85% expected volatility used would not have had a significant impact on the fair value of the convertible debentures and common share purchase warrants.

- Credit spread: Sensitivity to credit spread stems mainly from the nature of the financial instruments issued as well as the emerging market in which Fire & Flower operates. As at April 25, 2021, with all other variables held constant, a 5% increase or decrease in the 30% credit spread used would not have had a significant impact on the fair value of the convertible debentures.

Following the September 17, 2020 amendments, the amended August 2019 debentures, April 2020 debentures, Series A-3 Warrants and amended Series B and C Warrants estimated fair value at initial recognition 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. Since these differences stem mainly from the time component input of each valuation model, they are recognized gradually over the expected life of each asset using the straight-line method.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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

	Estimated fair value of the convertible debentures	Estimated fair value of the common share purchase warrants	Estimated total fair value of the financial assets	Deferred differences	Net carrying amount
	$	$	$	$	$
Year ended April 25, 2021					
Balance, beginning of year	18.5	10.1	**28.6**	(13.8)	**14.8**
Additional investment	2.6	2.1	**4.7**	(2.9)	**1.8**
Impact of the September 17, 2020 amendments	7.8	17.5	**25.3**	(24.7)	**0.6**
Gain recognized to Financial revenues, excluding the impact from conversion of a portion of the convertible debentures	3.1	6.2	**9.3**	17.5	**26.8**
Impact from conversion of a portion of the convertible debentures recognized to Financial revenues	5.2	—	**5.2**	7.9	**13.1**
Conversion and exercise	(37.0)	(1.2)	**(38.2)**	—	**(38.2)**
Effect of exchange rate variations	2.8	2.3	**5.1**	(2.6)	**2.5**
Balance, end of year	**3.0**	**37.0**	**40.0**	**(18.6)**	**21.4**
Current portion	—	1.6	1.6	(0.3)	1.3
Long-term portion	3.0	35.4	38.4	(18.3)	20.1
Year ended April 26, 2020					
Initial measurement	27.6	39.9	**67.5**	(48.0)	**19.5**
Gain (loss) recognized to Net financial expenses	(8.0)	(29.3)	**(37.3)**	33.4	**(3.9)**
Effect of exchange rate variations	(1.1)	(0.5)	**(1.6)**	0.8	**(0.8)**
Balance, end of year	**18.5**	**10.1**	**28.6**	**(13.8)**	**14.8**

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

Significant influence

On September 17, 2020, the amendments described above led to some of the convertible debentures and common share purchase warrants to be considered as convertible or exercisable potential voting rights, while they were not considered as such prior to the amendments taking effect due to their higher conversion or exercise prices. The Corporation assessed that these additional potential voting rights, along with its already existing voting rights, provided significant influence over Fire & Flower. Therefore, since September 17, 2020, Fire & Flower is considered to be an associated company of the Corporation and the existing ownership interest in Fire & Flower has been accounted for using the equity method. Fire & Flower is a publicly traded company and its accounting periods do not coincide with the Corporation's accounting periods, therefore the Corporation used Fire & Flower's financial statements for the reporting period ended January 30, 2021, adjusted to reflect the period during which Fire & Flower is considered an associated company and any significant transactions, if any, in applying the equity method for the fiscal year ended April 25, 2021.

8. INVESTMENT 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:

	2021	2020
	$	$
Investment in joint ventures	**141.4**	139.6
Investment in associated companies	**58.4**	0.1
	199.8	139.7

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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:

	2021	2020
	$	$
Joint ventures' net earnings and comprehensive income	**25.5**	25.4
Associated companies' net earnings and comprehensive income	**0.5**	0.1
	26.0	25.5

9. SUPPLEMENTARY INFORMATION RELATING TO EXPENSES

	2021	2020 (adjusted, Note 3)
	$	$
Cost of sales	**35,653.8**	44,492.1
Selling and marketing expenses	**5,613.3**	5,694.6
Administrative expenses	**740.6**	701.8
Other operating expenses	**76.8**	81.4

	2021	2020
	$	$
Employee benefit charges[a]		
Salaries	**2,419.9**	2,394.0
Fringe benefits and other employer contributions	**258.3**	293.1
Employee future benefits (Note 30)	**145.1**	128.1
Termination benefits	**10.4**	6.8
Stock-based compensation and other stock-based payments (Note 28)	**18.9**	14.3
	2,852.6	2,836.3

(a) Governments grants

During fiscal 2021, the Corporation recognized to earnings an amount of $51.1 in relation with the approval of various government grant requests (nil during fiscal 2020). The government grants, which were received to compensate for employee-related expenses, were recognized as a deduction of Operating, selling, administrative and general expenses in the consolidated statement of earnings.

10. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2021	2020
	$	$
Salaries and other current benefits	**10.5**	11.2
Stock-based compensation and other stock-based payments	**10.3**	8.8
Employee future benefits (Note 30)	**2.7**	2.5
	23.5	22.5

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

11. FINANCIAL EXPENSES

	2021	2020
	$	$
Interest on long-term debt	213.2	214.7
Interest on lease liabilities	88.3	90.3
Impact of the redemption notice of senior unsecured notes (Note 22)	29.1	—
Accretion of provisions (Note 25)	15.9	18.3
Other finance costs	10.5	18.9
	357.0	342.2

12. INCOME TAXES

	2021	2020
	$	$
Current income tax expense	593.6	440.8
Deferred income tax expense	60.0	105.1
	653.6	545.9

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:

	2021	2020
	%	%
Combined statutory income tax rate in Canada[a]	26.50	26.57
Impact of other jurisdictions' tax rates	(7.64)	(7.20)
Other permanent differences	0.60	(0.57)
Effective income tax rate	19.46	18.80

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

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

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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

	2020						
	Balance as at April 28, 2019	Adoption of IFRS 16	Adjusted balance, beginning of year	Recognized to earnings	Recognized directly to OCI or equity	Recognized through business acquisitions and disposals as well as assets held for sale	Balance as at April 26, 2020
	$	$	$	$	$	$	$
Deferred income tax assets							
Property and equipment	(8.0)	—	(8.0)	1.8	2.0	—	(4.2)
Expenses deductible during the following years	(2.4)	—	(2.4)	(1.5)	0.2	—	(3.7)
Intangible assets	20.3	—	20.3	(20.0)	2.1	—	2.4
Deferred charges	25.5	—	25.5	3.9	(1.1)	—	28.3
Tax losses and tax credits carried forward	14.6	—	14.6	(1.7)	(0.3)	—	12.6
Asset retirement obligations	7.6	—	7.6	4.7	(1.7)	—	10.6
Deferred credits	(6.8)	—	(6.8)	1.6	0.9	—	(4.3)
Revenues taxable during the following years	3.0	—	3.0	(0.8)	0.2	—	2.4
Right-of-use assets	—	—	—	(47.2)	4.3	—	(42.9)
Lease liabilities	—	—	—	47.9	(4.4)	—	43.5
Investments	—	—	—	—	1.6	—	1.6
Other	32.6		32.6	5.8	(32.9)		5.5
	86.4	—	86.4	(5.5)	(29.1)	—	51.8

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

							2020
	Balance as at April 28, 2019	Adoption of IFRS 16	Adjusted balance, beginning of year	Recognized to earnings	Recognized directly to OCI or equity	Recognized through business acquisitions and disposals as well as assets held for sale	Balance as at April 26, 2020
	$	$	$	$	$	$	$
Deferred income tax liabilities							
Property and equipment	951.4	(28.7)	922.7	69.4	(7.3)	(60.0)	924.8
Expenses deductible during the following years	(73.0)	12.8	(60.2)	43.0	(0.5)	—	(17.7)
Intangible assets	44.0	—	44.0	18.0	0.3	—	62.3
Goodwill	235.7	—	235.7	5.0	(2.1)	(18.5)	220.1
Deferred charges	(74.2)	(0.1)	(74.3)	(1.3)	(4.1)	17.6	(62.1)
Tax losses and tax credits carried forward	49.9	—	49.9	12.1	21.6	0.6	84.2
Asset retirement obligations	(83.6)	—	(83.6)	8.6	1.2	—	(73.8)
Deferred credits	(51.2)	53.2	2.0	(3.0)	(1.9)	—	(2.9)
Revenues taxable during the following years	26.8	—	26.8	1.0	(0.8)	—	27.0
Right-of-use assets	—	552.2	552.2	8.5	(25.1)	—	535.6
Lease liabilities	—	(592.6)	(592.6)	(14.8)	27.0	—	(580.4)
Investments	23.8	—	23.8	(19.5)	(0.1)	—	4.2
Other	(0.5)	—	(0.5)	0.5	—	—	—
Unrealized exchange loss	(12.0)	—	(12.0)	(27.9)	(36.4)	—	(76.3)
	1,037.1	(3.2)	1,033.9	99.6	(28.2)	(60.3)	1,045.0

The losses carried forward and deductible temporary differences for which deferred tax assets have not been recognized amounted to $651.2 as at April 25, 2021 ($1,421.3 as at April 26, 2020), of which $423.7 will reverse through OCI ($821.5 as at April 26, 2020).

Of these amounts, approximately $529.1 as at April 25, 2021 had no expiration date ($968.7 as at April 26, 2020). Net capital losses can be carried forward indefinitely and can only be used against future taxable gains. Other losses carried forward and deductible temporary differences will expire as follows:

	$
Less than one year	9.9
One to two years	12.5
Two to three years	9.5
Three to five years	1.7
Five to ten years	15.0
Ten to twenty years	73.5
	122.1

During the fiscal year ended April 25, 2021, $38.0 of previously unrecognized deferred tax have been used.

Deferred income tax liabilities that would be payable upon repatriation of the retained earnings of certain foreign subsidiaries have not been recognized because such amounts are not expected to materialize in the foreseeable future. Temporary differences related to these investments amounted to $6,106.0 ($4,016.0 in 2020).

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

13. NET EARNINGS PER SHARE

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

	2021	2020
	$	$
Net earnings attributable to Class A and B shareholders	**2,705.5**	2,353.6
Weighted average number of shares (in millions)	**1,105.3**	1,123.3
Dilutive effect of stock options (in millions)	**1.4**	1.2
Weighted average number of diluted shares (in millions)	**1,106.7**	1,124.5
Basic net earnings per share attributable to Class A and B shareholders	**2.45**	2.10
Diluted net earnings per share attributable to Class A and B shareholders	**2.44**	2.09

In calculating diluted net earnings per share for 2021, 465,659 stock options are excluded due to their antidilutive effect (246,668 stock options excluded in 2020).

For 2021, the Board of Directors declared total dividends of CA 33.25¢ per share (CA 26.50¢ per share for 2020).

14. SUPPLEMENTARY INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash working capital

	2021	2020
	$	$
Accounts receivable	**(358.0)**	545.3
Inventories	**(490.5)**	204.2
Prepaid expenses	**1.9**	(47.6)
Accounts payable and accrued liabilities	**762.0**	(936.3)
Current income taxes	**(70.4)**	235.0
	(155.0)	0.6

Changes in liabilities arising from financing activities

	2021			2020		
	Net other financial liabilities, excluding fuel swaps	**Lease liabilities**	**Long-term debt**	Net other financial liabilities, excluding fuel swaps	Lease liabilities	Long-term debt
	$	**$**	**$**	$	$	$
Balance, beginning of year	**237.4**	**2,648.8**	**7,730.5**	258.7	—	6,951.4
Adoption of IFRS 16	—	—	—	—	2,952.2	(328.3)
Adjusted balance, beginning of year	**237.4**	**2,648.8**	**7,730.5**	258.7	2,952.2	6,623.1
Cash flows						
Net cash (outflow) inflow in long-term debt	—	—	**(1,710.6)**	—	—	1,706.9
Principal elements of lease payments	—	**(404.2)**	—	—	(378.2)	—
Settlements of derivative financial instruments	—	—	—	(100.6)	—	—
Non-cash movements						
Reclassified to liabilities associated with assets held for sale (Note 5)	—	**(81.1)**	—	—	(187.9)	(522.7)
Change in estimates	—	**628.5**	—	—	194.3	—
Additions	—	**180.4**	**63.6**	—	130.2	—
Change in fair value	**(149.9)**	—	—	79.3	—	—
Business acquisitions (Note 4)	—	**67.2**	—	—	10.9	—
Impact of the redemption notice of senior unsecured notes (Note 22)	—	—	**29.1**	—	—	—
Amortization of financing costs	—	—	**4.1**	—	—	7.0
Change in fair value of associated swaps	—	—	—	—	—	3.9
Effect of exchange rate fluctuations	—	**172.5**	**273.2**	—	(72.7)	(87.7)
Balance, end of year	**87.5**	**3,212.1**	**6,389.9**	237.4	2,648.8	7,730.5

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

15. ACCOUNTS RECEIVABLE

	2021	2020
	$	$
Credit and debit cards receivable[a]	**818.5**	521.5
Trade accounts receivable and vendor rebates receivable[a]	**732.3**	518.1
Provision for credit losses	**(36.8)**	(38.1)
Credit and debit cards receivable and trade accounts receivable and vendor rebates receivable – net	**1,514.0**	1,001.5
Other accounts receivable	**258.2**	254.5
Provision for credit losses	**(0.5)**	—
	1,771.7	1,256.0

(a) These amounts are presented net of an amount of $151.2 from Accounts payable and accrued expenses (Note 21) due to netting arrangements ($148.7 as at April 26, 2020).

The following table details the aging of credit and debit cards receivable and trade accounts receivable and vendor rebates receivable on a gross basis as well as the aging of provision for expected credit losses based on expected loss rate:

	2021		
	Gross carrying amount	**Expected loss rate**	**Loss allowance**
	$	**%**	**$**
Not past due	**1,435.7**	**0.4**	**5.1**
Past due 1-90 days	**79.7**	**2.1**	**1.7**
Past due 91 days and over	**35.4**	**84.7**	**30.0**
	1,550.8		**36.8**

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

	2021	2020
	$	$
Balance, beginning of year	**38.1**	30.8
Provision for expected credit losses, net of unused beginning balance	**4.3**	18.7
Receivables written off during the year	**(9.1)**	(8.7)
Reclassified to assets held for sale (Note 5)	**—**	(0.4)
Effect of exchange rate variations	**4.0**	(2.3)
Balance, end of year	**37.3**	38.1

16. INVENTORIES

	2021	2020
	$	$
Merchandise[a]	**900.1**	831.6
Road transportation fuel[b]	**853.2**	396.4
Other products	**14.3**	9.4
	1,767.6	1,237.4

(a) For the fiscal year ended April 25, 2021, write-down to net realizable value expenses of $33.9 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 26, 2020).

(b) For the fiscal year ended April 25, 2021, reversals of write-down to net realizable value of $12.9 were recorded for this category in Cost of sales, excluding depreciation, amortization and impairment in the consolidated statements of earnings because selling prices increased. For the fiscal year ended April 26, 2020, a write-down to net realizable value expense of $12.9 was recorded for this category in Cost of sales, excluding depreciation, amortization and impairment in the consolidated statements of earnings.

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 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

17. PROPERTY AND EQUIPMENT

	Land	Buildings and building components[b]	Equipment	Leasehold improvements	Total
	$	$	$	$	$
Year ended April 25, 2021					
Net book amount, beginning	**3,344.8**	**2,790.8**	**3,588.4**	**412.5**	**10,136.5**
Additions	**145.0**	**316.8**	**757.9**	**68.9**	**1,288.6**
Business acquisitions (Note 4)	**14.5**	**21.9**	**17.3**	**4.0**	**57.7**
Disposals	**(55.4)**	**(12.9)**	**(47.3)**	**(3.1)**	**(118.7)**
Depreciation, amortization and impairment expense	**(1.6)**	**(249.6)**	**(560.7)**	**(71.0)**	**(882.9)**
Transfers	**15.2**	**(12.5)**	**2.4**	**(5.1)**	**—**
Reclassified to assets held for sale (Note 5)	**(32.1)**	**(22.0)**	**(66.7)**	**(9.6)**	**(130.4)**
Effect of exchange rate variations	**175.8**	**152.7**	**180.0**	**10.8**	**519.3**
Net book amount, end[a]	**3,606.2**	**2,985.2**	**3,871.3**	**407.4**	**10,870.1**
As at April 25, 2021					
Cost	**3,610.8**	**4,653.2**	**7,042.3**	**965.0**	**16,271.3**
Accumulated depreciation, amortization and impairment	**(4.6)**	**(1,668.0)**	**(3,171.0)**	**(557.6)**	**(5,401.2)**
Net book amount[a]	**3,606.2**	**2,985.2**	**3,871.3**	**407.4**	**10,870.1**
Portion related to property and equipment not operated by the Corporation as they are subject to operating leases	**47.5**	**12.3**	**12.7**	**—**	**72.5**
Year ended April 26, 2020					
Net book amount, beginning	3,830.6	3,233.9	3,670.7	394.7	11,129.9
Adoption of IFRS 16	(143.2)	(105.2)	(58.1)	—	(306.5)
Adjusted net book amount, beginning	3,687.4	3,128.7	3,612.6	394.7	10,823.4
Additions	55.4	272.9	786.4	98.0	1,212.7
Business acquisitions (Note 4)	13.6	17.4	19.6	0.2	50.8
Disposals	(33.2)	(17.5)	(52.3)	(5.5)	(108.5)
Depreciation and amortization expense	(0.7)	(255.0)	(531.9)	(70.3)	(857.9)
Transfers	12.0	4.2	(20.7)	4.5	—
Reclassified to assets held for sale (Notes 5 and 6)	(319.3)	(292.6)	(140.6)	(5.6)	(758.1)
Effect of exchange rate variations	(70.4)	(67.3)	(84.7)	(3.5)	(225.9)
Net book amount, end[a]	3,344.8	2,790.8	3,588.4	412.5	10,136.5
As at April 26, 2020					
Cost	3,378.4	4,150.0	6,316.7	927.3	14,772.4
Accumulated depreciation, amortization and impairment	(33.6)	(1,359.2)	(2,728.3)	(514.8)	(4,635.9)
Net book amount[a]	3,344.8	2,790.8	3,588.4	412.5	10,136.5
Portion related to property and equipment not operated by the Corporation as they are subject to operating leases	28.1	42.1	3.5	—	73.7

(a) The net book amount as at April 25, 2021 includes $804.9 related to construction in progress ($753.9 as at April 26, 2020).

(b) For the fiscal year ended April 25, 2021, no impairment loss was recorded for this category in Depreciation, amortization and impairment on the consolidated statements of earnings ($4.7 for the fiscal year ended April 26, 2020).

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

18. 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
	$	$	$	$
Year ended April 25, 2021				
Net book amount, beginning	**2,493.4**	**18.0**	**2.5**	**2,513.9**
Additions	**100.9**	**53.4**	**22.6**	**176.9**
Business acquisitions (Note 4)	**76.6**	—	—	**76.6**
Depreciation and amortization expense	**(401.6)**	**(15.4)**	**(2.0)**	**(419.0)**
Change in estimates	**643.1**	**(11.0)**	**0.3**	**632.4**
Reclassified to assets held for sale (Note 5)	**(77.9)**	—	—	**(77.9)**
Deemed disposals related to subleases	**(6.0)**	—	—	**(6.0)**
Effect of exchange rate variations	**168.5**	**2.6**	**1.1**	**172.2**
Net book amount, end	**2,997.0**	**47.6**	**24.5**	**3,069.1**
Year ended April 26, 2020				
Net book amount, beginning	—	—	—	—
Adoption of IFRS 16	2,789.8	37.6	7.6	2,835.0
Adjusted net book amount, beginning	2,789.8	37.6	7.6	2,835.0
Additions	116.1	12.2	0.6	128.9
Business acquisitions (Note 4)	10.9	—	—	10.9
Depreciation and amortization expense	(399.4)	(9.0)	(0.8)	(409.2)
Change in estimates	221.6	(21.6)	(4.5)	195.5
Reclassified to assets held for sale (Notes 5 and 6)	(172.7)	—	—	(172.7)
Deemed disposals related to subleases	(1.7)	—	—	(1.7)
Effect of exchange rate variations	(71.2)	(1.2)	(0.4)	(72.8)
Net book amount, end	2,493.4	18.0	2.5	2,513.9

Amounts recognized in the consolidated statements of earnings

	2021	2020
	$	$
Expenses relating to short-term leases and leases of low-value assets	**24.8**	33.4
Expenses relating to variable lease payments not included in the measurement of lease liabilities	**22.9**	23.5

Information on cash flows

	2021	2020
	$	$
Total cash outflow for leases	**538.8**	526.3

As at April 25, 2021, the Corporation leases mainly land, 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 and 20 years, which include the initial base term and renewal option(s) when applicable. In Europe and Asia, the lease terms range from less than 12 months contracts to contracts with maturities up to more than 50 years and also include options to renew at market prices when applicable. As at April 25, 2021, the Corporation was in compliance with the restrictions imposed by its lease agreements.

As at April 25, 2021, the residual value guarantees expected to be payable included in calculating the lease liabilities as well as those not expected to be payable and which have hence been excluded from the lease liabilities were not significant.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

Some of the property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depends on sales are recognized in earnings in the period in which the conditions that triggers those payments occur. For the fiscal year ended April 25, 2021, a 10% increase in variable terms across all stores in the group with such variable payment terms would not have had a significant impact on the total lease payments.

Extension and termination options are included in a number of leases that the Corporation is party to. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Corporation and not by the respective lessors. As at April 25, 2021, potential future annual undiscounted cash outflows of $175.5 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 25, 2021, future undiscounted cash outflows of $22.5 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 25, 2021, 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

	2021	2020
	$	$
Income relating to operating leases, excluding those variable lease payments that do not depend on an index or a rate	**15.8**	38.2
Income relating to variable lease payments that do not depend on an index or a rate	**17.1**	37.7
Rental income from subleasing right-of-use assets	**48.6**	44.7

As at April 25, 2021, the total amount of undiscounted future minimum operating leases payments expected to be received under lease and sublease agreements is $71.8. These minimum payments are expected to be received as follows:

	$
Less than one year	**16.0**
One to five years	**32.8**
More than five years	**23.0**
	71.8

As at April 25, 2021, the total amount of undiscounted future minimum payments expected to be received under net investment in subleases is $21.9. These minimum payments are expected to be received as follows:

	$
Less than one year	**5.8**
One to five years	**13.0**
More than five years	**3.1**
	21.9
Unearned finance income included in payments above	**(1.8)**
Net investment in subleases	**20.1**

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

19. GOODWILL AND INTANGIBLE ASSETS

Goodwill

	2021	2020
	$	$
Net book amount, beginning of year	5,505.8	5,683.1
Business acquisitions (Note 4)	340.3	35.6
Reclassified to assets held for sale (Note 5)	(81.7)	(140.9)
Effect of exchange rate variations	181.9	(72.0)
Net book amount, end of year	5,946.3	5,505.8

Intangible assets

	Trademarks	Franchise agreements	Software[(a)]	Fuel supply agreements	Reacquired rights	Other	Total
	$	$	$	$	$	$	$
Year ended April 25, 2021							
Net book amount, beginning	240.8	48.4	174.1	14.3	—	73.2	550.8
Additions	—	—	86.1	—	—	2.3	88.4
Business acquisitions (Note 4)	12.7	—	25.6	—	38.7	19.9	96.9
Disposals	—	(0.1)	—	(0.5)	—	(0.1)	(0.7)
Depreciation and amortization expense	(5.2)	(6.6)	(38.5)	(1.1)	(3.1)	(9.8)	(64.3)
Transfers	—	—	(3.9)	—	—	3.9	—
Reclassified to assets held for sale (Note 5)	—	—	—	—	—	(0.8)	(0.8)
Effect of exchange rate variations	13.4	3.1	25.3	—	—	4.8	46.6
Net book amount, end	261.7	44.8	268.7	12.7	35.6	93.4	716.9
As at April 25, 2021							
Cost	303.9	156.9	484.8	54.0	38.7	229.8	1,268.1
Accumulated depreciation and amortization	(42.2)	(112.1)	(216.1)	(41.3)	(3.1)	(136.4)	(551.2)
Net book amount	261.7	44.8	268.7	12.7	35.6	93.4	716.9
Year ended April 26, 2020							
Net book amount, beginning	255.6	61.0	170.4	267.9	—	189.5	944.4
Adoption of IFRS 16	—	—	—	—	—	(104.5)	(104.5)
Adjusted net book amount, beginning	255.6	61.0	170.4	267.9	—	85.0	839.9
Additions	—	0.3	56.0	—	—	0.2	56.5
Disposals	—	—	(0.9)	—	—	(0.1)	(1.0)
Depreciation and amortization expense	(7.5)	(10.2)	(34.4)	(14.7)	—	(6.3)	(73.1)
Transfers	—	0.2	2.6	—	—	(2.8)	—
Reclassified to assets held for sale (Notes 5 and 6)	—	—	—	(238.9)	—	(1.5)	(240.4)
Effect of exchange rate variations	(7.3)	(2.9)	(19.6)	—	—	(1.3)	(31.1)
Net book amount, end	240.8	48.4	174.1	14.3	—	73.2	550.8
As at April 26, 2020							
Cost	277.3	136.3	348.5	55.6	—	180.0	997.7
Accumulated depreciation and amortization	(36.5)	(87.9)	(174.4)	(41.3)	—	(106.8)	(446.9)
Net book amount	240.8	48.4	174.1	14.3	—	73.2	550.8

(a) The net book amount as at April 25, 2021 includes $32.0 related to software in progress ($19.8 as at April 26, 2020).

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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 25, 2021, and April 26, 2020, is as follows:

		2021		2020
CGU	**Intangible assets with indefinite useful lives**	**Goodwill**	Intangible assets with indefinite useful lives	Goodwill
	$	**$**	$	$
Canada	**—**	**832.8**	—	743.1
United States	**186.9**	**4,230.2**	185.5	4,278.4
Scandinavia	**64.7**	**488.7**	53.8	408.2
Central and Eastern Europe	**27.0**	**12.6**	24.3	11.3
Ireland	**—**	**72.4**	—	64.8
Asia	**12.7**	**309.6**	—	—
	291.3	**5,946.3**	263.6	5,505.8

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

For the annual impairment test, the recoverable amount of the Canada, United States, Scandinavia, Central and Eastern Europe and Ireland CGUs is determined on the basis of their fair value less costs to sell. The Corporation uses an approach based on Earnings before interest, taxes, depreciation and amortization ("EBITDA", which is a non-IFRS measure) multiples of comparable corporations (Level 3) ranging from 8.6x to 10.5x to determine these values. For the annual impairment test of the Asia CGU, the recoverable amount of the CGU has been determined based on fair value less cost to sell and the Corporation uses an approach based on earnings to determine this value (Level 3). Under this method, the cash flows of the CGU for a 4-year period were used. The key assumption on which management has based its determination of fair value less cost to sale is the expected growth rate, which averages 12.3%. This assumption represents management's best estimate given current market conditions.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

20. OTHER ASSETS

	2021	2020
	$	$
Deferred compensation assets	**71.9**	51.9
Environmental costs receivable (Note 25)	**64.3**	68.4
Pension benefit assets (Note 30)	**63.0**	12.5
Share units indexed deposits (Note 31)	**43.5**	34.4
Investments in equity instruments (Note 31)	**35.2**	78.5
Deferred incentive payments	**26.2**	27.1
Deposits	**25.5**	25.4
Net investment in subleases (Note 18)	**20.1**	19.7
Notes receivable	**19.3**	16.6
Other	**20.7**	15.6
	389.7	350.1

21. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
	$	$
Accounts payable and accrued expenses[a]	**2,577.6**	1,507.6
Sales and excise taxes	**760.7**	733.0
Salaries and related benefits	**358.6**	284.1
Other	**297.4**	283.6
	3,994.3	2,808.3

(a) This amount is presented net of an amount of $110.8 from Credit and debit cards receivable (Note 15) and $40.4 from Trade accounts receivable and vendor rebates receivable (Note 15) due to netting arrangements ($129.8 and $18.9, respectively as at April 26, 2020).

22. LONG-TERM DEBT

	2021	2020
	$	$
US-dollar-denominated senior unsecured notes, maturing from July 2022 to January 2050[a]	**4,002.9**	3,970.7
Canadian-dollar-denominated senior unsecured notes, maturing from November 2022 to June 2025[a]	**1,319.1**	1,384.8
Euro-denominated senior unsecured notes, maturing in May 2026[a]	**902.0**	806.8
NOK-denominated senior unsecured notes, maturing in February 2026[a]	**80.8**	63.3
US-dollar-denominated term revolving unsecured operating credit facility D, maturing in December 2024[b]	**—**	1,500.0
Other debts[c]	**85.1**	4.9
	6,389.9	7,730.5
Current portion of long-term debt	**1,107.3**	214.7
Long-term portion of long-term debt	**5,282.6**	7,515.8

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

(a) Senior unsecured notes

As at April 25, 2021, the Corporation had senior unsecured notes denominated in US-dollar totaling $4,000.0, in Canadian-dollar totaling CA $1,650.0, in Euro totaling €750.0 and in Norwegian-krone totaling NOK 675.0, divided as follows:

	Principal amount	Maturity	Coupon rate	Effective rate as at April 25, 2021	Interest payment dates
July 26, 2017 issuance	$1,000.0	July 26, 2022(1)	2.700%	2.819%	July 26th and January 26th
November 1, 2012 issuance	CA $250.0	November 1, 2022	3.899%	3.963%	May 1st and November 1st
July 26, 2017 issuance	CA $700.0	July 26, 2024	3.056%	3.133%	July 26th and January 26th
June 2, 2015 issuance	CA $700.0	June 2, 2025	3.600%	3.649%	June 2nd and December 2nd
February 18, 2016 issuance	NOK 675.0	February 18, 2026	3.850%	3.927%	April 20th and October 20th
May 6, 2016 issuance	€750.0	May 6, 2026	1.875%	1.944%	May 6th
July 26, 2017 issuance	$1,000.0	July 26, 2027	3.550%	3.642%	July 26th and January 26th
January 22, 2020 issuance	$750.0	January 25, 2030	2.950%	3.033%	July 25th and January 25th
July 26, 2017 issuance	$500.0	July 26, 2047	4.500%	4.576%	July 26th and January 26th
January 22, 2020 issuance	$750.0	January 25, 2050	3.800%	3.880%	July 25th and January 25th

(1) Following the delivery of a redemption notice by the Corporation on April 14, 2021, repayment on these senior unsecured notes was effective May 14, 2021.

On August 21, 2020, the Corporation fully repaid, at maturity, its CA $300.0 ($227.1) Canadian-dollar-denominated senior unsecured notes issued on August 21, 2013. The Canadian-dollar-denominated notes issued on November 1, 2012; June 2, 2015; and July 26, 2017; are associated with cross-currency interest rate swaps (Note 24).

On May 13, 2021, subsequent to the fiscal year ended April 25, 2021, the Corporation issued US-dollar-denominated senior unsecured notes totaling $1,000.0, consisting of the following:

	Principal amount	Maturity	Coupon rate	Effective rate	Interest payment dates
May 13, 2021 issuance	$650.0	May 13, 2041	3.439%	3.503%	May 13th and November 13th
May 13, 2021 Green Bonds issuance	$350.0	May 13, 2051	3.625%	3.686%	May 13th and November 13th

A portion of these US-dollar-denominated senior unsecured notes was subject to interest rate locks in anticipation of their issuance (Note 23) and an amount equal to the net proceeds of the $350.0 million Green Bonds tranche will be used to finance projects that contribute to environmental sustainability.

On May 14, 2021, subsequent to the fiscal year ended April 25, 2021, the Corporation fully repaid its $1,000.0 US-dollar-denominated senior unsecured notes issued on July 26, 2017 and which were set to mature on July 26, 2022. The repayment was settled using net proceeds from the $650.0 US-dollar-denominated senior unsecured notes issued on May 13, 2021, as well as with cash on hand. Following the delivery of a redemption notice on April 14, 2021, the Corporation recognized in the consolidated statement of earnings an expense of $29.1, which includes an early redemption premium of $27.7. The senior unsecured notes were classified to Current portion of long-term debt on the consolidated balance sheet.

(b) Term revolving unsecured operating credit facility D

As at April 25, 2021, the Corporation had a credit facility agreement consisting of a revolving unsecured facility of a maximum amount of $2,525.0, maturing in December 2024. The credit facility was available in the following forms:

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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 25, 2021, the term revolving unsecured operating credit facility was unused ($1,500.0 borrowed as at April 26, 2020, with a weighted average effective interest rate of 2.110%) and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(c) US-dollar-denominated promissory notes

On December 30, 2020, the Corporation entered into an asset purchase agreement in which it acquired the land, building and equipment of 68 stores which were already company-operated prior to the transaction. Promissory notes of a total value of $60.7 were issued in relation with this transaction, bearing interest at a weighted average annual rate of 9.660%. These promissory notes will mature on July 30, 2021.

Bank overdraft facilities

As at April 25, 2021, the Corporation had access to bank overdraft facilities totaling approximately $60.0, of which $0.4 was used.

Letters of credit

As at April 25, 2021, the Corporation had outstanding letters of credit related to its own operations of $106.1 ($83.5 as at April 26, 2020), of which $6.8 ($11.9 as at April 26, 2020) reduced funds available under the Corporation's term revolving unsecured operating credit facility D.

23. INTEREST RATE LOCKS

During the fiscal year ended April 25, 2021, the Corporation entered into interest rate locks with the following terms:

Notional amount	Interest lock terms	Rate	Maturity date
$500.0	From 20 to 30 years	From 2.232% to 2.356%	May 14, 2021

The instruments allowed the Corporation to hedge the variability of its interest payments on the anticipated issuance of US-dollar-denominated senior unsecured notes due to changes in the US Treasury rates. These instruments were designated as a cash flow hedge of the Corporation's interest rate risk and as a result, for the fiscal year ended April 25, 2021, a loss of $7.9 was recognized in OCI to reflect the fluctuation in the interest rate locks' fair value.

On May 10, 2021, prior to their maturity and subsequent to the fiscal year ended April 25, 2021, the Corporation settled all its interest rate locks. The total cumulative loss of $2.9 recognized to Accumulated other comprehensive loss in relation with these interest rate locks will be amortized over the term of the related US-dollar-denominated senior unsecured notes issued on May 13, 2021 (Note 22), as an adjustment to the related interest expense.

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 25, 2021	April 26, 2020
					$	$
CA $1,650.0	From 3.056% to 3.899%	US $1,377.9	From 3.226% to 3.870%	From November 1, 2022 to June 2, 2025	**79.6**	237.4

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.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

25. PROVISIONS

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

	Asset retirement obligations[(a)]	Provision for environmental costs[(b)]	Provision for workers' compensation[(c)]	Provision for general liability[(c)]	Other	Total
	$	$	$	$	$	$
2021						
Balance, beginning of year	**373.8**	**157.2**	**44.5**	**50.3**	**33.6**	**659.4**
Business acquisitions (Note 4)	**0.5**	**—**	**—**	**—**	**0.8**	**1.3**
Liabilities incurred	**5.0**	**20.9**	**30.3**	**32.6**	**8.0**	**96.8**
Liabilities settled	**(9.1)**	**(23.2)**	**(27.8)**	**(24.0)**	**(6.1)**	**(90.2)**
Accretion expense	**14.8**	**0.4**	**0.5**	**0.2**	**—**	**15.9**
Reversal of provisions	**(1.8)**	**(5.8)**	**—**	**(0.5)**	**(2.1)**	**(10.2)**
Change in estimates	**84.3**	**(3.9)**	**0.3**	**(1.8)**	**0.3**	**79.2**
Reclassified to liabilities associated with assets held for sale (Note 5)	**(10.8)**	**—**	**—**	**—**	**—**	**(10.8)**
Effect of exchange rate variations	**32.8**	**9.7**	**0.5**	**—**	**1.2**	**44.2**
Balance, end of year	**489.5**	**155.3**	**48.3**	**56.8**	**35.7**	**785.6**
Current portion	**46.9**	**44.3**	**13.5**	**14.4**	**35.5**	**154.6**
Long-term portion	**442.6**	**111.0**	**34.8**	**42.4**	**0.2**	**631.0**
2020						
Balance, beginning of year	452.2	166.7	40.7	42.3	48.2	750.1
Adoption of IFRS 16	—	—	—	—	(3.0)	(3.0)
Adjusted balance, beginning of year	452.2	166.7	40.7	42.3	45.2	747.1
Business acquisitions (Note 4)	0.8	—	—	—	—	0.8
Liabilities incurred	6.3	19.6	28.6	32.0	5.9	92.4
Liabilities settled	(6.0)	(19.9)	(26.0)	(23.0)	(15.4)	(90.3)
Accretion expense	15.6	2.1	0.6	—	—	18.3
Reversal of provisions	(6.2)	(7.9)	—	(0.2)	(1.5)	(15.8)
Change in estimates	(33.7)	3.6	0.7	(0.3)	0.1	(29.6)
Reclassified to liabilities associated with assets held for sale (Notes 5 and 6)	(39.8)	(3.5)	—	(0.5)	—	(43.8)
Effect of exchange rate variations	(15.4)	(3.5)	(0.1)	—	(0.7)	(19.7)
Balance, end of year	373.8	157.2	44.5	50.3	33.6	659.4
Current portion	31.7	45.5	13.1	9.4	8.4	108.1
Long-term portion	342.1	111.7	31.4	40.9	25.2	551.3

(a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately $700.2 and is expected to be incurred over the next 40 years. Should changes occur in estimated future removal costs, tank useful lives, lease terms or governmental regulatory requirements, revisions to the liability could be made.
(b) Environmental costs should be disbursed over the next 20 years.
(c) Workers' compensation and general liability indemnities should be disbursed over the next five years.

Environmental costs

The Corporation is subject to Canadian, United States and European legislation governing the storage, handling and sale of road transportation fuel and other petroleum-based products. The Corporation considers that it is compliant with all important aspects of current environmental legislation.The Corporation has an ongoing training program for its employees on environmental issues and performs preventative site testing and site restoration in cooperation with regulatory authorities. The Corporation also examines its motor fuel equipment annually.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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 $155.3 provision for environmental costs as at April 25, 2021 ($157.2 as at April 26, 2020). Furthermore, the Corporation has recorded an amount of $73.4 for environmental costs receivable from trust funds as at April 25, 2021 ($79.4 as at April 26, 2020), of which $9.1 ($11.0 as at April 26, 2020) is included in Accounts receivable and $64.3 in Other assets ($68.4 as at April 26, 2020).

26. DEFERRED CREDITS AND OTHER LIABILITIES

	2021	2020
	$	$
Deferred compensation liabilities	**101.9**	75.8
Deferred credits	**35.5**	25.0
Deposits	**28.2**	24.8
Employee benefits	**44.0**	—
Deferred branding credits	**20.5**	21.8
Other liabilities	**21.2**	14.5
	251.3	161.9

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.
- Class A multiple voting and participating shares, ten votes per share except for certain situations which provide for only one vote per share, convertible into Class B subordinate voting shares on a share-for-share basis at the holder's option. Under the articles of amendment, no new Class A multiple voting shares may be issued.
- Class B subordinate voting and participating shares, with each share comprising 1 vote, convertible automatically into Class A multiple voting shares on a share-for-share basis on the earlier of the following:
  - In December 2021, when all 4 of the Corporation's co-founders will have reached the age of 65 years old; or
  - When all 4 of the Corporation's co-founders will hold, directly or indirectly, less than 50% of the voting rights attached to all of the Corporation's outstanding Class A multiple voting shares and Class B subordinate voting shares.

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

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

Issued

The changes in the number of shares are as follows:

	2021	2020
Class A multiple voting shares (in thousands)		
Balance, beginning of year	**253,804**	253,818
Conversion into Class B shares	**(1)**	(14)
Balance, end of the year	**253,803**	253,804
Class B subordinate voting shares (in thousands)		
Balance, beginning of year	**858,888**	875,004
Issued on conversion of Class A shares	**1**	14
Share repurchases[a]	**(33,336)**	(16,354)
Issuance of shares on stock options exercised	**256**	224
Balance, end of year	**825,809**	858,888
Issued and outstanding	**1,079,612**	1,112,692
Shares repurchased and not yet cancelled	**503**	—
Issued	**1,080,115**	1,112,692

(a) Share repurchase program

On November 24, 2020, the Toronto Stock Exchange approved the renewal of the Corporation's share repurchase program which had expired on April 9, 2020. The renewal took effect on November 27, 2020, and allowed the Corporation to repurchase up to 33,336,141 Class B subordinate voting shares, representing 4.0% of the 833,403,522 Class B subordinate voting shares of the public float issued and outstanding as at November 16, 2020.

During the fiscal year ended April 25, 2021, the share repurchase program terminated early since the authorized share repurchase limit was reached as the Corporation repurchased 33,336,141 Class B subordinate voting shares (16,354,384 Class B subordinate voting share for the fiscal year ended April 26, 2020). These repurchases were settled for net amounts of $1,063.6 ($470.8 for the fiscal year ended April 26, 2020), of which $16.9 is recorded in Accounts payable and accrued liabilities as at April 25, 2021.

On April 21, 2021, the Toronto Stock Exchange approved the implementation of a new share repurchase program ("New Program"), which took effect on April 26, 2021. The New Program allows the Corporation to repurchase up to 32,056,988 Class B subordinate voting shares, representing 4.0% of the 801,424,691 Class B subordinate voting shares of the public float issued and outstanding as at April 19, 2021 and the share repurchase period will end no later than April 25, 2022. Subsequent to the fiscal year ended April 25, 2021, the Corporation repurchased 8,471,000 Class B subordinate voting shares under the New Program, for a net amount of $299.2.

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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

Stock option plan

The Corporation has a stock option plan (the "Plan") under which it has authorized the grant of up to 101,352,000 stock options for the purchase of its Class B subordinate voting shares.

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

The table below presents the status of the Corporation's Plan as at April 25, 2021, and April 26, 2020, and the changes therein during the years then ended:

	2021		2020	
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
		CA $		CA $
Outstanding, beginning of year	**3,319,478**	**22.44**	3,305,592	19.60
Granted	**219,781**	**43.20**	246,668	42.17
Exercised	**(271,758)**	**3.09**	(232,782)	3.02
Outstanding, end of year	**3,267,501**	**25.45**	3,319,478	22.44
Exercisable, end of year	**2,753,261**	**23.04**	2,746,798	19.91

For options exercised in 2021, the weighted average share price at the date of exercise was CA $41.68 (CA $44.86 in 2020).

The following table presents information on the stock options outstanding and exercisable as at April 25, 2021:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of stock options outstanding as at April 25, 2021	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 25, 2021	Weighted average exercise price
CA $			CA $		CA $
2 – 16	200,108	1.40	8.40	200,108	8.40
16 – 30	1,970,396	3.91	21.39	1,970,396	21.39
30 – 45	1,096,997	7.58	35.85	582,757	33.67
	3,267,501			2,753,261	

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

	2021	2020
Expected dividends (per share)	**CA $0.28**	CA $0.25
Expected volatility	**25 %**	23 %
Risk-free interest rate	**0.46 %**	1.56 %
Expected life	**8 years**	8 years

The weighted average fair value of stock options granted was CA $12.48 in 2021 (weighted average fair value of CA $10.48 in 2020).

For 2021, the compensation cost charged to the consolidated statements of earnings amounts to $2.5 ($2.1 in 2020).

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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 Class B 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 Class B subordinated voting share (the "Class B 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.

The DSU expense and the related liability are recorded at the grant date. The liability is adjusted periodically to reflect any variation in the market value of the Class B shares. As at April 25, 2021, the Corporation had a total of 403,236 DSUs outstanding (383,109 as at April 26, 2020) and an obligation related to this plan of $13.6 ($11.0 as at April 26, 2020) was recorded in Deferred credits and other liabilities. The exposure to the Corporation's share price risk is managed with the share units indexed deposits (Note 31). For 2021, the net compensation cost amounted to $3.0 ($0.9 of net compensation cost in 2020).

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 Class B 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 25, 2021, and April 26, 2020, and the changes therein during the years then ended in number of units:

	2021	2020
Outstanding, beginning of year	**1,547,647**	1,500,784
Granted	**530,675**	554,172
Paid	**(396,721)**	(344,698)
Forfeited	**(156,597)**	(162,611)
Outstanding, end of year	**1,525,004**	1,547,647

As at April 25, 2021, an obligation related to this notional unit allocation plan of $13.4 was recorded in Accounts payable and accrued liabilities ($12.3 as at April 26, 2020) and $15.7 was recorded in Deferred credits and other liabilities ($11.3 as at April 26, 2020). The price risk of this obligation is also managed with the share units indexed deposits (Note 31). For 2021, the compensation cost amounted to $13.4 ($11.3 for 2020).

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

29. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Attributable to shareholders of the Corporation					
	Cumulative translation adjustments[(a)]	Net investment hedge[(a)]	Cash flow hedge[(a)]	Cumulative net actuarial gain (loss)[(b)]	Investments in equity instruments measured at fair value through OCI[(b)]	Accumulated other comprehensive loss
	$	$	$	$	$	$
Year ended April 25, 2021						
Balance, beginning of year	**(764.9)**	**(451.0)**	**(3.7)**	**(27.3)**	**(14.0)**	**(1,260.9)**
Other comprehensive income (loss)	**507.1**	**170.4**	**(5.2)**	**43.2**	**20.6**	**736.1**
Transfer of realized gain on investments in equity instruments measured at fair value through OCI	**—**	**—**	**—**	**—**	**(6.3)**	**(6.3)**
Balance, end of year	**(257.8)**	**(280.6)**	**(8.9)**	**15.9**	**0.3**	**(531.1)**
Year ended April 26, 2020						
Balance, beginning of year	(496.1)	(348.2)	(8.3)	(4.0)	—	(856.6)
Other comprehensive (loss) income	(268.8)	(102.8)	4.6	(23.3)	(14.0)	(404.3)
Balance, end of year	(764.9)	(451.0)	(3.7)	(27.3)	(14.0)	(1,260.9)

(a) May be reclassified subsequently to earnings.
(b) Will never be reclassified to earnings.

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. 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:

	2021	2020
	$	$
Present value of defined benefit obligation for funded pension plans	**(144.3)**	(141.1)
Fair value of plans' assets	**209.1**	155.4
Net funded status of funded plans – net surplus	**64.8**	14.3
Present value of defined benefit obligation for unfunded pension plans	**(99.9)**	(93.3)
Net accrued pension benefit liability	**(35.1)**	(79.0)

As at April 25, 2021, the pension benefit asset of $63.0 ($12.5 as at April 26, 2020) is included in Other assets and the Pension benefit liability of $98.1 ($91.5 as at April 26, 2020) is presented separately in the consolidated balance sheets.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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

	Canada	Norway	Sweden	Others	Total
2021	**$**	**$**	**$**	**$**	**$**
Present value of defined benefit obligation	**(60.5)**	**(31.6)**	**(121.8)**	**(30.3)**	**(244.2)**
Fair value of plans' assets	**22.5**	**2.1**	**184.5**	**—**	**209.1**
Net funded status of plan – (deficit) surplus	**(38.0)**	**(29.5)**	**62.7**	**(30.3)**	**(35.1)**
2020					
Present value of defined benefit obligation	(56.4)	(29.4)	(120.2)	(28.4)	(234.4)
Fair value of plans' assets	21.2	1.6	132.6	—	155.4
Net funded status of plan – (deficit) surplus	(35.2)	(27.8)	12.4	(28.4)	(79.0)

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

	2021				2020			
	Quoted	**Unquoted**	**Total**	**Plan's assets allocation**	Quoted	Unquoted	Total	Plan's assets allocation
	$	**$**	**$**	**%**	$	$	$	%
Cash and cash equivalents	**—**	**—**	**—**	**—**	0.2	—	0.2	0.1
Equity securities	**118.0**	**—**	**118.0**	**56.4**	77.1	—	77.1	49.6
Debt instruments								
Government	**81.1**	**—**	**81.1**	**38.8**	68.5	—	68.5	44.1
Corporate	**5.6**	**0.4**	**6.0**	**2.9**	5.4	—	5.4	3.5
Real estate	**—**	**0.3**	**0.3**	**0.1**	—	0.2	0.2	0.1
Other assets	**3.7**	**—**	**3.7**	**1.8**	4.0	—	4.0	2.6
Total	**208.4**	**0.7**	**209.1**	**100.0**	155.2	0.2	155.4	100.0

The Corporation's service cost under its defined benefit plans, net of employee contributions and curtailment gains, for the fiscal year 2021 is $2.7 ($2.0 for 2020).

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

	2021	2020
	$	$
(Gains) losses from change in financial assumptions	**(21.9)**	29.7
Experience gains	**(8.3)**	(1.3)
Return on assets (excluding amounts included in interest income)	**(24.4)**	1.3
Amount recognized in OCI	**(54.6)**	29.7

The Corporation expects to make a contribution of $5.3 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:

	2021				2020			
	Canada	**Norway**	**Sweden**	**Others**	Canada	Norway	Sweden	Others
	%	**%**	**%**	**%**	%	%	%	%
Discount rate	**3.2**	**2.3**	**2.0**	**2.4**	3.0	1.8	1.5	2.3
Rate of compensation increase	**3.0**	**2.3**	**2.8**	**2.2**	3.0	2.3	2.8	2.0
Rate of benefit increase	**2.0**	**0.5**	**1.8**	**1.9**	2.0	0.5	1.8	1.5
Rate of social security base amount increase (*G-amount*)	**—**	**2.0**	**2.8**	**—**	—	2.0	2.8	—

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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

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

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5 %	Decrease by 9.7%	Increase by 10.7%
Rate of compensation increase	0.5 %	Increase by 2.4%	Decrease by 2.1%
Rate of benefit increase	0.5 %	Increase by 7.5%	Decrease by 7.7%
Increase of life expectancy	1 year	Increase by 4.4%	-

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 2021 is $142.4 ($126.1 for 2020).

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 $72.5 as at April 25, 2021 ($53.5 as at April 26, 2020) and are included in Deferred credits and other liabilities. The assets of the plan are held in a trust and are subject to the claims of the Corporation's general creditors under federal and state laws in the event of insolvency, the trust therefore qualifies as a Rabbi trust for income tax purposes. The plan's assets mainly consist of mutual funds and are classified as investments measured at fair value through earnings or loss. Assets under this plan amount to $71.9 as at April 25, 2021 ($51.9 as at April 26, 2020) and are included in Other assets (Note 20).

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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 to hedge its foreign currency risk related to its net investments in its operations in the United States. The Corporation also uses from time to time interest rate locks 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, long-term debt denominated in US dollars, its Norwegian-krone and Euro-denominated senior unsecured notes and the cross-currency interest rate swaps, a portion of which are designated as net investment hedges of its operations in the United States, Norway, Denmark, the Baltics and Ireland. As the Corporation uses the US dollar as its reporting currency, part of these impacts is compensated by the translation of the Canadian-dollar consolidated financial statements into US dollars. For the long-term debt denominated in US dollars, Norwegian-krone and Euro and the cross-currency interest rate swaps which are designated as net investment hedges of foreign operations, as at April 25, 2021, 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 25, 2021 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 $108.5 on Net earnings attributable to shareholders of the Corporation, which would be partially offset by a net impact of $90.0 from the portion of its long-term debts denominated in US dollars not designated as net investment hedges of foreign operations.

Interest rate risk

The Corporation's fixed rate long-term debt is exposed to a risk of change in fair value due to changes in interest rates. As at April 25, 2021, 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 25, 2021, 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 25, 2021, the annual impact on net financial expenses of a 1.0% parallel shift in the interest rate curve would not have been significant ($15.0 based on balances as at April 26, 2020).

The Corporation is exposed to a risk of change in cash flows due to changes in interest rates on future debt issuance. To mitigate this risk, the Corporation enters from time to time into interest rate locks in order to hedge the interest rates on forecasted debt issuance (Note 23).

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

Credit risk

The Corporation is exposed to credit risk with respect to Cash and cash equivalents, Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable, net investment in subleases, indexed deposits and derivative financial instruments when their fair value is favorable to the Corporation.

Key elements of the Corporation's credit risk management approach include credit risk policies, credit mandates, an internal credit assessment process, credit risk mitigation tools and continuous monitoring and management of credit exposures. Prior to entering into transactions with new counterparties, the Corporation's credit policy requires counterparties to be formally approved and assigned internal credit ratings as well as exposure limits. Once established, counterparties are reassessed according to policy and monitored on a regular basis. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial statements, when available, and other relevant business information. In addition, the Corporation evaluates any past payment performance, the counterparties' size and business diversification, and the inherent industry risk. The Corporation monitors outstanding balances and individual exposures against limits on a regular basis.

Credit risk related to Trade accounts receivable and vendor rebates receivable related to convenience store operations and commodity indexed deposits is limited considering the nature of the Corporation's activities and measures taken to manage the credit risk of its counterparties. As at April 25, 2021, no single creditor accounted for over 10.0% of total Trade accounts receivable and vendor rebates receivable and the related amounts at risk corresponds to their carrying amount.

The Corporation mitigates the credit risk related to cash, cash equivalents and credit and debit cards receivable by transacting solely with major financial institutions that have low or minimal credit risk. As at April 25, 2021, the amounts at risk related to Cash and cash equivalents and Credit and debit cards receivable corresponds to their carrying amount in addition to the credit risk exposure related to the Circle K / MasterCard credit cards as described below.

In some European markets, customers can settle their purchases at the Corporation's multiple points of sale or at any other merchants with a Circle K / MasterCard credit card. The Corporation has entered into agreements whereby the risks and rewards related to the credit cards, such as fee income, administration expenses and credit losses, are shared between the Corporation and the issuing banks. Outstanding balances are charged to the customer monthly. The Corporation's exposure as at April 25, 2021, relates to receivables of $110.4, of which $54.8 was interest-bearing. These receivables from cardholders are not recognized in the Corporation's consolidated balance sheet. For fiscal year 2021, the losses recognized were not significant. In light of accurate credit assessments and continuous monitoring of outstanding balances, the Corporation believes that the receivables do not represent any significant risk. The income and risks related to these arrangements with the banks are reported and accounted for on a monthly basis and settlements occur every four months.

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

Liquidity risk

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

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

The contractual maturities of financial liabilities and their related interest as at April 25, 2021, are as follows:

	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	More than five years
	$	$	$	$	$	$
Non-derivative financial liabilities[1]						
Accounts payable and accrued liabilities[2]	3,146.9	3,146.9	3,146.9	—	—	—
US-dollar-denominated senior unsecured notes	4,002.9	5,888.3	1,144.4	108.6	325.8	4,309.5
Canadian-dollar-denominated senior unsecured notes	1,319.1	1,488.2	45.1	245.4	1,197.7	—
Euro-denominated senior unsecured notes	902.0	1,006.9	17.0	17.0	51.0	921.9
NOK-denominated senior unsecured notes	80.8	96.1	3.1	3.1	89.9	—
Lease liabilities - Current contractual maturities[3]	3,293.2	2,351.6	498.3	390.8	754.5	708.0
Lease liabilities - Future renewal options[3]		1,608.0	6.0	37.9	271.2	1,292.9
Other debts	85.1	85.6	79.9	1.8	3.3	0.6
Cross-currency interest rate swaps payable[1]	79.6	1,557.8	48.9	299.7	1,209.2	—
Cross-currency interest rate swaps receivable[1]		(1,488.2)	(45.1)	(245.4)	(1,197.7)	—
	12,909.6	15,741.2	4,944.5	858.9	2,704.9	7,232.9

(1) Based on spot rates, as at April 25, 2021, for balances for which the respective functional currency differs from the Corporation's reporting currency and for balances bearing interest at variable rates.
(2) Excludes deferred credits as well as statutory accounts payable and accrued liabilities such as sales taxes, excise taxes and property taxes.
(3) Includes lease liabilities classified as Liabilities associated with assets held for sale as at April 25, 2021.

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. As at April 25, 2021, the notional volume of such derivatives was 324,500 metric tons of road transportation fuel and other fossil fuels. 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 Class B shares. To reduce this risk, the Corporation has entered into share units indexed deposits with an investment grade financial institution with an underlying index representing Class B shares. The share units indexed deposits are recorded at fair market value on the consolidated balance sheets under Other assets and Accounts receivable. As at April 25, 2021, the nominal of the share units indexed deposits was 1,845,815 Class B shares. The share units indexed deposits are adjusted as needed to reflect new awards, adjustments, expected performance conditions and/or settlements of share units and DSUs. As at April 25, 2021, 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.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

Fair value

The fair value of trade accounts receivable and vendor rebates receivable, credit and debit cards receivable, accounts payable and accrued liabilities and promissory notes is comparable to their carrying amounts given their short maturity. The carrying value of the term revolving unsecured operating credit facility D approximated its fair value given that its terms were similar to those that the Corporation would have obtained under similar conditions at the reporting date.

Fair value hierarchy

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

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

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

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

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

Financial instruments at fair value on the consolidated balance sheets:

- The fair value of the share units indexed deposits, which is mainly based on the fair market value of the Corporation's Class B shares, was $61.9 as at April 25, 2021 ($52.7 as at April 26, 2020) (Level 2). As at April 25, 2021, the share units indexed deposit which will mature within one year are presented as Accounts receivable for an amount of $18.4 ($18.3 as at April 26, 2020) and the remaining share units indexed deposits are presented as Other assets for an amount of $43.5 ($34.4 as at April 26, 2020) on the consolidated balance sheets;
- The fair value of the cross-currency interest rate swaps liability, which is determined based on market rates, was $79.6 as at April 25, 2021 ($237.4 as at April 26, 2020) (Level 2). They are presented as Other long-term financial liabilities on the consolidated balance sheets;
- The fair value of the interest rate locks, which is determined based on market rates, was $7.9 as at April 25, 2021 (nil as at April 26, 2020) (Level 2). They are presented as Other short-term financial liabilities on the consolidated balance sheets;
- The fair value of the investments in equity instruments based on unadjusted quoted prices was $29.2 as at April 25, 2021 ($78.5 as at April 26, 2020) (Level 1) and the fair value of the investments in equity instruments based on entity-specific inputs was $6.0 as at April 25, 2021 (nil as at April 26, 2020) (Level 3). They are presented as Other assets on the consolidated balance sheets;
- The fair value of the commodity indexed deposits, which is determined based on market rates, was $9.7 as at April 25, 2021 (nil as at April 26, 2020) (Level 2). They are presented as Other short-term financial assets on the consolidated balance sheet;
- The fair value of the fuel swaps, which is determined based on market rates, was $18.7 as at April 25, 2021 ($23.8 as at April 26, 2020) (Level 2). As at April 25, 2021, they are presented as Other short-term financial liabilities and as at April 26, 2020, they are presented as Other short-term financial assets on the consolidated balance sheets; and
- See Note 7 for information on the measurement of the convertible debentures and common share purchase warrants in Fire & Flower.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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:

	2021		2020	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
US-dollar-denominated senior unsecured notes (Level 2)	**4,002.9**	**4,257.3**	3,970.7	4,026.3
Canadian-dollar-denominated senior unsecured notes (Level 1)	**1,319.1**	**1,406.3**	1,384.8	1,436.9
Euro-denominated senior unsecured notes (Level 2)	**902.0**	**966.8**	806.8	795.6
NOK-denominated senior unsecured notes (Level 2)	**80.8**	**88.2**	63.3	68.5

Capital management

The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce its cost of capital. The Corporation's capital comprises total Shareholders' equity and the net interest-bearing debt which refers to Long-term debt, both current portion and long-term, as well as lease liabilities, net of Cash and cash equivalents and temporary investments, if any.

In order to maintain or adjust its capital structure, the Corporation may issue new shares, repurchase its shares, dispose of lower performing assets to reduce debt or adjust the amount of dividends paid to shareholders (Notes 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:

	2021	2020
	$	$
Current portion of long-term debt and Current-portion of lease liabilities	**1,526.7**	597.8
Long-term debt and lease liabilities	**8,075.3**	9,781.5
Less: Cash and cash equivalents, including restricted cash	**3,019.2**	3,649.5
Net interest-bearing debt	**6,582.8**	6,729.8
Shareholders' equity	**12,180.9**	10,066.6
Net interest-bearing debt	**6,582.8**	6,729.8
Total capitalization	**18,763.7**	16,796.4
Net interest-bearing debt to total capitalization ratio	**35.1%**	40.1%

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

- A leverage ratio, which is the ratio of Total debt less Cash and cash equivalents to EBITDA for the four most recent quarters; and
- An interest coverage ratio, which is the ratio of EBITDA for the four most recent quarters to the total interest paid in the same periods.

The Corporation monitors these ratios regularly and was in compliance with these covenants as at April 25, 2021, and April 26, 2020.

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

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

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 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 and through acquisitions. 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 25, 2021, the total future lease payments under such agreements are approximately $14.8 and the fair value of the guarantee is not significant. Historically, the Corporation has not made any significant payments in connection with these contracts and do not expect to make any in the foreseeable future.

The Corporation also issues different form of guarantees, including financial guarantee commitments under car rental agreements and on behalf of retailers in Sweden. The maximum undiscounted future payments related to those guarantees total $19.4 and the carrying amount and fair value of the guarantee commitments recognized in the consolidated balance sheet as at April 25, 2021, were not significant.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 25, 2021 and April 26, 2020
(in millions of US dollars (Note 2), except share and stock option data)

34. SEGMENTED INFORMATION

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

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

	2021				2020 (adjusted, Note 3)			
	United States	**Europe and other regions[c]**	**Canada**	**Total**	United States[d]	Europe and other regions[c]	Canada[d]	Total
	$	**$**	**$**	**$**	$	$	$	$
External customer revenues[a]								
Merchandise and service	**11,489.9**	**1,830.8**	**2,552.3**	**15,873.0**	10,947.2	1,416.3	2,302.7	14,666.2
Road transportation fuel	**19,594.7**	**6,295.3**	**3,515.3**	**29,405.3**	26,802.5	7,481.1	4,415.7	38,699.3
Other	**44.3**	**419.3**	**18.2**	**481.8**	93.6	652.0	21.3	766.9
	31,128.9	**8,545.4**	**6,085.8**	**45,760.1**	37,843.3	9,549.4	6,739.7	54,132.4
External customer revenues less Cost of sales, excluding depreciation, amortization and impairment[d]								
Merchandise and service	**3,798.7**	**716.2**	**800.2**	**5,315.1**	3,647.2	587.6	733.2	4,968.0
Road transportation fuel	**3,095.2**	**1,119.7**	**391.6**	**4,606.5**	3,160.8	932.0	344.2	4,437.0
Other	**44.2**	**131.2**	**18.3**	**193.7**	93.7	123.6	21.2	238.5
	6,938.1	**1,967.1**	**1,210.1**	**10,115.3**	6,901.7	1,643.2	1,098.6	9,643.5
Total long-term assets[b]	**13,272.5**	**4,651.2**	**2,889.4**	**20,813.1**	12,903.2	3,548.3	2,415.7	18,867.2

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

(b) Excluding financial instruments, deferred tax assets and post-employment benefit assets. For 2020, the comparative figures have been adjusted to better reflect the exclusion of financial instruments by geography.

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

(d) Following the change in classification described in Note 3, Merchandise and service was adjusted from $3,692.7 to $3,647.2 for the United States, from $750.9 to $733.2 for Canada and and Road transportation fuel was adjusted from $3,188.8 to $3,160.8 for the United States.

35. SUBSEQUENT EVENT

Dividends

During its June 29, 2021 meeting, the Board of Directors declared a quarterly dividend of CA 8.75¢ per share for the fourth quarter of fiscal 2021 to shareholders on record as at July 8, 2021, and approved its payment effective July 22, 2021. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

DocuSign Envelope ID: 05E05A2E-0112-4E1D-A019-82B4023B218E

Board of Directors` report

15th September 2021

Circle K Terminal Group AS (hereinafter referred to as the Company) was registered on 12 June 2018 in Brønnøysund Register Centre. Sole shareholder of the Company is Circle K AS, Norway (100%).

Circle K Terminal Group AS and its subsidiaries ("Circle K Terminal Group") operate fuel terminals across Europe. As a measure to improve transparency of our terminal business, strengthen commercial focus, give strategic flexibility and enhance focus on the core retail business, terminal operations in Europe were separated into a new Terminal Group in 2018. In late 2020 decision was taken to implement inhouse fleet in Circle K Europe. For the purpose, two new subsidiaries implemented in Estonia and Sweden, as well as current subsidiaries in Lithuania and Latvia were reorganized.

The Company's objectives going forward are to increase level of quality of the services provided, continue to strengthen the business partnering role with internal and external customers, maintain and improve current processes, put higher focus on HSSE and become more cost efficient.

As at the end of financial year, the Company has employed around 12 people, all of them share equal opportunities. Sickness and other absences are considered in accordance with Norwegian Labour Law. In FY21 absence due to sickness in the company has been 0,00%.

The Company ended the reporting year with NOK 30 638 703 gain. In the next financial year, the Company will stay focused on the operational efficiency efforts and process improvements. In FY22 Companies focus points are to provide services in stable and high-quality terms, strengthen Companies role in business partnership with internal and external customers, increase process efficiency at lower cost level. Company will continue investments in terminal and fleet business segments and modification projects to ensure innovative and high-quality services to existing and future customers.

In 2020 Coronavirus had spread globally, leaving negative impact on all economic and social activities, including fuel business. On March 12, 2020 Norwegian government introduced a state lockdown. Main clients of Circle K Terminal Group AS are Terminal entities that depend on wealth of other CK entities. During March and April, number of customers of Circle K Europe decreased significantly compared to last year. Both Fuel and Shop sales were affected and as a result total revenue has decreased. The Company has quickly taken actions to ensure safety for its customers and employees including information, protective materials, and home office. Costs saving measures have also been implemented to keep the company profitable. The situation has continued in FY21.

When preparing its financial statements in accordance with the effective accounting policies, the Company considered the need to recognise impairment of amounts receivable. Based on information available as at the date of these financial statements, there was no need to recognise any significant impairment; however, as the situation is still developing, management considers integrating the additional potential impact of the outbreak into valuation of the Company's assets and liabilities in 2021/2022.

As per the end of FY21, the Company owe MNOK 2,4 to Related parties, mainly due to services received from Circle K AS. The Company manages its liquidity risk by planning of terms of payment of trade payables, as well as developing and analysing the future cash flows. The budgeting system which is being successfully applied by the Company is of great use for liquidity risk management and control.

In FY21 Investments in subsidiary companies has increased by MNOK 20 due to investment in one of the subsidiaries – Circle K Terminal Norway AS as well as newly established entities – Circle K Transport Sweden and Circle K Transport Eesti. Companies Share capital value remains at the same level as in FY20 end.

Risk analysis and designing of risk management plans are conducted at the top management level.

The management of the Company is responsible for the preparation of the annual report. The Chairman of the Board is Mr. Steffen Rønningen, the members of the Board are Mr. Jerry Mikal Carlsson, Mrs. Kjersti Janne Knutsen Bakkelund, and Mr. Ivar Espen Fadum Rebbestad. Managing director of the Company is Mr. Kjetil Aamot. The annual report has been drawn up in accordance with the accounting records and gives a true and fair view of financial position of the Company. According to section 3-3 of the Norwegian Accounting Act, the Board confirms that the financial statements of the Company have been prepared based on the going-concern assumption and that it is appropriate to use this assumption.

The Company does not use financial instruments that may be important for the evaluation of the Company's assets, equity capital, liabilities, financial position and performance. All financial, market, credit and liquidity risks are controlled in conformity with the Circle K Group's Policy. The Company is exposed to credit risk through its trade receivables, cash and cash equivalents. Since main part of the Company's receivables are from internal customers, Credit risks is considered to be very low. Balances receivable are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimised.

Risks linked to Health, Safety, Security and Environment are managed through regular risk assessments and systematic follow-up of the risks revealed as part of these processes. The Company does not pollute the external environment to any significant extent.

As of the last day of the reporting year until the date of signing these financial statements, there have been no events requiring adjustments of or disclosure in the financial statements or note thereto.

Oslo, 15th September 2021

Board of directors

DocuSigned by:
Steffen Rønningen
0C02C36F5EE4488

Steffen Rønningen

Chairman of the Board

DocuSigned by: B2JF2E1DB295453	DocuSigned by: Espen Rebbestad 824D3D149F79465
Jerry Mikael Carlsson	Ivar Espen Fadum Rebbestad
Member of the Board	Member of the Board
DocuSigned by: Kjersti J. Knutsen Bakkelund 2525507E9282450	DocuSigned by: Kjetil Aamot 2C72821A2A4B47A
Kjersti Janne Knutsen Bakkelund	Kjetil Aamot
Member of the Board	Managing director

Financial Statements

Circle K Terminal Group AS

01.05.2020. - 30.04.2021.

Circle K Terminal Group AS
Income statement

NOTE	OPERATING REVENUE AND OPERATING EXPENSES	01.05.2020.-30.04.2021	01.05.2019.-30.04.2020
7	Revenue	62 185 246	28 181 741
	Gross profit	**62 185 246**	**28 181 741**
2	Personell expenses	-21 076 164	-15 879 842
3, 7	Administrative expenses	-10 962 574	-10 833 274
	Operating profit/(loss)	**30 146 508**	**1 468 625**
	FINANCIAL INCOME AND FINANCIAL EXPENSES		
7	Interest received from group companies	14 775	39 733
7	Interest paid to group companies	-5 602	-2 539 095
	Other financial income	0	7 102
	Other financial expenses	-26 257	-137 833
	Financial items, net	**-17 084**	**-2 630 092**
	Profit/(loss) on ordinary activities before taxation	**30 129 424**	**-1 161 468**
4	Tax on ordinary income	-509 280	-250 694
	Profit/(loss) on ordinary activities after taxation	**30 638 703**	**-910 774**
	PROFIT/(LOSS) FOR THE FINANCIAL YEAR	**30 638 703**	**-910 774**
	ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS		
	Transferred from/to other equity	30 638 703	-910 774
	Total allocations and equity transfers	30 638 703	-910 774

DocuSign Envelope ID: 05E05A2E-0112-4E1D-A019-82B4023B218E

Circle K Terminal Group AS
Balance sheet

NOTE	ASSETS	30.04.2021	30.04.2020
	Non-current assets		
	Intangible assets		
4	Deferred tax assets	2 640 723	2 059 024
	Total intangible assets	2 640 723	2 059 024
5	Investments in subsidiary companies	596 948 556	576 895 949
	Total non-current assets	**599 589 279**	**578 954 973**
	Current assets		
7	Trade and financial accounts receivable from related parties	23 381 455	10 445 547
	Other receivables	128 880	14 051
	Cash and cash equivalents	377 209	1 359 630
	Total current assets	**23 887 545**	**11 819 228**
	TOTAL ASSETS	**623 476 824**	**590 774 201**

Circle K Terminal Group AS
Balance sheet

NOTE	SHAREHOLDERS EQUITY AND LIABILITIES	30.04.2021	30.04.2020
	Shareholders equity		
8	Share capital	1 060 001	1 060 001
8	Share premium	587 691 349	587 691 349
	Total paid-in capital	588 751 350	588 751 350
8	Retained earnings	1 110 644	-6 528 059
	Total retained earnings	1 110 644	-6 528 059
	Total shareholders equity	**589 861 994**	**582 223 291**
	Liabilities		
6	Trade and other payables	726 002	246 327
7	Trade and financial accounts payable to related parties	25 408 946	3 367 784
4	Corporate income tax liabilities	223 967	223 967
	Other taxes and withholdings	1 665 539	1 257 570
	Other current liabilities	5 590 375	3 455 262
	Total current liabilities	33 614 830	8 550 910
	Total liabilities	**33 614 830**	**8 550 910**
	TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	**623 476 824**	**590 774 201**

Oslo, 15.09.2021.
Board of directors

DocuSigned by: Steffen Rønningen

Steffen Rønningen
Chairman of the Board

DocuSigned by:

Jerry Mikael Carlsson
Member of the Board

DocuSigned by: Espen Rebbestad

Ivar Espen Fadum Rebbestad
Member of the Board

DocuSigned by: Kjersti J. Knutsen Bakkelund

Kjersti Janne Knutsen Bakkelund
Member of the Board

DocuSigned by: Kjetil Aamot

Kjetil Aamot
Managing director

Circle K Terminal Group AS

Statement of cash flow

	Notes	01.05.2020.-30.04.2021	01.05.2019.-30.04.2020
Operating activities			
Profit/(loss) for the financial year		30 129 424	-1 161 468
Cash flows from/(to) changes in working capital			
Trade and other receivables		-13 050 737	-7 991 916
Trade and other payables		25 063 919	-219 492 504
Taxes paid		-72 419	
Tax payable	4	0	-223 967
Other changes		-23 000 000	
Net cash flow provided by/(used in) operating activities		**19 070 187**	**-228 869 854**
Investing activities			
Investments in subsidiaries	5	-20 052 607	-171 368 276
Cash flows provided by/(used in) investing activities		**-20 052 607**	**-171 368 276**
Financing activities			
Proceeds from issuance of new share capital	8	0	400 000 000
Cash flows provided by/(used in) financing activities		**0**	**400 000 000**
Net increase/(decrease) in cash		-982 420	-238 130
Cash and cash equivalents at beginning of year		1 359 630	1 597 760
Cash and cash equivalents at 30th of April		**377 209**	**1 359 630**

Oslo, 15.09.2021
Board of directors

DocuSigned by:
Steffen Rønningen
Steffen Rønningen
Chairman of the Board

DocuSigned by:
Jerry Mikael Carlsson
Member of the Board

DocuSigned by:
Espen Rebbestad
Ivar Espen Fadum Rebbestad
Member of the Board

DocuSigned by:
Kjersti J. Knutsen Bakkelund
Kjersti Janne Knutsen Bakkelund
Member of the Board

DocuSigned by:
Kjetil Aamot
Kjetil Aamot
Managing director

Circle K Terminal Group AS

Notes to the accounts, year ended 30 April 2021

Note 1 **Accounting policies**

Circle K Terminal Group AS is incorporated and domiciled in Norway. The address of its registered office is Schweigaardsgate 16, N-0191 OSLO, Norway. Alimentation Couche-Tard Inc. is the ultimate parent company of Circle K Terminal Group AS, owning through its subsidiary Circle K AS 100 percent of the shares as at 30 April 2021.

Circle K Terminal Group AS and its subsidiaries ("Circle K Terminal Group") operate fuel terminals accross Europe. As a measure to improve transparency of our terminal business, strenghten commercial focus, give strategic flexibility and enhance focus on the core retail business, terminal operations in Europe were separated into a new Terminal Group in 2018. In 2020 decision was made to seperate Fuel transportation service business in seperate legal entities owned by Circle K Terminal Group AS, two new entities established in Sweden and Estonia for that purpose in FY21. Start of operations is planned in July and September FY22.

Circle K Terminal Group AS has in accordance with the Norwegian Accounting Act of 1998 applied the exemption for preparing group financial statements. The consolidated statements of the ultimate parent corporation Alimentation Couche-Tard Inc. can be obtained from their website at www.couche-tard.com. Alimentation Couche-Tard Inc. is a Canadian corporation which is listed on the Toronto Stock Exchange. Alimentation Couche-Tard Inc. is located in Laval, Québec, Canada.

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Valuation and classification of assets and liabilities
Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria. Current assets are valued at the lower of historical cost and fair value.

Foreign currency
The functional currency and presentation currency of the company is Norwegian kroner (NOK).

In preparing the financial statements, transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in the statement of income as financial income or financial expenses. Non-monetary assets that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Shares in subsidiaries and associates

Subsidiaries are all entities controlled by Circle K Terminal Group AS. Control exists when the Company has the power, directly or indirectly, to govern the financial and operational policies of an entity so as to obtain benefits from its activities. Subsidiaries are accounted for using the cost method, and are recognised at cost less impairment. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles.
Impairment losses are reversed if the reason for the impairment loss is not present in a later period. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries.
Dividends and group contributions to be received are recognised either as income or as a reduction of the investment in the subsidiary, at the reporting date of the financial year that the proposal of dividend and group contribution relates to.

To the extent that the dividend or group contribution relates to the distribution of results from the period Circle K Terminal Group AS has owned the subsidiary, it is recognised as financial income. Dividends or group contributions that are repayment of invested capital is recognised as a reduction of the investment in the subsidiary.

Receivables
Trade receivables and other receivables are carried at face value less an allowance for expected losses. An estimate is made for doubtful debts based on a review of all amounts outstanding at the balance sheet date.

Cash and cash equivalents
Cash and cash equivalents include cash and bank deposits or overdrafts.
Circle K Terminal Group AS is part of an internal bank agreement established to fund the Group's net working capital needs. Any balances related to this agreement are recognised in the statement of financial position as receivables from or liabilities to related parties. The cash flow analysis presented in the statement of cash flow is derived using the indirect method.

Pensions
The company has both defined contribution plans and defined benefit plans.
Defined contribution plans

The company has a defined contribution plan and pays fixed contributions to an insurance company. After the contribution has been made the company has no further commitment to pay contributions relating to employee service in the current and prior periods. When employee services are rendered, the company recognizes the contribution payable in exchange for that service as a liability after deducting any contribution already paid.
Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.
AFP-plan in privat sector

The company participates in the AFP-plan in the private sector. The AFP-plan is a multi-employer defined benefit plan. The plan is for accounting purposes treated as a defined contribution plan, as the administrator of the scheme is not able to provide sufficient information in order to calculate and allocate the liability in a reliable manner.

Revenues
Circle K Terminal Group AS derives its revenues primarily from allocation of headquarter costs to its subsidiaries. Revenues from the sale of intercompany services are recognised when the services are delivered.

Income taxes

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

DocuSign Envelope ID: 05E05A2E-0112-4E1D-A019-82B4023B218E

Note 2 Number of employees, benefits, loan to employees etc.

Average number of employees during the year	12	9

Payroll costs	01.05.2020.-30.04.2021	01.05.2019.-30.04.2020
Wages and salaries	13 921 376	11 961 568
Social security tax	2 150 443	1 841 765
Pension costs (see note 6)	1 302 167	1 768 237
Severance	3 286 489	
Other benefits	415 688	308 273
Total	**21 076 164**	**15 879 842**

Share-based payment
Members of the Executive Committee Europe (ECE) are included in a share-based incentive program in Alimentation Couche-Tard Inc. Circle K Terminal Group AS has no liability or cost related to this program with the exception of applicable social taxes.

Directors' remuneration

	Salaries, fees	Pensions	Other benefits
Managing Director/Chief Executive Officer	-	-	-
Board of Directors	-	-	-
Corporate Assembly	-	-	-

* The Board members are employed by Circle K AS or Alimentation Couche-Tard Inc. and do not receive any remuneration for their roles and responsibilities as members of the Board of Directors.

There are no loans or guarantees to Chief Executive Officer or Chair of the Board as of 30 April 2021.

Note 3 Other administrative expenses

Auditor's remuneration (in NOK thousands)	01.05.2020.-30.04.2021	01.05.2019.-30.04.2020
Audit fee	110 000	210 199
Other service fees		25 080
Total auditor's remuneration	110 000	235 279

Research and development expenditures
The Company did not have any significant research & development expenditures in the period 01.05.2020. to 30.04.2021.

Note 4 Income tax

Income tax expense	01.05.2020.-30.04.2021	01.05.2019.-30.04.2020
Current taxes payable	-	223 967
Tax on received group contribution booked against investments	-	-
Change in deferred tax in the balance sheet	(581 699)	(474 660)
Changed in deferred tax recognised directly in equity	-	-
Foreign taxes	72 419	-
Effect of changes in tax rules	-	-
Income tax benefit / (expense)	**(509 280)**	**(250 693)**

Reconciliation of Norwegian nominal statuatory tax rate to effective tax rate:	01.05.2020.-30.04.2021	01.05.2019.-30.04.2020
Profit income before tax	**30 129 424**	**(1 161 468)**
Nominal tax rate	22,0%	22,0%
Tax effect of:	-	-
Permanent differences		4 829
Foreign taxes	72 419	-
Dividends, not assessable for income tax	-32 773 515	
Total	**(509 281)**	**(250 694)**
Effective tax rate	**-1,7 %**	**21,6 %**

Significant components of deferred tax assets and liabilities:	01.05.2020.-30.04.2021	01.05.2019.-30.04.2020
Deferred tax assets on:		
Tax losses	1 495 970	914 270
Denied interests	1 144 753	1 144 753
Total deferred tax assets	**2 640 723**	**2 059 023**

It is likely that it will be sufficient profit for tax purposes in subsequent periods to utilize the deferred tax assets in the balance sheet.

Movement in deferred tax assets:	01.05.2020.-30.04.2021	01.05.2019.-30.04.2020
Deferred tax asset at the beginning of the period	2 059 024	1 584 363
Deferred tax asset transferred in connection with mergers		
Recognised in the statement of income	581 699	474 660
Recognised in equity		
Deferred tax asset at 30 April	**2 640 723**	**2 059 023**

DocuSign Envelope ID: 05E05A2E-0112-4E1D-A019-82B4023B218E

Current income tax payable:	01.05.2020.- 30.04.2021	01.05.2019.- 30.04.2020
This year's payable income tax expense	-	223 917
Last years income tax expense, not yet paid	223 917	-
Current income tax payable in the balance sheet at 30 April	**223 917**	**223 917**

Note 5 Investments in subsidiaries

Circle K Terminal Group AS has 7 directly and wholly-owned subsidiaries.

The table below presents the subsidiaries and associated companies of Circle K Terminal Group AS as at 30 April 2021 or 30 April 2020 (latest available financial information).

Company	Registered office	Country of residence	Ownership interest / Voting power	Investment book value	Equity, 30.04.2021	Profit or loss, 01.05.2020.- 30.04.2021.
Circle K Terminal Norway AS	Oslo	Norway	100%	196 994 713	414 548 000	31 546 000
Circle K Terminal Sweden AB	Stockholm	Sweden	100%	171 414 722	211 814 142	28 982 475
Circle K Terminal and Transport Latvia SIA	Riga	Latvia	100%	65 785 368	74 862 810	5 184 156
					Equity, 30.04.2020	**Profit or loss, 01.05.2019.- 30.04.2020.**
Circle K Terminal Denmark ApS	Kopenhagen	Denmark	100%	151 144 510	206 984 374	27 747 069
Circle K Terminal Lietuva UAB	Vilnius	Lithuania	100%	11 556 637	27 393 454	254 205
K Transport Sweden AB	Stockholm	Sweden	100%	26 360	24 482	-
Circle K Transport Eesti OÜ	Tallin	Estonia	100%	26 247	24 883	-

Note 6 Pension costs, assets and obligations

The company is required to have an occupational pension plan in accordance with Norwegian legislation on occupational pensions ("lov om obligatorisk tjenestepensjon"). The company's pension plan meets the requirements of this legislation.

Defined contribution plan
The company has a defined contribution plan. The contribution for employee services rendered in the period is recognised as pension costs. Currently 6 employees have joined the "ekstrapensjon" plan.

Net pension costs	01.05.2020.- 30.04.2021	01.05.2019.- 30.04.2020
Pensions paid by the company	1 646 590	1 423 814
Change in recognised pension liability	(344 423)	344 423
Expenses relating to the private sector AFP plan		
Expenses relating to the funded defined benefit plan	-	-
Net pension costs	1 302 167	1 768 237

Note 7 Related parties

Purchase of services from subsidiaries and related parties of Circle K Terminal Group AS amounted to NOK 9 983 873 in FY21 (NOK 10 083 538 in FY20).
Sales to subsidiaries and other related parties mainly relate to services and amounted to NOK 29 411 731 in FY21 (MNOK 28 in FY20). Amount of dividends received in FY21 resulted in NOK 32 773 515.
The table below presents net financial expenses to related parties included in financial income and financial expenses in the statement of income. Included in financial expenses are interest expenses related to internal bank credit facility. Financial income relates to interest income on positive Internal bank account balances.

	01.05.2020.- 30.04.2021	01.05.2019.- 30.04.2020
Financial income related parties	14 775	39 733
Financial expenses related parties	(5 602)	(2 539 095)
Foreign exchange rate change losses	(26 257)	(122 625)
Net financial income/(expenses) related parties	**(17 084)**	**(2 621 987)**

Receivables from, and payables to, related parties are included in separate captions in the statement of financial position. The table below presents the related party balances at year-end.

	30.04.2021	30.04.2020
Trade and financial accounts receivable from subsidiaries	167 086	3 899 510
Trade and financial accounts receivable from related parties	1 238 909	-
Financial accounts receivable from the Group's cashpool	21 975 459	6 546 036
Total Trade and financial accounts receivable from related parties at year end	**23 381 455**	**10 445 547**

	30.04.2021	30.04.2020
Trade and financial accounts payable to related parties	1 879 762	3 367 784
Trade and financial accounts payable to subsidiaries (includes overdraft)	529 184	-
Dividends payable	23 000 000	
Total Trade and financial accounts payable to related parties at year end	25 408 946	3 367 784

Circle K Terminal Group AS is part of an internal bank agreement established to fund the Group's net intra-month working capital needs. The cash pool is managed by a subsidiary of Circle K AS, and any balances related to this agreement are recognised as related party balances in the statement of financial position.

Note 8 **Equity**

This year's change in equity:	Share capital	Share premium	Other paid-in equity	Retained earnings	Total equity
Equity at 30th of April 2020	1 060 001	587 691 349	-	(6 528 059)	582 223 291
Profit/(loss) of the year				30 638 703	30 638 703
Dividend				(23 000 000)	(23 000 000)
Equity at 30th of April 2021	1 060 001	587 691 349	-	1 110 644	589 861 994

As at 30 April 2021 the subscribed and fully paid capital consists of 1 060 001 ordinary shares with a nominal value of 1 NOK each. The sole shareholder of the Company is its parent company Circle K AS.

Note 9 **Withholding tax guarantee**

Circle K Terminal Group AS has outstanding guarantee in amount of 2 000 000 NOK (Oslo Kemnerkontor) effective from 23.08.2021.

pwc

To the General Meeting of Circle K Terminal Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Circle K Terminal Group AS, which comprise the balance sheet as at 30 April 2021, the income statement and statement of cash flow for the year then ended, and notes to the accounts, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 30 April 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

pwc

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 15 September 2021
PricewaterhouseCoopers AS

Anne Kristin Huuse
State Authorised Public Accountant

(This document is signed electronically)

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	***Method***	***Date***
Huuse, Anne Kristin	BANKID_MOBILE	2021-09-17 15:14

MINUTES OF MEETING FROM BOARD OF DIRECTORS MEETING IN CIRCLE K TERMINAL GROUP AS

A meeting of the board of directors of Circle K Terminal Group AS, org. nr. 921 154 747 (the "Company") was held on 24 September 2021. The meeting was held by circulation of minutes between the board members:

Steffen Rønningen, chairman
Jerry Mikael Carlsson
Kjersti Janne Knutsen Bakkelund
Espen Rebbestad

The chairperson of the board noted that a quorum was present. No objections were raised to the notice or the agenda.

1. APPROVAL OF ANNUAL ACCOUNTS AND THE BOARD OF DIRECTOR'S REPORT, INCLUDING PROPOSAL FOR GROUP CONTRIBUTION

The annual accounts were reviewed. The annual accounts and the board of director's report for the period 1st of May 2020 to 30th of April 2021 were approved.

Based on the balance as of 30.04.21, it is proposed to distribute a group contribution (Norw; konsernbidrag) of MNOK 23 gross (MNOK 23 net) to Circle K AS.

The amount is within the Company's distributable funds (Norw; fri egenkapital).

The Board of directors considers that the Company after the group contribution will have sufficient equity and liquidity. Pending the approval of the General Assembly, the intercompany group contribution shall be executed immediately.

The Board of Directors considered the group contribution to be appropriate. The company will after the group contributions still have an equity and liquidity which is sound, based on the extent of the company's activities and the risk they involve.

There has not been any event since the last balance date that affects the company and the decision of a group contribution.

A general meeting of the shareholders will be convened to approve the annual accounts and the board of director's report, as well as resolve the group contribution.

***

There were no further matters on the agenda, and the meeting was thus adjourned.

DocuSigned by:
Steffen Rønningen
0C02CE6F0EE4436...
Steffen Rønningen

DocuSigned by:
Espen Rebbestad
024D3D149F79403...
Espen Rebbestad

DocuSigned by:
B2DF2E1DB295453...
Jerry Mikael Carlsson

DocuSigned by:
Kjersti J. Knutsen Bakkelund
2525597E9282450...
Kjersti Janne Knutsen Bakkelund