

2024

Financial Statements



Independent Auditor's Report

To the Members of Federated Co-operatives Limited:

Opinion

We have audited the consolidated financial statements of Federated Co-operatives Limited and its subsidiaries (the "Co-operative"), which comprise the consolidated statement of financial position as at October 31, 2024, and the consolidated statements of comprehensive income, members' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Co-operative as at October 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards.

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 are independent of the Co-operative in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, 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.

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 Accounting Standards, 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 Co-operative'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 Co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-operative'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 Co-operative'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 Co-operative'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 Co-operative 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 Co-operative 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.



Chartered Professional Accountants

Saskatoon, Saskatchewan
December 18, 2024

Consolidated Statements of Comprehensive Income

Years ended October 31		In millions of CAD \$	
Notes		2024	2023
	Sales	\$ 11,884	\$ 12,460
16	Cost of Products Sold	10,690	10,850
	Gross Margin	1,194	1,610
16	Operating and administration expenses	687	632
16	Loyalty payments	198	200
16, 18	Finance costs	50	49
8, 10	Impairment losses	83	16
22	Losses on risk management contracts - realized	16	158
22	Losses (gains) on risk management contracts - unrealized	5	(198)
15	Other income	(155)	(165)
	Net Income Before Income Taxes	310	918
20	Income taxes	13	137
	Net Income Before Other Comprehensive Income	297	781
14	Actuarial gain on defined benefit plan (net of tax)	-	22
	Total Comprehensive Income	\$ 297	\$ 803

Consolidated Statements of Cash Flows

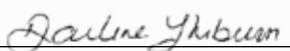
Years ended October 31		In millions of CAD \$	
Notes	2024	2023	
Operating Activities			
	\$ 297	\$ 781	
16	436	444	
15	1	(7)	
16	83	16	
20	(166)	92	
22	5	(198)	
12	(10)	(8)	
12	6	7	
	(1)	(2)	
Changes in non-cash operating working capital:			
	(226)	255	
	(17)	66	
	211	(206)	
	(5)	1	
	5	(202)	
	145	(27)	
	<u>764</u>	<u>1,012</u>	
Investing Activities			
	(82)	(96)	
	(26)	(129)	
8, 9	(390)	(367)	
	(98)	(24)	
	9	7	
	<u>(587)</u>	<u>(609)</u>	
Financing Activities			
	(323)	(280)	
	104	(15)	
19	(7)	(11)	
	<u>(226)</u>	<u>(306)</u>	
	(49)	97	
	520	423	
	<u>\$ 471</u>	<u>\$ 520</u>	
Cash and Cash Equivalents are comprised of:			
	199	344	
	272	176	
	<u>\$ 471</u>	<u>\$ 520</u>	

Consolidated Statements of Financial Position

As at October 31		In millions of CAD \$	
Notes	2024	2023	
Current Assets			
	\$ 471	\$ 520	
	1,874	1,792	
	1,586	1,360	
	542	525	
6	1,089	1,300	
	33	28	
	-	6	
7	202	184	
	<u>5,797</u>	<u>5,715</u>	
Non-Current Assets			
7	303	295	
20	5	4	
9	32	31	
8	3,412	3,518	
10	374	312	
	<u>\$ 9,923</u>	<u>\$ 9,875</u>	
Current Liabilities			
	\$ 1,381	\$ 1,394	
11	703	599	
11	300	-	
	139	-	
	<u>2,523</u>	<u>1,993</u>	
Non-Current Liabilities			
19	37	40	
11	-	300	
12	121	108	
14	23	24	
20	623	788	
	<u>804</u>	<u>1,260</u>	
Members' Equity			
13	2,059	2,130	
	4,530	4,485	
	<u>6,589</u>	<u>6,615</u>	
	7	7	
	<u>6,596</u>	<u>6,622</u>	
	<u>\$ 9,923</u>	<u>\$ 9,875</u>	

On behalf of the Board:

 Director

 Director

Consolidated Statements of Members' Equity

As at October 31

In millions of CAD \$

	Members' Share Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Non-controlling Interest	Total Equity
Balance as at October 31, 2022	\$ 2,011	\$ (91)	\$ 4,172	\$ 8	\$ 6,100
Net income	-	-	781	-	781
Other comprehensive income	-	22	-	-	22
Non-controlling interest	-	-	-	(1)	(1)
Patronage allocation	399	-	(399)	-	-
Redemption of shares	(280)	-	-	-	(280)
Balance as at October 31, 2023	\$ 2,130	\$ (69)	\$ 4,554	\$ 7	\$ 6,622
Net income	-	-	297	-	297
Other comprehensive income	-	-	-	-	-
Non-controlling interest	-	-	-	-	-
Patronage allocation	252	-	(252)	-	-
Redemption of shares	(323)	-	-	-	(323)
Balance as at October 31, 2024	\$ 2,059	\$ (69)	\$ 4,599	\$ 7	\$ 6,596

Notes to the Consolidated Financial Statements

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Note 1 Federated Co-operatives Limited

Federated Co-operatives Limited is incorporated under the *Canada Cooperatives Act*. The address of the registered office is 401-22nd Street East, Saskatoon, Sask., S7K 0H2. The consolidated financial statements as at and for the years ended October 31, 2024 and 2023 comprise

Federated Co-operatives Limited and its subsidiaries (collectively, "the Co-operative"). The Co-operative provides central wholesaling, manufacturing, refining and administrative services to 156 locally-owned retail co-operatives across Western Canada.

Note 2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorized for issue by the Board of Directors on December 18, 2024.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for risk management contracts, cash and cash equivalents and short-term investments, as detailed in the accounting policies disclosed in Note 3. The accounting policies described in Note 3 have been applied consistently to all periods presented in these consolidated financial statements.

(c) Functional currency

These consolidated financial statements are presented in Canadian dollars, which is the Co-operative's functional and presentation currency.

Note 3 Material accounting policies

(a) Basis of consolidation

i. Subsidiaries

The consolidated financial statements include the accounts of the Co-operative and its subsidiaries. Subsidiaries are entities that the Co-operative controls. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All subsidiaries' functional currency is Canadian dollars.

ii. Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized income and expenses arising from said transactions, are eliminated on consolidation.

(b) Foreign currency translations

Items included in the Co-operative's consolidated financial statements are measured using the functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity, are recognized in the consolidated statements of comprehensive income.

(c) Fair value measurement

A number of the Co-operative's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

transaction between market participants at the measurement date. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Co-operative characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value is directly or indirectly observable
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Co-operative recognizes transfers between levels of the hierarchy at the end of the reporting period during which the change has occurred.

(d) Cash and cash equivalents

Cash and cash equivalents consist of balances with financial institutions and investments in money market instruments which have a maturity of three months or less at the time of purchase.

(e) Financial instruments

i. Initial measurement and classification

Financial assets and financial liabilities are recognized in the Co-operative's consolidated statements of financial position when the Co-operative becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value. The Co-operative initially measures and classifies financial assets and liabilities to reflect the segment in which they are managed and the related cash flow characteristics. Subsequently, financial assets and liabilities are classified and measured either at amortized cost or fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities subsequently measured at FVTPL are recognized immediately in comprehensive income. If not subsequently measured at FVTPL, transaction costs are included in the fair value on initial recognition.

ii. Derecognition

The Co-operative derecognizes a financial asset when the contractual rights to the cash flow from the financial asset expire or it transfers the contractual rights to receive the cash flow. Any difference between the carrying amount of the asset and the consideration received is recognized in comprehensive income. The Co-operative derecognizes a financial liability when it is extinguished. Any difference between the carrying amount of the liability extinguished and the consideration paid is recognized in comprehensive income.

iii. Non-derivative financial assets

A financial asset is subsequently measured at amortized cost using the effective interest method and net of any impairment losses if:

- the asset is held within a segment with an objective to hold assets in order to collect contractual cash flows, and;
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial assets, other than those measured at amortized cost, are subsequently measured at FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless there is a change in the business model of managing them.

Financial assets measured at amortized cost are comprised of members and non-members accounts receivable and investments and advances. Financial assets measured at FVTPL comprise cash and cash equivalents and short-term investments. In addition, derivative financial instruments measured at FVTPL are included in non-members accounts receivable.

iv. Non-derivative financial liabilities

Financial liabilities, other than those measured at amortized cost, are subsequently measured at FVTPL.

Financial liabilities measured at amortized cost are comprised of accounts payable, members' funds and long-term debt. Financial liabilities measured at FVTPL are comprised of derivative financial instruments and are included in accounts payable.

v. Derivative financial instruments

The Co-operative uses derivative financial instruments, such as financial contracts, to manage exposure to fluctuations in commodity prices and foreign currency exchange rates as part of its overall risk management program. The Co-operative's policy is not to use derivative financial instruments for speculative purposes. The Co-operative has chosen not to use hedge accounting for any derivative financial instruments. All derivative instruments are recognized on the trade date at fair value on the consolidated statements of financial position as either an asset or liability and subsequently at FVTPL. Realized gains or losses from financial derivatives are recognized as they occur. Unrealized gains or losses are recognized in comprehensive income at each respective reporting period-end. The fair value of these transactions is based on the estimated amounts that would have been paid to, or received from, counterparties to settle the outstanding transactions with reference to the estimated future prices as of the reporting date.

Fixed-price commodity contracts entered into for the purpose of receipt or delivery in accordance with the Co-operative's expected purchase, sale or usage requirements are not considered to be derivative financial instruments.

vi. Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in the consolidated statements of financial position, when the Co-operative has the legally enforceable right to set-off the recognized amounts and it intends to realize the asset and settle the liability simultaneously. Assets and liabilities related to derivative financial instruments are currently offset.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method and the weighted average method. The cost of inventories includes all costs of acquisition, production or conversion and other costs incurred to bring them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling. Various factors impact estimates of net realizable value, including fluctuations in prices due to seasonality, damage to inventory, permanent declines in sales prices, inventory levels and obsolescence. A write-down is recognized if the carrying amount exceeds net realizable value and may be reversed if the circumstances which caused it no longer exist.

(g) Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures directly attributable to bringing the asset to the location, installing it for its intended use and any related borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as major components.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

ii. Subsequent cost

Subsequent expenditures are capitalized when it is probable that future economic benefit will flow to the Co-operative. When the cost of replacing part of an item of property, plant and equipment is capitalized, the carrying amount of the replaced part is derecognized. The costs of planned major inspection, overhaul and turnaround activities are capitalized when they benefit future years of operations. Repairs and maintenance costs are expensed as incurred. Any gain or loss arising on the disposal of an item is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in other income.

iii. Borrowing costs

The Co-operative capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, as part of the cost of that asset until such time that the asset is substantially ready for its intended use or sale. The Co-operative identifies a qualifying asset as one that takes a minimum of one year to get ready for its intended use or sale. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the Co-operative capitalizes the actual borrowing costs incurred on that borrowing during the period, less any investment income earned on the temporary investment of these borrowings. To the extent that a qualifying asset is funded generally, the Co-operative determines borrowing costs eligible for capitalization by applying the weighted average cost of borrowing for the period to the expenditures on that asset. All other borrowing costs are expensed in the period in which they occur.

iv. Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life. Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Asset description	Estimated useful life (years)
Buildings	50
Equipment and fixtures	3 – 30
Right-of-use (ROU) assets	Lease term

(h) Intangible assets

i. Supply agreements

The Co-operative has exclusive supply agreements with various retail members to supply virtually all of their food, home and building supplies, ag solutions and energy product requirements. The supply agreements are initially measured at fair value using the discounted cash flow method. The supply agreements are subsequently measured at cost and amortized over the estimated useful life of the agreements, which range from one to 30 years, less any accumulated impairment losses.

ii. Emission credits

The Co-operative is subject to compliance with various Canadian clean fuel regulations. Credits purchased from third parties are used to meet the Co-operative's compliance requirements for each respective program. The credits purchased are measured at cost with an indefinite useful life and are derecognized when used for compliance.

iii. Research and development

Research is an original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge or understanding. Research costs are expensed as incurred.

Development activities involve a plan and design to produce new or substantially improved products and/or processes. Development costs are capitalized if they can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Co-operative intends to, and has sufficient resources to, complete the development and to use or sell the asset. Development costs capitalized include the costs directly attributable to preparing the asset for its intended use. Other development costs are expensed as incurred. Capitalized development costs are depreciated straight-line over the expected useful life of the asset.

iv. Goodwill

The Co-operative measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest acquired, less the fair value of the identifiable assets acquired, and liabilities assumed, all measured as at the acquisition date. Goodwill is assigned to an appropriate cash generating unit (CGU), or groups of CGUs, and tested annually for impairment. Impairment losses are recognized in comprehensive income and are not subject to reversal.

(i) Investment property

Investment property is property held to earn rental income and/or for capital appreciation, but not held for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties are measured initially at cost, including transaction costs, and subsequently at cost less accumulated depreciation and any accumulated impairment losses. Rental income and operating expenses from investment property are reported in comprehensive income. When the use of a property changes such that it is reclassified as property, plant and equipment, its net book value at the date of reclassification becomes its cost for subsequent accounting. Buildings classified as investment property are depreciated straight-line over the useful life of 50 years.

(j) Leased assets

i. The Co-operative as lessor

Leases that transfer substantially all of the risks and rewards of ownership are accounted for as finance leases. At commencement, a lease receivable at an amount equal to the net investment in the lease is recognized. Subsequently, lease income is recognized on a straight-line basis over the lease term. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the lease term.

ii. The Co-operative as lessee

A lease is a contract that conveys the right to control the use of an identified asset for a period of time. The Co-operative recognizes a ROU asset and lease obligation at an amount equal to the present value of the future lease payments on the lease commencement date. The discount rate used in the present value calculation is the interest rate implicit in the lease or, if the rate cannot be readily determined, the Co-operative's incremental borrowing rate. Lease costs are recognized in comprehensive income as depreciation of the ROU asset and finance costs of the lease obligation. Lease obligations are remeasured when there is a change in management's assessment of whether it will exercise a renewal or termination option or a change in future lease payments and ROU assets are adjusted by the same remeasurement amount. Leases with terms of less than twelve months, leases of low-value assets and contracts that do not contain a lease are charged to comprehensive income on a straight-line basis over the lease term.

(k) Impairment

i. Non-financial assets

At the end of each reporting period, the Co-operative reviews its tangible and intangible assets to determine whether there is any indication of impairment or impairment reversal. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, or reversal of previously recorded impairment losses. Where it is not possible to estimate the recoverable amount of an individual asset, the Co-operative estimates the recoverable amount of the CGU to which the asset belongs. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs. Otherwise, corporate assets are allocated to the smallest group of CGUs for which a reasonable and consistent allocation base can be identified.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is assessed using the estimated future cash flows discounted to their present value using a pre-tax rate. Fair value less costs of disposal is the amount that would be obtained from the sale of the asset in an arm's length transaction between two knowledgeable and willing parties.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income. An impairment loss in respect to goodwill is not reversed.

ii. Financial assets

The Co-operative determines impairment of financial assets measured at amortized cost using an expected credit loss model whereby a loss allowance is recorded that is either equal to the 12-month expected credit losses or, where the credit risk on that financial instrument has increased significantly since initial recognition, equal to the lifetime expected credit losses.

Evidence of an increase in credit risk includes default or delinquency by a debtor, restructuring of an amount due to the Co-operative on terms that the Co-operative would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market due to financial difficulty. An impairment loss with respect to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in comprehensive income. Any decrease in impairment loss is reversed through comprehensive income when an event occurring after the impairment was recognized causes the amount of impairment loss to decrease.

(l) Employee benefits

i. Defined contribution plan

The Co-operative provides a defined contribution plan to qualifying employees. This is a post-employment plan under which the Co-operative pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The cost of the pension benefits earned by employees in the defined contribution pension plans are expensed as incurred.

ii. Defined benefit plan

The Co-operative provides a defined benefit plan to certain employees at the Consumers' Co-operative Refineries Limited (CCRL) in Regina. The cost of the benefits earned by employees is determined by a qualified actuary using the projected unit credit method based on service and management's best estimate of demographic and financial assumptions. The Co-operative accrues its obligations under the plan and the related costs, net of plan assets. The plan assets are valued at fair value and categorized within Level 2 of the fair value hierarchy. The Co-operative recognizes actuarial gains or losses immediately in other comprehensive income (OCI) which are then transferred directly to retained earnings. Changes in the present value of the defined benefit obligation resulting from plan amendments, settlements and curtailments are recognized when they occur in comprehensive income as past service costs. The defined benefit asset or liability is comprised of the present value of the defined benefit obligation and the fair value of plan assets from which the obligations are to be settled. Plan assets are measured at fair value based on the closing bid price when there is a quoted price in an active market. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Co-operative's creditors. Defined benefit obligations are estimated by discounting expected future payments using the year-end market rate of interest for high-grade corporate debt instruments with cash flows that match the timing and amount of expected benefit payments.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

iii. Retirement allowance

The Co-operative is committed to providing certain employees at the CCRL with a retirement allowance. The entitlement to these benefits is conditional on the employee remaining in service up to their retirement age. The expected cost of these benefits was estimated using management's best estimate of service years of the qualifying employees. This obligation is re-valued annually and changes are recognized in OCI.

(m) Provisions

A provision is recognized if, as a result of a past event, the Co-operative has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of future cash flows required to settle the present obligation at the balance sheet date, discounted using a risk-adjusted rate. Changes in the estimated provision or changes in the discount rate are recognized as a change in the liability.

Provisions are recognized for asset retirement obligations (ARO) associated with the participation of retail members in the Co-operative's contaminated site management program. No provision for an ARO has been accrued for the facilities at the CCRL and the Ethanol Complex as the expected timing of the reclamation activity cannot be estimated at this time. The liability is recorded in the period in which the obligation arises with a corresponding increase to the carrying value of the related asset. The liability is accreted over time as the effect of discounting unwinds; this expense is recognized as a finance cost. The costs capitalized to the related asset are depreciated in a manner consistent with the depreciation of the underlying asset. Changes in the estimated liability resulting from revisions to estimated timing of decommissioning, expected amount of cash flows or changes in the discount rate are recognized as a change in the ARO and the related asset retirement cost. Actual reclamation expenditures are charged against the provision as they are incurred.

(n) Revenue recognition

i. Sale of goods and services

Revenue is recognized when the Co-operative satisfies the performance obligations in its contracts by transferring control of a product or service to its customers. Revenue for the sale of goods is recognized upon delivery to the customer. Revenue for the sale of services is recognized when the promised service is rendered. Revenue is measured at the fair value of the consideration received or receivable, net of returns, discounts and rebates. When the amount of these returns, discounts and rebates are probable and can be measured reliably, they are recognized as a reduction of revenue as the sales are recognized. The pricing of the Co-operative's sales contracts with customers are generally fixed, with the exception of energy products, which are based on market-related pricing. No significant element of financing is deemed present due to the short-term nature of the sales contracts. Due to the nature of the business, the Co-operative does not generally have warranty claims that are not passed through to the end customer.

ii. Co-op Gift Cards

The Co-operative administers all gift cards on behalf of its retail members. When a Co-op Gift Card is purchased by an individual customer, the Co-operative recognizes a liability in accounts payable

when it receives the corresponding cash from the retail members. Upon recognition of the liability, management recognizes a percentage as income based on the historical experience of unredeemed gift cards at the time of the gift card sale. The percentage recognized as income is reviewed annually and adjusted based on changes in experience. When a Co-op Gift Card is redeemed, the Co-operative reduces the corresponding gift card liability and reimburses the retail member.

iii. Other income

Interest income is recognized as it accrues as other income, using the effective interest method. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received, and the Co-operative will meet the attached conditions. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant with the costs that it is intended to compensate. Government grants are recognized in other income.

(o) Income taxes

Income tax is comprised of current and deferred tax. Current and deferred tax is recognized in comprehensive income except to the extent that it relates to a business combination or is recognized directly in equity or OCI.

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustments to income taxes payable in respect to previous years.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. The carrying amount of a deferred tax asset is reviewed at each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Segment reporting

An operating segment is a component of the Co-operative that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses with other operating segments. To be classified as a segment, discrete financial information must be available and operating results must be reviewed by the chief operating decision-maker.

(q) Business combinations

Business combinations are accounted for using the acquisition method of accounting, in which the identifiable net assets acquired and liabilities assumed are recognized and measured at their fair value at the acquisition date. For each business combination, the Co-operative recognizes any non-controlling interest in the acquired entity either at fair value or at the proportionate share of the acquired entity's net

identifiable assets. Any excess of the purchase price for each acquisition plus any non-controlling interest in the acquired entity, over the fair value of the net identifiable assets acquired, is recognized as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in comprehensive income as a bargain purchase. Transaction costs are expensed as incurred.

Note 4 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgements that affect the application of accounting policies and the reported amount of assets, liabilities, revenues, expenses, gains and losses. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Material estimates and judgements used in the preparation of the consolidated financial statements are described below.

(a) Useful lives of property, plant and equipment, and intangible assets

Property, plant and equipment, and intangible assets represent a material portion of the Co-operative's total assets. Changes in the use of the asset may cause the estimated useful lives of these assets to change. These useful lives are reviewed annually and any adjustment to depreciation or amortization is made prospectively.

(b) Recoverability of long-lived tangible and intangible assets

The Co-operative assesses each asset or CGU at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. The assessments require the use of estimates and assumptions such as long-term prices, discount rates, operating costs, future capital requirements, future viability of retail stores, decommissioning costs and operating performance. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. Judgement is required when determining what constitutes a CGU.

(c) Decommissioning and reclamation provision

Material decommissioning and reclamation activities are not undertaken until near the end of the useful life of the asset. Actual costs are uncertain and the estimate can vary as a result of changes to regulations, the emergence of new technology, operating experience, prices and reclamation plans. A significant change to the estimated costs, discount rate or useful lives of the assets may result in a material change in the amount presented on the consolidated financial statements. The liability at the reporting date represents management's best estimate of the present value of the future decommissioning costs required.

(d) Deferred tax

The Co-operative operates in a number of tax jurisdictions and is required to estimate income taxes in each of these jurisdictions in preparing its consolidated financial statements. In this calculation, consideration is given to factors such as tax rates in the different jurisdictions, non-deductible expenses, allowances, changes in tax law and management's expectations about future results. The Co-operative estimates deferred taxes based on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The effect of these differences is recorded as deferred tax assets or liabilities in the consolidated financial statements.

(e) Leases

Management applies judgement in determining whether a contract is, or contains, a lease from both a lessee and lessor perspective. This assessment is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Key judgements include whether a contract identifies an asset (or portion of an asset), whether the lessee obtains substantially all the economic benefits of the asset over the contract term and whether the lessee has the right to direct the asset's use. Judgement is also applied in determining the interest rate used to discount the present value of fixed payments in accounting for the lease obligation and corresponding ROU asset, and in determining whether it is likely that a lease term will be extended.

(f) Pension benefits

The determination of the cost of the defined benefit pension plan reflects a number of assumptions. The valuation of these plans is prepared by an independent actuary engaged by the Co-operative. These assumptions include, but are not limited to, the discount rate, salary escalation, retirement age, termination and mortality. The discount rate is based on the yield of high-grade Canadian corporate bonds with cash flows that match the expected benefit payments. Future salary increases are based on expected long-term inflation rates and an assumption for productivity. Retirement and termination rates are based on historical plan experience. Mortality rates are based on the latest industry best practice. The assumptions are reviewed each year and are adjusted where necessary to reflect changes in plan experience and actuarial recommendations.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

(g) Retirement allowance

The determination of the retirement allowance reflects a number of assumptions. The liability reflects management's best estimate of the expected future payments. Assumptions include retirement age, termination and mortality rates, and discount rates. The assumptions are reviewed annually and adjusted where necessary.

(h) Fair value of financial instruments

The fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position is derived from observable market inputs, wherever possible. If not available, fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where these level 2 inputs are not available, a degree of judgement is required in establishing fair values. The judgements include

considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments and reported expenses and income.

(i) Business combinations

The Co-operative uses judgement in applying the acquisition method of accounting for business combinations and estimates to value identifiable assets and liabilities at the acquisition date. The Co-operative may engage independent third parties to determine the fair value of property, plant and equipment, and intangible assets. Estimates are used to determine cash flow projections, including the period of future benefit, and future growth and discount rates, among other factors. The values placed on the acquired assets and liabilities assumed affect the amount of goodwill recorded on an acquisition.

Note 5 New standards and interpretations adopted and not yet adopted

(a) New standards adopted

The IASB and IFRS Interpretations Committee ("IFRIC") have issued certain standards and amendments or interpretations to existing standards that were effective for the Co-operative on November 1, 2023. The transition to the accounting pronouncements as listed below had no material impact on the Co-operative.

i. IFRS 17, Insurance Contracts

This standard is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The Co-operative has applied the updated guidance in accounting for insurance contracts after November 1, 2023. The adoption of this amendment had no material impact on the Co-operative.

ii. Amendments to IAS 8 – Definition of Accounting Estimate

This amendment was issued to clarify the definition of an accounting estimate and distinction from an accounting policy. The distinction is important, as changes in accounting policies are accounted for retrospectively, while changes in accounting estimates are accounted for prospectively. The amendment is aimed to reduce the diversity of application in practice. The Co-operative has applied the guidance in distinguishing changes in accounting estimates from accounting policies after November 1, 2023. The adoption of this amendment had no material impact on the Co-operative.

iii. Amendments to IAS 1 – Disclosure of Accounting Policy

This amendment was issued to require companies to disclose their material accounting policy information rather than their significant accounting policies. In addition, IFRS Practice Statement 2 was amended to provide additional examples on the application of materiality to accounting policy disclosures. The Co-operative has applied the guidance in disclosing material accounting policy information rather than significant accounting policy information after November 1, 2023. The adoption of this amendment had no material impact on the Co-operative.

(b) New standards and interpretations not yet adopted

The IASB has issued the following standards that were not yet effective as at October 31, 2024.

i. Amendments to IAS 1 – Classification of liabilities as current or non-current

This amendment clarifies the requirements of determining if a liability is current or non-current, depending on the existence of a substantive right to defer settlement of the liability for at least 12 months at the end of the reporting period. In addition, the amendment clarifies that covenants that are settled after the reporting date shall not affect the classification of the liability as current or non-current. This amendment will be effective for the Co-operative on November 1, 2024. The Co-operative is evaluating the impact, if any, of the amendment.

ii. Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

This amendment provides guidance on the measurement of a right-of-use asset and corresponding lease liability in a sale and leaseback transaction when lease payments are variable. The amendment clarifies that on initial recognition, the seller-lessee will include variable lease payments in the measurement of its lease liability. Following initial recognition, the seller-lessee will apply the general requirements for subsequent accounting of the lease liability, where no gain or loss relating to the right-of-use asset will be recognized. This amendment will be effective for the Co-operative on November 1, 2024. The Co-operative is evaluating the impact, if any, of the amendment.

iii. Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

This amendment requires companies to disclose qualitative and quantitative information about supplier finance arrangements, including the effects of these arrangements on the company's liabilities, cash flows and the exposure to liquidity risk. This amendment will be effective for the Co-operative on November 1, 2024. The Co-operative is evaluating the impact, if any, of the amendment.

Note 6 Inventories

	2024	2023
Manufactured product	549	773
Goods purchased for resale	472	476
Parts and supplies	68	51
	1,089	1,300

In 2024, write-downs of inventory to net realizable value amounted to \$3 (2023 - \$10) and were included in cost of products sold.

Note 7 Investments and advances

	2024	2023
Investments:		
CHS Inc.	9	5
Interprovincial Cooperative Limited	4	4
The Co-operators Group Limited	2	2
Other	1	1
Advances:		
Retail lending program	484	463
Other agreements	5	4
	505	479
Less: current portion	(202)	(184)
	303	295

The interest rate related to the retail lending program is based on the prime rate and payments are expected to be received in the next one to 20 years.

Note 8 Property, plant and equipment

	2024	2023
Manufacturing	2,484	2,535
Wholesaling	704	686
Assets under construction	224	297
Net book value	3,412	3,518

Notes to the Consolidated Financial Statements

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

	Land and buildings	Equipment and fixtures	Assets under construction	Right-of-use assets	Total
Cost					
At October 31, 2022	671	6,763	306	57	7,797
Additions	6	128	240	24	398
Disposals	(4)	(48)	-	(5)	(57)
Transfers	45	176	(221)	-	-
Changes in ARO estimates	(24)	-	-	-	(24)
At October 31, 2023	694	7,019	325	76	8,114
Additions	11	230	135	9	385
Disposals	(16)	(204)	-	(20)	(240)
Transfers	15	113	(128)	-	-
Changes in ARO estimates	17	-	-	-	17
At October 31, 2024	721	7,158	332	65	8,276
Accumulated depreciation					
At October 31, 2022	209	3,970	8	26	4,213
Depreciation	16	396	-	10	422
Disposals	(3)	(47)	-	(5)	(55)
Impairment (reversals) losses	(4)	-	20	-	16
At October 31, 2023	218	4,319	28	31	4,596
Depreciation	21	385	-	9	415
Disposals	(10)	(204)	-	(16)	(230)
Impairment losses	3	-	80	-	83
At October 31, 2024	232	4,500	108	24	4,864
Net book value at October 31, 2024	489	2,658	224	41	3,412
Net book value at October 31, 2023	476	2,700	297	45	3,518

Capitalized borrowing costs

Capitalized borrowing costs related to property, plant and equipment amounted to \$3 (2023 - \$4), with a capitalization rate of 4% (2023 - 4%).

Impairment testing of other non-current assets

In 2024, the Co-operative recognized impairment of \$1 (2023 - reversal of \$4) on asset retirement costs in the Energy segment, due to vacant sites that have no value in use.

The Co-operative has undertaken a number of projects to reduce the carbon intensity of fuel produced in the Energy segment. In 2024, it was determined that \$38 (2023 - \$4) of these development costs will not be recovered.

Over the past several years, the Co-operative has undertaken a number of foundational technology projects that require significant development costs. During the year, it was determined that \$42 (2023 - \$16) of these development costs will not be recovered. This impairment cost is administrative in nature and is allocated to all reportable segments.

In 2024, the Co-operative determined that the carrying amount of certain long-lived assets in the Ag Solutions segment exceeded the recoverable amount, resulting in an impairment of \$2 (2023 - \$nil).

Changes in accounting estimates

In 2023, the Co-operative changed the estimated useful lives of certain assets in the Energy segment. The increase in useful lives resulted in a \$17 reduction of annual depreciation expense beginning in 2023.

Note 9 Investment property

	2024	2023
Cost		
Balance, beginning of year	50	51
Additions	2	-
Disposals	(1)	(1)
Balance, end of year	51	50
Accumulated depreciation		
Balance, beginning of year	19	21
Depreciation	1	1
Disposals	(1)	(3)
Balance, end of year	19	19
Net book value, end of year	32	31

Net rental income from investment properties recognized in other income was \$10 (2023 - \$10).

The fair value of investment properties at October 31, 2024 was \$57 (2023 - \$54). This recurring fair value measurement is categorized within Level 3 of the fair value hierarchy. The fair value of investment properties was determined using the appraisal value when available or a discounted cash flow of the future lease payments on the investment properties. No independent valuation was performed on any of the investment properties.

Note 10 Intangible assets

	Energy supply agreements	Ag and consumer business supply agreements	Emission credits	Goodwill	Total
Cost					
At October 31, 2022	156	232	-	3	391
Additions ¹	27	24	-	-	51
Disposals	(1)	-	-	-	(1)
At October 31, 2023	182	256	-	3	441
Additions ¹	6	13	63	-	82
Disposals	(2)	-	-	-	(2)
At October 31, 2024	186	269	63	3	521
Accumulated amortization					
At October 31, 2022	20	89	-	-	109
Amortization	15	6	-	-	21
Disposals	(1)	-	-	-	(1)
At October 31, 2023	34	95	-	-	129
Amortization	13	7	-	-	20
Disposals	(2)	-	-	-	(2)
At October 31, 2024	45	102	-	-	147
Net book value at October 31, 2024	141	167	63	3	374
Net book value at October 31, 2023	148	161	-	3	312

¹ The accruals for supply agreements were \$49 (2023 - \$65). This is a non-cash decrease to the accrual of \$16 (2023 - increase of \$27) in the year.

Impairment

The Co-operative performed its annual impairment test for goodwill, and no impairment was identified. The CGU's recoverable amount was determined on a fair value less costs of disposal approach.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Note 11 Borrowing

The Co-operative's borrowings are measured at amortized cost.

	2024	2023
Members' funds	703	599
Long-term debt (less net unamortized debt issuance costs)	300	300
Total borrowing	1,003	899

Bank indebtedness

Bank indebtedness consists of an unsecured revolving credit facility, with a maturity date of February 19, 2026. The Co-operative can draw on the credit facility to a maximum of \$150. As at October 31, 2024, no amount was drawn under the credit facility (2023 - \$nil).

Financial covenants associated with the Co-operative's syndicated credit facility are reviewed regularly and controls are in place to maintain compliance with the covenants. The Co-operative has complied with all financial covenants for the year ended October 31, 2024 and October 31, 2023.

Members' funds

	2024	2023
Balance, beginning of year	599	614
Proceeds	5,705	6,441
Repayments	(5,601)	(6,456)
Balance, end of year	703	599

Members' funds accumulate interest at a rate of prime less 1.1% (2023 - prime less 1.1%) and are repayable on demand. Interest accrued on members' funds as at October 31, 2024 was \$32 (2023 - \$31).

Long-term debt

In June 2015, the Co-operative issued unsecured Series 2015-1 notes for gross proceeds of \$300. The notes are due on June 17, 2025, bear interest at 3.92% per annum and require semi-annual interest only payments.

The Co-operative may, at its option, redeem all or part of the notes at any time prior to maturity by paying accrued and outstanding interest, plus the greater of the face amount of the notes and the price which provides a yield equal to the yield to maturity of a Government of Canada bond with a term to maturity equal to the remaining term on the notes, plus 0.5%.

In conjunction with closing of the note offering, issuance costs of \$2.5 were incurred. These costs reduce the carrying value of the notes and are amortized over the expected life of the notes using the effective interest rate method, resulting in an effective rate of 4.0%. As at October 31, 2024, unamortized debt issue costs totalled \$nil (2023 - \$nil).

Note 12 Asset retirement obligations

The Co-operative's decommissioning liabilities consist of reclamation and closure costs. The obligations were determined using an inflation rate of 2% (2023 - 2%) and discount rate of 5% (2023 - 5% to 6%). The Co-operative estimates the total undiscounted payments of future obligations to be \$201 (2023 - \$204) which will be incurred over the next one to 30 years.

While the provision is based on the best estimate of future costs, discount rates and the economic lives of the underlying assets, there is uncertainty regarding the amount and timing of these costs.

	2024	2023
Balance, beginning of year	108	133
Additions	1	1
Settlement of asset retirement obligations	(10)	(8)
Change in estimate and discount rates	16	(25)
Accretion expense (Note 18)	6	7
Balance, end of year	121	108

Note 13 Members' share capital

The Co-operative is authorized to issue an unlimited number of member shares of \$100 (in dollars) par value each. Under certain circumstances, and with the approval of the Board of Directors, member shares may be redeemed at par value.

(Thousands of shares)	2024	2023
Balance, beginning of year	21,304	20,114
Shares issued for current year's patronage allocation	2,516	3,990
Shares redeemed	(3,233)	(2,800)
Balance, end of year	20,587	21,304

Note 14 Pension liability

	2024	2023
Defined benefit plan asset	(38)	(31)
Retirement allowance	61	55
	23	24

(a) Defined contribution plan

The Co-operative provides a defined contribution plan, with expenses charged to comprehensive income for services rendered by employees during the year. With this plan, the Co-operative and the majority of its employees make contributions to one multi-employer defined contribution plan. The Co-operative's total expense for these plans in 2024 was \$20 (2023 - \$18).

(b) Defined benefit plan

The defined benefit plan covers certain non-management employees at the CCRL in Regina. The plan provides pensions based on the number of years in service and the average of the best three years earnings. Employees are required to contribute 7% of pensionable earnings to the plan.

The costs of the Co-operative's defined benefit plan are determined periodically by independent actuaries, with results as of December 31, 2022 and extrapolated to October 31, 2024. The costs charged to comprehensive income for the year include the costs for benefits provided for services rendered during the year, using the projected unit credit method pro-rated on services. Actuarial gains or losses are recognized in OCI as incurred.

A reconciliation of the funded status of the benefits plan to the consolidated financial statements is as follows:

	2024	2023
Plan assets		
Fair value, beginning of year	308	308
Employer contributions	-	2
Employee contributions	3	3
Benefits paid	(11)	(11)
Net transfers	-	(1)
Expected return on plan assets	17	17
Actuarial gains (losses)	48	(10)
Fair value, end of year	365	308
Accrued benefit obligation		
Balance, beginning of year	268	261
Employee contributions	3	3
Current service cost	3	3
Interest cost	15	14
Benefits paid	(11)	(11)
Remeasurement losses (gains)	35	(2)
Balance, end of year	313	268
Funded status	52	40
Effect of asset ceiling		
Balance, beginning of year	(9)	(48)
Interest income	-	(3)
Remeasurement (losses) gains	(5)	42
Balance, end of year	(14)	(9)
Net pension asset	38	31

The actual return on plan assets for the year ended October 31, 2024 was a gain of \$65 (2023 - \$7).

The total actuarial gain recognized in OCI net of tax in 2024 was \$6 (2023 - \$26). Total actuarial gains and losses are not reclassified to comprehensive income.

The expense recognized for the defined benefit plan and the retirement allowance is as follows:

	2024	2023
Current service cost	3	3
Interest on accrued benefit obligation	15	14
Expected return on plan assets	(17)	(17)
Interest on the effect of asset ceiling	-	3
Total	1	3

Notes to the Consolidated Financial Statements

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Actuarial assumptions

The cost of the Co-operative's defined benefit plan is determined periodically by independent actuaries, using the projected unit credit method of valuation. The significant actuarial assumptions were as follows:

	2024	2023
Discount rate – obligation	4.80%	5.60%
Discount rate – expense	5.60%	5.40%
Rate of compensation increase	3.00%	3.00%

The discount rate to be used in the determination of the pension cost is to be based on the yield at the beginning of the year on high-grade corporate bonds of similar duration to the plan's liabilities.

Expected return on plan assets is the expected long-term rate of return on plan assets for the year and is based on plan assets at the beginning of the year that have been adjusted on a weighted average basis for contributions and benefit payments expected for that year.

The composition of the defined benefit pension plan assets as at October 31 was as follows:

	2024	2023
Equity instruments	62%	55%
Fixed income securities	37%	38%
Money market	1%	7%
Total	100%	100%

The Co-operative made cash contributions to its defined benefit pension plan in 2024 of \$nil due to a contribution holiday that has arisen in order to comply with requirements of the *Income Tax Act*. Due to the continuation of the contribution holiday, the Co-operative expects to make cash contributions of \$nil in 2025.

(c) Retirement allowance

The entitlement to this benefit is conditional on the employee remaining in service up to their retirement age. This allowance is treated like a defined benefit obligation for accounting purposes. Assumptions that influence the calculation of the obligation are the ages of the employees included in the allowance, their likelihood to still be employed at the CCRL at retirement and the discount rate used. The allowance is not impacted by changes in salaries as these were fixed at the time of the settlement of the previous defined benefit obligation.

	2024	2023
Accrued benefit obligation		
Balance, beginning of year	55	54
Past service cost	(2)	(4)
Remeasurement losses	8	5
Balance, end of year	61	55

The total actuarial loss recognized in OCI net of tax in 2024 was \$6 (2023 - \$4). Total actuarial gains and losses are not reclassified to comprehensive income.

Actuarial assumptions

The present value of the retirement allowance was discounted at 4.80% (2023 - 5.60%). The Co-operative expects to make cash payments against its retirement allowance in 2025 up to a maximum of \$10.

(d) Actuarial sensitivities

The sensitivity of the defined benefit obligation to changes in relevant actuarial assumptions is:

	2024	2023
(Decrease) increase in defined benefit obligation		
Discount rate		
1% increase	(46)	(36)
1% decrease	60	46
Rate of compensation increase		
1% increase	11	8
1% decrease	(9)	(7)

The sensitivity analysis provided in the table above is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independent of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

Note 15 Other (income) expenses

	2024	2023
Interest income	(173)	(147)
Rental income (Note 9)	(10)	(10)
Loss (gain) on disposal of property, plant and equipment	1	(7)
Other miscellaneous	27	(1)
	(155)	(165)

Note 16 Expenses by nature

	2024	2023
Changes in inventory	9,972	10,127
Personnel expenses (Note 17)	477	452
Depreciation and amortization (Note 8, 9, 10)	436	444
Other expenses	492	459
Loyalty payments	198	200
Impairment losses (Note 8, 10)	83	16
Finance costs (Note 18)	50	49
	11,708	11,747

Loyalty payments

On November 1, 2019, the Co-operative entered into agreements with the majority of its retail members related to a loyalty payment which provides its retail members more timely cash flows. Provided the retail member uses the Co-operative's centralized services and purchases from the Co-operative 90% or more of their goods for resale that the Co-operative supplies, the Co-operative pays a quarterly

amount calculated on a formula based on litres of fuel purchased at an established rate per litre. The amount per litre may vary year to year.

Expenses by nature reconcile to the consolidated statements of comprehensive income as follows:

	2024	2023
Cost of products sold	10,690	10,850
Operating and administration expenses	687	632
Loyalty payments	198	200
Impairment losses (Note 8, 10)	83	16
Finance costs (Note 18)	50	49
	11,708	11,747

Note 17 Personnel expenses

The following personnel expenses are included in cost of products sold and operating and administration expenses:

	2024	2023
Wages and salaries	413	393
Statutory and other company benefits	43	38
Expenses related to defined contribution plan (Note 14)	20	18
Expenses related to defined benefit plan (Note 14)	1	3
	477	452

In 2024, \$169 (2023 - \$168) of personnel expenses were included in cost of products sold and \$308 (2023 - \$284) were included in operating and administration expenses.

Note 18 Finance costs

	2024	2023
Interest expenses	42	40
Accretion of asset retirement obligations (Note 12)	6	7
Interest expense on lease obligations (Note 19)	2	2
	50	49

Notes to the Consolidated Financial Statements

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Note 19 Leases

The Co-operative as lessor

The Co-operative is party to a number of leases involving its investment properties including land, building/store facilities, gas bars, and propane tanks.

Payments received under these operating leases are recognized in other income with net rental income totaling \$10 (2023 - \$10) for the year ended October 31, 2024. Of this operating lease income recognized, \$4 (2023 - \$4) was contingent income based on gross sales and/or fuel sales of the lessee.

The investment property leases have lease terms between one and 25 years. Substantially all of these leases have renewal options for additional terms based on market rates. There is no option to purchase the property at the end of the lease term.

The future minimum lease receipts of the operating leases are:

	< 1 year	1-5 years	> 5 years	Total
	4	13	25	42

The Co-operative as lessee

The Co-operative leases railcars, land, buildings and equipment with lease payments in 2024 of \$9 (2023 - \$11). The current portion of lease obligations are included in accounts payable. Lease terms are between one and 20 years with renewal options available at market rates.

Lease obligations are as follows:

	Railcars	Land and buildings	Others	Total
At October 31, 2022	10	20	3	33
Additions	21	1	2	24
Lease payments	(6)	(3)	(2)	(11)
Interest expense	1	1	-	2
At October 31, 2023	26	19	3	48
Additions	8	1	-	9
Terminations	(4)	(1)	-	(5)
Lease payments	(6)	(2)	(1)	(9)
Interest expense	1	1	-	2
Lease obligations	25	18	2	45
Less: current portion	(6)	(1)	(1)	(8)
At October 31, 2024	19	17	1	37

The future minimum lease payments for these leases are as follows:

	< 1 year	1-5 years	> 5 years	Total
Railcars	7	21	-	28
Land and buildings	2	6	17	25
Others	1	1	-	2
Total	10	28	17	55

Note 20 Corporate income taxes

The Co-operative's effective tax rate is determined as follows:

	2024	2023
Net income before tax	310	918
Patronage allocation	(252)	(399)
Net income before tax less patronage allocation	58	519
Combined federal and provincial income tax rate ¹	27.00%	27.00%
Computed tax expense based on the combined rate	16	140
(Decrease) increase resulting from:		
Manufacturing and processing tax rate reduction	(5)	(1)
Rate differential in different provinces	2	(4)
Adjustment to previous year's estimated tax provision	-	2
Provision for income taxes	13	137
Effective rate on net income before tax less patronage allocation	22.41%	26.40%
Classified in the consolidated statements of comprehensive income as:		
Income taxes – current	179	45
Income taxes – deferred	(166)	92
Provision for income taxes	13	137

¹There was no significant change in the combined federal and provincial income tax rates.

In respect of each type of temporary difference, unused tax losses and unused tax credits, the amounts of deferred tax assets and liabilities recognized in the consolidated statements of financial position at October 31 and the amount of deferred tax expense recognized in comprehensive income and OCI were:

	October 31, 2023	Deferred tax in comprehensive income	Deferred tax in OCI	October 31, 2024
Non-capital loss and deductible patronage allocation carry forwards	62	(55)	-	7
Miscellaneous accruals and reserves	46	4	-	50
Net book value in excess of undepreciated capital cost	(648)	25	-	(623)
Patronage allocations deferred for income tax purposes	(244)	192	-	(52)
Net deferred tax liability	(784)	166	-	(618)

Classified in the consolidated financial statements as:

	2024	2023
Deferred tax assets	5	4
Deferred tax liabilities	(623)	(788)
Net deferred tax liability	(618)	(784)

Deferred tax assets are recognized for tax loss carry forwards to the extent that the realization of the related benefit through future taxable profits is probable. The Co-operative has determined that all recognized deferred tax assets will be realized through a combination of future reversals of temporary differences and taxable income prior to their date of expiration.

As at October 31, 2024, the Co-operative has non-capital losses available to offset income for tax purposes of \$27 which expire between 2039 - 2044 (2023 - \$22 which expire in 2038 - 2043).

Notes to the Consolidated Financial Statements

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Note 21 Commitments and contingencies

A commitment is an enforceable and legally binding agreement to make a payment in the future for the purchase of goods or services. At October 31, 2024, the Co-operative has commitments that require the following minimum future payments which are not accrued for in the consolidated statements of financial position.

	< 1 year	1-5 years	> 5 years	Total
Purchase commitments	92	43	-	135
Contractual commitments for supply agreements	14	5	-	19
Other commitments	1	2	2	5
Total	107	50	2	159

In the normal course of operations, the Co-operative is subject to various claims and lawsuits on occasion. While it is not possible to determine the ultimate outcome of such actions at this time, it is management's opinion that the final resolution of such matters will not have a material adverse effect on the Co-operative's financial condition or results of operations.

Note 22 Financial instruments and risk management

The Co-operative is exposed to financial risks from its financial instruments comprising liquidity, credit and market risk. The Co-operative employs risk management strategies and policies to ensure these risks are in compliance with the Co-operative's strategy and risk tolerance levels. This note presents information about the Co-operative's exposure to the related risks and the objectives, policies and processes for measuring and managing risk.

(a) Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due, causing a financial loss. The Co-operative's credit policy is designed to ensure that there is a standard credit practice throughout the Co-operative to measure and monitor credit risk. The policy outlines delegation of authority, the due diligence

process required to approve a new customer and the maximum amount of credit exposure per single entity. Before transactions begin with a new customer or counterparty, their creditworthiness is assessed and a maximum credit limit is allocated. The assessment process is outlined in the credit policy and considers both quantitative and qualitative factors. The Co-operative constantly monitors the exposure to any single customer along with the financial position of the customer. If it is deemed that a customer's credit risk has increased, the Co-operative will work to reduce the credit exposure and lower the credit limit allocated. Regular reports are generated to monitor credit risk. A substantial portion of the Co-operative's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risk. The carrying amount of cash and cash equivalents, short-term investments, accounts receivable and investments and advances represent the Co-operative's maximum credit exposure.

The Co-operative's accounts receivable was aged as follows:

	2024		2023	
	Members	Non-members	Members	Non-members
Current	1,543	541	1,306	529
Past due (1-30 days)	39	4	53	1
Past due (31-60 days)	2	1	-	1
Past due (more than 60 days)	2	4	1	2
Allowance for doubtful accounts	-	(8)	-	(8)
Total accounts receivable	1,586	542	1,360	525

The loss allowance for non-members accounts receivable must be calculated using the expected lifetime credit loss and recorded at the time of initial recognition. Current economic conditions, customer history, why the accounts are past due and the accounts' industry are all considered when determining whether past due accounts should

be allowed for or written-off. The allowance for doubtful accounts is calculated on a specific-identification basis for high risk accounts receivables and on a statistically-derived allowance basis for the remainder. The balance in allowance for doubtful accounts as at October 31, 2024, was \$8 (2023 - \$8).

(b) Liquidity risk

Liquidity risk is the risk that the Co-operative will not be able to meet its financial obligations when they come due. The Co-operative manages its liquidity risk by ensuring an optimal capital structure is in place that provides financial flexibility and access to capital needed to fund growth opportunities, while ensuring commitments and obligations can be met in a cost-effective manner. The following policies and processes are in place to mitigate this risk:

- Maintain an optimal capital structure that reflects the Co-operative's strategy
- Forecast free cash flow from operations and spending requirements to allow the Co-operative to maintain sufficient cash and credit facilities to meet these future requirements
- Maintain a balance sheet that meets investment grade rating metrics which allows ease of access to debt

- Maintain sufficient short-term credit availability
- Maintain long-term relationships with lenders
- Invest surplus cash based on the Co-operative's investment policies that ensures investments are in a range of short-term dated money market securities. Investments are only permitted with high quality securities

The table below outlines the Co-operative's available debt facilities as of October 31, 2024:

	Total amount	Outstanding	Available
Credit facility	150	-	150

The Co-operative has contractual commitments to purchase certain services, for its intangible assets, and other commitments as described in Note 21.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	On demand	< 1 year	1-5 years	> 5 years
As at October 31, 2024						
Accounts payable	1,381	1,381	-	1,381	-	-
Members' funds	703	703	703	-	-	-
Long-term debt ¹	300	312	-	312	-	-
As at October 31, 2023						
Accounts payable	1,394	1,394	-	1,394	-	-
Members' funds	599	599	599	-	-	-
Long-term debt ¹	300	324	-	12	312	-

¹Contractual cash flows include contractual interest payments related to debt obligations.

(c) Market risk

Market risk is the risk of uncertainty arising from possible market price movements and their impact on the future performance of the Co-operative. Market price movements could adversely affect the value of the Co-operative's financial assets, liabilities and expected future cash flows. The Co-operative is exposed to a number of different market risks comprising foreign currency risk, interest rate risk and price risk.

The Co-operative uses derivative financial instruments to manage its exposure to cash flow variability from commodity prices and fluctuating foreign currency exchange rates. The Co-operative does not apply hedge accounting to any of its derivative financial instruments. As a result, gains or losses from changes in the fair value are recognized in the consolidated statements of comprehensive income.

i. Foreign currency risk

The Co-operative is exposed to foreign currency risk primarily relating to revenues, capital and operating expenditures that are denominated in a currency other than Canadian dollars. As at October 31, 2024, the carrying amount of financial instruments measured in foreign currency includes cash (US \$6), accounts receivable (US \$6), accounts payable (US \$2) and lease obligations (US \$18). The Co-operative is not exposed to material foreign exchange risk on its consolidated financial statements.

At times the Co-operative will hedge forecasted foreign currency denominated operating and capital exposure through the use of forward currency contracts. No such contracts were outstanding at October 31, 2024. Any foreign currency forward contracts entered into are not designated as hedging instruments for accounting purposes. A 1% strengthening in the exchange rates on commodity contracts would result in a foreign exchange gain of \$nil. A 1% decrease would have an equal but opposite effect.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

ii. Interest rate risk

Fluctuations in interest rates impact the future cash flows and fair values of various financial instruments. This exposure is managed by monitoring forecasted borrowing requirements and monitoring market changes in interest rates.

Financial assets bearing variable interest rate exposure are cash and cash equivalents and short-term investments. Short-term investments are invested in short-term, high-quality securities. The primary objective is to ensure liquidity and preservation of principal while achieving a satisfactory return portfolio. Financial liabilities bearing interest rate exposure are bank indebtedness and members' funds. The Co-operative determined that a 1% increase in the interest rate would result in an increase of \$22 in interest income. A 1% decrease would have an equal but opposite effect.

iii. Commodity price risk

Commodity price risk arises from fluctuations in future commodity prices and may have an effect on comprehensive income and future cash flows. To partially mitigate exposure to commodity price risk, the Co-operative uses commodity derivative financial instruments, such as swap contracts, to manage exposure to price volatility associated with the purchase of natural gas and crude oil. The Co-operative is exposed to commodity price risk on its derivative financial instruments. The sensitivity analyses are calculated with reference to period-end balances. For the purpose of the sensitivity analyses, the effect of a variation in a particular assumption on the fair value of the financial instrument was calculated independently of any change in another assumption. Based on the Co-operative's contract position at October 31, 2024, a 10% strengthening in natural gas commodity prices would result in a \$3 gain. A 10% decrease would have an equal but opposite effect.

(d) Classification and fair values of financial assets and liabilities

The classification and fair values of financial assets and liabilities, along with carrying amounts are as follows:

	Fair value through profit or loss	Amortized cost	Total carrying amount
As at October 31, 2024			
Cash and cash equivalents	471	-	471
Short-term investments	1,874	-	1,874
Members accounts receivable	-	1,586	1,586
Non-members accounts receivable	-	542	542
Investments and advances	-	505	505
Total assets	2,345	2,633	4,978
Accounts payable ¹	9	1,372	1,381
Members' funds	-	703	703
Long-term debt	-	300	300
Total liabilities	9	2,375	2,384

¹Includes fair value of derivative financial instruments related to the Energy segment.

	Fair value through profit or loss	Amortized cost	Total carrying amount
As at October 31, 2023			
Cash and cash equivalents	520	-	520
Short-term investments	1,792	-	1,792
Members accounts receivable	-	1,360	1,360
Non-members accounts receivable ¹	3	522	525
Investments and advances	-	479	479
Total assets	2,315	2,361	4,676
Accounts payable ¹	11	1,383	1,394
Members' funds	-	599	599
Long-term debt	-	300	300
Total liabilities	11	2,282	2,293

¹Includes fair value of derivative financial instruments related to the Energy segment.

Fair value hierarchy

Except as otherwise disclosed, the fair market value of the Co-operative's financial assets and liabilities approximates the carrying amount as a result of the short-term nature of the instruments or the interest rate being similar to market rates.

The following table presents the Co-operative's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis or measured at amortized cost and require fair value disclosure:

	Level 1	Level 2	Level 3	Total
As at October 31, 2024				
Amortized cost				
Investments and advances	-	505	-	505
Total assets	-	505	-	505
Fair value on a recurring basis				
Accounts payable ¹	-	9	-	9
Total liabilities	-	9	-	9

¹Represents fair value of derivative financial instruments related to the Energy segment.

	Level 1	Level 2	Level 3	Total
As at October 31, 2023				
Fair value on a recurring basis				
Non-members accounts receivable ¹	-	3	-	3
Amortized cost				
Investments and advances	-	479	-	479
Total assets	-	482	-	482
Fair value on a recurring basis				
Accounts payable ¹	-	11	-	11
Total liabilities	-	11	-	11

¹Represents fair value of derivative financial instruments related to the Energy segment.

(e) Risk management contracts

Derivative contracts are used principally as hedging instruments to fix commodities' input costs (the purchase of natural gas and crude oil inputs). Because hedge accounting is not applied, gains or losses related to derivatives are recorded in the consolidated statements of comprehensive income. A realized loss of \$16 (2023 - \$158) and an unrealized loss of \$5 (2023 gain - \$198) have been recognized in 2024. All contracts are settled on a net basis and the majority mature within a one-year period. The carrying amount of derivative contracts at October 31, 2024 included with accounts payable is the fair value of \$9 (2023 - \$11) and derivative contracts included with accounts receivable is the fair value of \$nil (2023 - \$3) which are derived from quoted market prices.

The following table summarizes the fair value of derivatives on the consolidated statements of financial position:

	2024	2023
Crude oil contracts	-	15
Crude differential contracts	-	(5)
Diesel contracts	-	(20)
Gasoline contracts	-	(2)
Natural gas contracts	(9)	4
Total	(9)	(8)

The following table summarizes the different components of the gains (losses) on risk management contracts included in net income:

	2024	2023
Crude oil contracts	(14)	(31)
Crude differential contracts	1	16
Diesel contracts	14	70
Gasoline contracts	2	(1)
Natural gas contracts	(24)	(14)
Total	(21)	40

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For the years ended October 31, 2024 and 2023 (in millions of Canadian dollars except as noted)

Note 23 Capital structure framework

The objectives of the Co-operative's capital structure framework are to:

- maintain a balance sheet that supports an investment grade rating profile,
- provide access to cost effective capital required to support the Co-operative's growth strategy,
- provide financial flexibility and the ability to withstand unexpected stress, and
- be easily understood by stakeholders and comparable to other entities.

The Co-operative's capital structure consists of bank indebtedness, members' funds, long-term debt and members' equity, net of cash and cash equivalents and short-term investments. The calculation is set out in the following table:

	2024	2023
Members' funds	703	599
Long-term debt	300	300
Total debt	1,003	899
Less: cash and cash equivalents	(471)	(520)
Less: short-term investments	(1,874)	(1,792)
Net cash and cash equivalents and short-term investments	(1,342)	(1,413)
Members' equity	6,589	6,615
Non-controlling interest	7	7
Capital under management	5,254	5,209

The Co-operative's capital is monitored through the equity to asset ratio, the net debt to net debt plus members' equity ratio, the net debt to cash flow from operations ratio and the net debt to earnings before interest, taxes, depreciation and amortization. Due to the cyclical nature of the business environment, various situations can arise where the ratios fall outside of the Co-operative's targets. The Co-operative monitors the capital structure and may take actions such as adjusting capital spending, repaying debt and managing its members' equity in order to achieve the stated objectives.

Note 24 Related party transactions

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Co-operative, directly or indirectly. Key management personnel of the Co-operative include all members of the Senior Leadership Team and the Board of Directors.

In addition to their salaries and employee benefits, the Co-operative provides a post-employment benefit plan for the Senior Leadership Team.

Key management personnel compensation comprised the following:

	2024	2023
Short-term salary and employee benefits	9	8
Post-employment benefits	1	1
Total	10	9

Note 25 Group entities

Outlined in the table below is a list of the Co-operative's significant subsidiaries:

Name of subsidiary	Principal activity	Country of incorporation and operation	Ownership interest	
			2024	2023
Consumers' Co-operative Refineries Limited (CCRL)	Manufactures and supplies petroleum	Canada	100%	100%
Crester Investments Limited	Holds investments	Canada	100%	100%
FCL Enterprises Ltd.	Holds investment property	Canada	N/A	100%
FCL Ventures Ltd.	Holds investment property	Canada	100%	100%
102078290 Saskatchewan Ltd.	Manufactures and supplies ethanol	Canada	100%	100%
2214896 Alberta Ltd.	Operated oil and gas assets	Canada	100%	100%
FCL Support Services Co-operative	Central fill pharmacy services	Canada	100%	100%
Red Shield Insurance Ltd.	Captive insurance	Canada	100%	100%
Red Shield Insurance Ltd.	Captive insurance	Barbados	100%	100%
Blair's Crop Solutions (2020) Inc.	Supplies crop, fertilizer and farm related products	Canada	80%	80%

Effective November 1, 2023, FCL Enterprises Ltd. amalgamated with FCL Ventures Ltd.

Note 26 Operating segments

The Co-operative has four reportable segments, which are the Co-operative's strategic business units (SBUs). These SBUs offer different products and services and are managed separately as they have different processes and marketing strategies. The following summary describes the operations of each SBU:

- Ag Solutions: includes purchasing, manufacturing and distribution of crop, fertilizer, animal feed and farm related products

- Food: includes purchasing and distribution of food and pharmacy products on a wholesale and retail basis

- Home and Building Solutions: includes purchasing and distribution of home and building supplies on a wholesale basis

- Energy: includes refining, manufacturing, distribution and marketing of petroleum and ethanol products

		Sales	Depreciation and amortization	Interest income	Finance costs	Income taxes	Net income
Ag Solutions	2024	1,991	11	20	6	2	52
	2023	2,083	10	8	3	5	40
Food	2024	2,258	17	17	4	1	32
	2023	2,175	16	12	4	8	67
Home and Building Solutions	2024	380	6	4	1	-	7
	2023	379	6	2	-	1	9
Energy	2024	7,255	402	132	39	10	206
	2023	7,823	412	125	42	123	665
Total	2024	11,884	436	173	50	13	297
	2023	12,460	444	147	49	137	781

Notes to the Consolidated Financial Statements

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Note 27 Subsequent events

Share redemption

Subsequent to year end, the Board of Directors approved a share redemption in the amount of \$226 (2023 - \$320) out of the \$252 (2023 - \$399) patronage allocation on December 18, 2024.



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