



CALGARY CO·OP

2025 Annual Report

This document provides our member-owners and stakeholders with an overview of the governance and finances for the fiscal year ended November 1, 2025.

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or visit this link
calgarycoop.com/about-us/annual-reports

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2025

Board of Directors



Ken White
ICD.D
Chair



Miranda Keating Erickson
BCom, PMP & ICD.D
Vice Chair



Victoria E. Bradbury
BA, CPA, CA, FCA, BFP
CMC, ICD.D & NACD.CD



Gael MacLeod
BCom, MBA & ICD.D



Elliot Bridgewater
BA, MA & JD



Sandy Edmonstone
BCom, MFin, CFA & ICD.D



Suzie Smibert
BSc, MBA & CISSP

2025

Executive Leadership Team



Ken White
Executive Chair



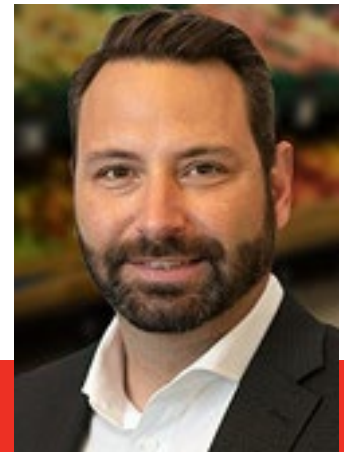
Paul Harrison
Chief Financial Officer



Kristi Lalach
General Counsel, Corporate
Secretary, Privacy Officer



Jeff Ambrose
Senior Vice-President,
Operations and Merchandising



Damon Tanzola
Senior Vice-President
Real Estate and
Health & Wellness



Penney McTaggart Cowan
Vice-President,
Marketing and
Member Experiences



Fadi J. Nasr
Vice-President,
Information Technology



Bart Willmore
Vice-President,
Human Resources

BOARD GOVERNANCE

Calgary Co-op's Board of Directors is comprised of nine member-owners elected by Calgary Co-op members. The Board operates independently from Management while ensuring the two leadership groups function in alignment with Calgary Co-op's long-term strategy. The Board's focus areas are to:

- approve and oversee Calgary Co-op strategy
- monitor and review financial performance
- provide oversight on risk identification and mitigation
- ensure clarity in the link between Calgary Co-op and its members
- provide oversight to the CEO

CO-OPERATIVE PRINCIPLES

At Calgary Co-op, we are guided by the Seven Co-operative Principles. These are central to a co-operative's DNA and help us accomplish our financial and social goals:

1. Voluntary and Open Membership

A lifetime Membership at Calgary Co-op is only \$1 and is open to all persons, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Members have equal voting rights – one member, one vote, which means our members can actively participate in our Director Election and Annual General Meeting. Our member-elected Board of Directors are accountable to the membership.

3. Member Economic Participation

Members participate in profit sharing, called patronage, which is made up of cash and equity shares. The more a member spends in our stores, the more patronage they earn, and is returned to them each year.

4. Autonomy and Independence

Calgary Co-op is an autonomous organization governed by our democratically elected Board of Directors who are also member-owners. Our Board of Directors represent our 400,000 members who help steer our co-operative to ensure we remain successful for the long term.

5. Education, Training, and Information

Calgary Co-op provides education and training for our members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operative. We inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operatives.

6. Cooperation among Cooperatives

We serve our members and are able to strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community

We are here for our community. Together with our members, in 2025 we donated close to \$2 million in food and funds to address food security in the communities we serve.

COMMITTEES

Calgary Co-op's model of governance uses five committees to undertake specifically delegated diligence work related to the Board's most complex areas of oversight.

AUDIT COMMITTEE

The Audit Committee maintains oversight over the financial reporting, internal controls, risk, and internal and external audits. For the financial year ended November 1, 2025, the Committee has completed the following:

- Reviewed the financial integrity of Calgary Co-op's financial statements and financial reporting;
- Ensured all financial reporting complied with applicable accounting principles and regulatory requirements; and
- The internal auditor completed several audits and identified opportunities for improvement.

A number of improvements have been actioned with others being in various stages of implementation.

GOVERNANCE COMMITTEE

The role of the Board is to represent the membership in providing effective oversight of the operations of our co-operative. The role of the Governance committee is to ensure we have the right policies and processes in place to support the oversight role of the Board. Over the past year the committee addressed the following:

- Completed work on the amended Terms of Reference for the Committees;
- Continued to work with management to identify Member Engagement opportunities including Member Proposals;
- Established on-going reporting from Management on our ESG / DEi activities and progress; and
- Completed a review of the 2024 Annual Member Meeting and made recommendations to enhance the 2025 Annual Member Meeting.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee's mandate is to provide effective oversight on Calgary Co-op's relationship with the CEO and / or Executive Chair, human resources policies and plans, including health safety and environment as well as its compensation and benefits plans. For the prior financial year the committee reviewed and monitored the following:

- Human resource policies and practices;
- Compensation plans including goals and targets;
- Labour relations and collective bargaining negotiation updates;
- Succession planning;
- Calgary Co-op's health, safety & environmental programs;
- Integrity Hotline report on issues pertaining to human resources; and
- Calgary Co-op's involvement in human resource litigation, enforcement actions and contingencies facing the Association.

The Committee reviewed and recommended to the Board:

- Objectives relevant to the performance of the interim CEO; and
- Due to departure of interim CEO prior to end of the year, the Committee also worked on the appointment of the temporary Executive Chair.

NOMINATIONS COMMITTEE

The Nominations Committee oversees the nominations and election process on behalf of the Board. It is the goal of the Nominations Committee to identify members who meet the criteria to run for election to the Board of Calgary Co-op.

Calgary Co-op seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds. For the financial year ended November 1, 2025, the Committee has completed the following:

- Update the Board Skills Matrix to identify necessary skillsets to seek in candidates;
- Engaged MNP Calgary as professional, independent third-party Election Consultants to manage the nomination and election process;
- Engaged Leaders International to assist in the evaluation recommendation process;
- Managed the recommendation process on behalf of the Board; and
- Working with Canadian company Simply Voting to provide the online voting platform for the 2026 Director Election.

REAL ESTATE, DEVELOPMENT & INVESTMENT (REDI) COMMITTEE

The REDI Committee is an amalgamation of the former Real Estate & Development Committee and Investment Committee into one. The REDI Committee serves as a resource for the Board to assist and support the Board in discharging its duty of oversight responsibilities for:

- Significant or material real estate, property and property development transactions, including acquisitions, dispositions and development of real property; and
- Other mergers, acquisitions, dispositions, investments in third-party businesses, joint ventures, strategic investments, partnership arrangements or similar transactions or arrangements.

**Board and Committee Meeting Attendance
November 3, 2024 to November 1, 2025**

Director	Board Meetings	Audit Committee Meetings	Governance Committee Meetings	Human Resources Committee Meetings	Nominations Committee Meetings	Investment Committee Meetings
Brad Krizan	6	2	2	2	3	2
Ken White	10	4	4	2	2	4
Miranda Keating Erickson	9	—	2	1	5	2
Victoria E. Bradbury	9	4	3	—	—	4
Gael MacLeod	10	2	2	2	2	2
Elliot Bridgwater	8	—	4	—	2	2
Sandy Edmonstone	6	2	—	—	3	2
Suzie Smibert	6	—	2	2	2	—
Dominique Gregoire	10	4	—	3	—	—
Mike Dalton	4	2	—	—	2	2
Bryan Walton	4	—	2	1	—	—

NOTES:

Mike Dalton term ended - April 10th, 2025

Bryan Walton term ended - April 10th, 2025

Suzie Smibert term started - April 10th, 2025

Sandy Edmonstone term started - April 10th, 2025

Ken White term started April 10th, 2025

Brad Krizan resigned June 25th, 2025

Dominique Gregoire resigned October 27th, 2025

**Board Remuneration and Development & Dues
November 3, 2024, to November 1, 2025**

Director	Remuneration*	Development/Dues
Brad Krizan	\$72,889	—
Ken White	\$103,556	—
Miranda Keating Erickson	\$63,889	\$2,674
Victoria E. Bradbury	\$58,500	\$13,348
Gael MacLeod	\$55,222	\$14,896
Elliot Bridgwater	\$56,667	\$4,733
Sandy Edmonstone	\$31,333	—
Suzie Smibert	\$29,944	—
Dominique Gregoire	\$57,556	\$2,117
Mike Dalton	\$28,778	\$4,612
Bryan Walton	\$25,718	—

*Excludes remuneration for the Care Health Inc. Board of Directors for period November 3 to November 1, 2025.

Calgary Co-operative Association Limited

Consolidated financial statements
November 1, 2025



Shape the future
with confidence

Independent auditor's report

To the Members of
Calgary Co-operative Association Limited

Opinion

We have audited the consolidated financial statements of **Calgary Co-operative Association Limited** and its subsidiaries [the "Association"], which comprise the consolidated balance sheet as at November 1, 2025, and the consolidated statement of earnings (loss) and retained earnings and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Association as at November 1, 2025, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Association 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 Canadian accounting standards for private enterprises, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Association as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes 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.

Calgary, Canada
January 29, 2026

Ernst + Young LLP

Chartered Professional Accountants



Calgary Co-operative Association Limited

Consolidated balance sheet

[in thousands of dollars]

As at

	November 1, 2025	November 2, 2024
	\$	\$
		<i>[note 25]</i>
Assets		
Current		
Cash and cash equivalents	23,429	7,663
Accounts receivable <i>[note 20[b]]</i>	36,801	31,022
Income tax recoverable	3,317	625
Inventories <i>[note 2]</i>	119,564	123,583
Prepaid expenses and deposits	10,561	10,858
Total current assets	193,672	173,751
Investments <i>[notes 4 and 20[b]]</i>	191,390	191,385
Property and equipment <i>[note 6]</i>	378,925	357,650
Assets held for sale <i>[note 6]</i>	4,233	23,610
Goodwill <i>[note 7]</i>	253,407	233,374
Intangible assets <i>[note 8]</i>	120,591	121,014
Long-term receivable <i>[note 3]</i>	6,000	—
Future income taxes <i>[note 14]</i>	23,597	21,760
	1,171,815	1,122,544
Liabilities and member's equity		
Current		
Demand revolving facility	—	5,052
Accounts payable and accrued liabilities <i>[notes 13, 16, and 23]</i>	131,893	134,718
Government payables <i>[note 19]</i>	1,419	6,885
Redeemable Class A special shares liability <i>[note 24]</i>	26,741	13,623
Current portion of long-term debt <i>[note 9]</i>	32,200	24,683
Total current liabilities	192,253	184,961
Long-term debt <i>[note 9]</i>	413,462	378,620
Asset retirement obligation <i>[note 21]</i>	23,448	23,942
Other liabilities <i>[notes 5, 18, and 23]</i>	28,975	17,079
Non-controlling interest liability <i>[notes 11 and 25]</i>	19,889	14,357
Future income taxes <i>[note 14]</i>	29,794	28,642
Total liabilities	707,821	647,601
Member's equity		
Member's shares <i>[note 10]</i>	176,339	181,116
Retained earnings	287,655	293,827
Total member's equity	463,994	474,943
	1,171,815	1,122,544

Commitments and guarantees *[notes 6, 17, and 23]*

Contingencies *[notes 17[c] and 22]*

Subsequent events *[note 26]*

See accompanying notes

On behalf of the Board:


Director


Director

Calgary Co-operative Association Limited

Consolidated statement of earnings (loss) and retained earnings

[in thousands of dollars]

Year ended

	November 1, 2025	November 2, 2024
	\$	\$
Sales [note 12]	1,554,533	1,479,899
Expenses		
Cost of sales, selling and administrative [notes 12, 16 and 18]	1,487,690	1,428,533
Amortization [notes 6 and 8]	49,140	39,921
Accretion expense [note 21]	813	716
	16,890	10,729
Other expenses (income)		
Rental property income	(16,288)	(15,309)
Rental property expense	6,671	8,019
Transaction costs [note 5]	846	5,976
Change in value of redeemable Class A special shares [note 24]	13,118	13,623
Change in value of non-controlling interest liability [note 11]	5,533	—
(Gain) loss on disposal and write off of property and equipment [note 6]	(29,584)	4,000
Impairment of property and equipment [note 6]	—	10,134
Goodwill impairment [note 7]	—	3,680
Interest income	(177)	(463)
Interest expense	29,551	21,307
Change in fair value of derivatives [note 18]	2,572	4,850
Gain on settlement [note 22]	—	(37,369)
Earnings (loss) before income taxes	4,648	(7,719)
Income tax expense (recovery) [note 14]		
Current	3,180	6,805
Future	(4,639)	(4,481)
	(1,459)	2,324
Net earnings (loss)	6,107	(10,043)
Allocation to common shares of non-controlling interest in Care Health Inc.	—	545
Retained earnings, beginning of year	293,827	316,609
Patronage returns [note 13]	(16,900)	(17,100)
Inactive member's shares transferred to retained earnings	4,621	3,816
Retained earnings, end of year	287,655	293,827

See accompanying notes

Calgary Co-operative Association Limited

Consolidated statement of cash flows

[in thousands of dollars]

Year ended

	November 1, 2025	November 2, 2024
	\$	\$
Operating activities		
Net earnings(loss)	6,107	(10,043)
Add (deduct) items not involving cash		
Amortization <i>[notes 6 and 8]</i>	49,140	39,921
Accretion of asset retirement obligation	813	716
Goodwill impairment <i>[note 6]</i>	—	3,680
Change in value of redeemable Class A special shares <i>[note 24]</i>	13,118	13,621
Change in value of non-controlling interest liability <i>[note 11]</i>	5,533	—
Unrealized loss on derivative liability <i>[note 18]</i>	2,572	4,850
Future income tax recovery	(4,639)	(4,481)
(Gain) loss on disposal and write off of property and equipment <i>[note 6]</i>	(29,584)	4,000
Impairment of property and equipment <i>[note 6]</i>	—	10,134
Lease inducement amortization	(224)	(217)
Accrued future rents	(137)	141
	42,699	62,322
Net change in non-cash operating working capital <i>[note 15]</i>	(5,700)	(5,766)
Cash provided by operating activities	36,999	56,556
Investing activities		
Expenditures on property and equipment	(70,932)	(63,994)
Cash consideration paid on acquisition, net of cash acquired <i>[note 5]</i>	(30,093)	(283,145)
Proceeds on disposal of property and equipment	65,327	464
Repayment of earnout payable <i>[note 5]</i>	(357)	(805)
Change in non-cash working capital <i>[note 15]</i>	(4,798)	8,091
Cash used in investing activities	(40,853)	(339,389)
Financing activities		
Proceeds from long-term debt	84,400	405,500
Repayment of long-term debt	(42,658)	(56,029)
Member shares redeemed for cash	(1,895)	(2,309)
Member shares issued for cash	39	40
Purchase of shares from non-controlling interests <i>[note 11]</i>	—	(98)
Proceeds from issuance of Class A special shares <i>[note 24]</i>	—	2
Change in other liabilities	224	(720)
Change in contract commitments <i>[note 23]</i>	(238)	638
Patronage return to be paid in cash <i>[note 13]</i>	(15,200)	(15,200)
Change in non-cash working capital <i>[note 15]</i>	—	(2,500)
Cash provided by financing activities	24,672	329,323
Net change in cash during the year	20,818	46,490
Cash and cash equivalents, beginning of year	2,611	(43,879)
Cash and cash equivalents, end of year	23,429	2,611
Cash balance consists of:		
Cash and cash equivalents	23,429	7,663
Bank indebtedness – revolving facilities	—	(5,052)
	23,429	2,611

See accompanying notes

Calgary Co-operative Association Limited

Notes to consolidated financial statements

[in thousands of dollars]

November 1, 2025

The primary business of the Calgary Co-operative Association Limited [the "Association"] is operating retail food, pharmaceutical, petroleum, home health care, liquor and cannabis outlets in Canada for the benefit of its members. As a percentage, 60% [2024 – 64%] of consolidated sales are to members. The Association is incorporated under the *Cooperatives Act* of Alberta.

1. Summary of significant accounting policies

[a] Basis of presentation and measurement uncertainty

The consolidated financial statements of the Association have been prepared in accordance with Canadian accounting standards for private enterprises. A precise determination of many assets and liabilities is dependent upon future events and consequently, the preparation of periodic financial statements involves the use of estimates and approximations. Areas subject to estimation include valuation of accounts receivable and inventories, useful life of property and equipment and intangible assets, impairment of long-lived assets and goodwill, future income taxes, business combinations, asset retirement obligation, valuation of redeemable Class A special shares liability and potential contingencies. These estimates also affect the disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

[b] Consolidation

The consolidated financial statements include the accounts of the Association and its wholly-owned subsidiaries, Community Natural Foods, Beacon Pharmacy, FreshPath [formerly The Organic Box], Willow Park Wines & Spirits, Calgary Co-op Association Real Estate Partnerships ["CCOA RED"] and the majority owned subsidiary Care Pharmacies. All intercompany transactions and balances were eliminated on consolidation.

[c] Definition of financial year

The Association's financial year ends on the Saturday closest to October 31. Accordingly, the year ended November 1, 2025 consists of 52 weeks of operations, and the year ended November 2, 2024 consists of 53 weeks of operations.

[d] Financial instruments

The Association initially records a financial instrument that was originated, issued or assumed in an arm's length transaction at fair value.

Other than financial instruments originated with a related party whose sole relationship with the Association is in the capacity of management, which are initially recorded at fair value as such party is deemed to be an unrelated third party, related party financial instruments that have repayment terms are initially recorded at cost, representing the undiscounted cash flows of that instrument, excluding interest and dividend payments.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other arm's length financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Calgary Co-operative Association Limited

Notes to consolidated financial statements

[in thousands of dollars]

November 1, 2025

Subsequently, the Association measures its other financial assets and other financial liabilities at amortized cost except for its interest rate swap derivative contracts not designated as a hedge and redeemable Class A special shares liability which are recorded at fair value and non-controlling interest liability which is recorded at its intrinsic value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association could realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

[e] Cash and cash equivalents

Cash and cash equivalents are defined as cash and short-term investments with an initial maturity of less than three months.

[f] Inventories

Inventories are recorded at the lower of cost (net of vendor rebates) and net realizable value. Cost is determined using the weighted average cost method, first-in, first-out method or the retail method by discounting the retail value by normal profit margins.

The Association recognizes amounts received under agreements with suppliers as a reduction in the price of the suppliers' products and presents them as a reduction of cost of sales in the consolidated statement of earnings (loss) and of related inventories in the consolidated balance sheet when it is probable that such discounts will be received.

[g] Property and equipment

Property and equipment are stated at cost. Amortization is provided over the estimated useful lives of the assets using the following methods and rates:

Buildings and parking lots	Declining balance 4%–8%
Fixtures and equipment	Declining balance 20–100%
Computer equipment	Straight-line 1–5 years

Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term and their estimated useful lives.

Renovations to existing buildings and carwash equipment are amortized on a straight-line basis over ten years.

Assets under construction are not amortized until they are completed and available for intended use.

Calgary Co-operative Association Limited

Notes to consolidated financial statements

[in thousands of dollars]

November 1, 2025

[h] Asset retirement obligation

The Association recognizes a liability for an asset retirement obligation ["ARO"] in the period in which a legal liability is incurred and records a corresponding increase in the carrying value of the related long-lived asset and is then amortized over its useful life. The liability is subsequently adjusted for the passage of time, which is recognized as an accretion expense in the statement of earnings and retained earnings. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability and revisions to the discount rate. Actual costs incurred upon settlement of the asset retirement obligations are charged against the asset retirement obligation to the extent of the liability recorded.

ARO and provisions for remediation of environmental impacts represent the present value estimates of the Association's cost to remediate gas bar and food centre sites and perform other environmental activities relating to its land and buildings. The Association applies judgment in assessing the existence, extent and expected method of remediation, decommissioning and other environmental activities required at the end of each reporting period. The Association also uses judgment to determine whether the nature of the activities performed relate to decommissioning and remediation activities or normal operating activities. In addition, the provisions are based on estimated costs, which consider the anticipated method and extent of remediation and regulatory, environmental and safety considerations. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technologies, operating experience, prices and closure plans. The estimated timing of future decommissioning and remediation may change due to factors such as closure plans and regulatory considerations. Changes to estimates relating to future expected costs, discount rates and timing may have a material impact on the amounts presented.

[i] Goodwill

Goodwill resulting from business combinations represents the portion of the purchase price that was in excess of the fair value of the net identifiable assets and liabilities acquired. Goodwill is not amortized and is tested for impairment whenever changes in circumstances indicate that the carrying amount of the reporting unit to which goodwill is assigned exceeds the fair value of the reporting unit. If the carrying value of the reporting unit to which goodwill has been assigned exceeds its fair value, then, with respect to the reporting unit's goodwill, any excess of its carrying value over its fair value is expensed. Goodwill impairment losses are not reversed.

[j] Intangible assets

Intangible assets are stated at cost less accumulated amortization. Amortization is provided over the estimated useful life using the straight-line method as follows:

Liquor licenses	10–13 years
Trade name	7–20 years
Customer relationships	5–10 years
Non-compete agreements	3–5 years
Developed technology	3 years
Pre-1954 Charter	Indefinite life

Calgary Co-operative Association Limited

Notes to consolidated financial statements

[in thousands of dollars]

November 1, 2025

[k] Other liabilities

Deferred lease inducements

Deferred lease inducements, representing the benefit of cash inducements, are amortized over the remaining term of the related lease.

Accrued future rents

The Association uses the straight-line method of recognizing its lease expense, whereby the total of cash rents due over the term of a lease is recognized evenly over the life of the lease. The difference between the amount recognized as lease expense and cash paid is included in other liabilities.

Deferred gain on sale-leaseback

Deferred gains on sale-leaseback are amortized over the remaining term of the related lease.

[l] Revenue recognition

Sales include revenue from member owners and other customers through stores operated by the Association and its subsidiaries. These sales are recognized at the point-of-sale or when service is provided to the customer, as well as when the control of goods was transferred to the customer and collection is reasonably assured. Revenue is measured at the amount, net of sales tax, discounts, variable considerations from third-party insurers, and any estimated returns.

The Association receives rental income on properties from third party tenants. Rental income is recognized when services are provided.

Periodically, the Association will receive payments for entering into a long-term commitment to do business with specific vendors. These amounts are deferred in current and other long-term liabilities and are recognized over the term of the commitment when performance is achieved.

[m] Store opening expenses

Store opening costs of new stores are expensed as incurred.

[n] Income taxes

The Association follows the asset and liability method whereby income taxes reflect the expected future consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Future income tax assets and liabilities are determined for each temporary difference based on the tax rates which are expected to be in effect when the underlying items of income and expense are expected to be realized.

[o] Investments

Reported at cost – Investments in arm's length equity instruments that are not quoted in an active market are initially recorded at fair value, net of any related transaction costs, and subsequently measured at cost less any reduction for impairment.

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[p] Investment in joint arrangement

The Association accounts for its investments in joint arrangements using the equity method due to the fact that the arrangement constitutes a jointly controlled enterprise as the Association does not have direct rights to the individual assets and obligations for the individual liabilities. Upon initial recognition, the investment is recognized at cost, and subsequently the carrying amount is increased or decreased to recognize the Association's share of the profit or loss of the investment in the consolidated statement of earnings (loss) and retained earnings.

At the end of each reporting period, the Association assesses whether there are any indications that the investment in joint arrangement may be impaired. Where there is an indication of impairment, the Association determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the investment. If a significant adverse change in the expected timing or future cash flows is identified, the Association reduces the carrying amount of the investment to the higher of the present value of cash flows expected to be generated by holding the investment and the amount that could be realized by selling the asset at the balance sheet date. The amount of reduction is recognized as an impairment loss in the consolidated statement of earnings (loss) and retained earnings. When the extent of impairment of a previously written down investment decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the impairment.

[q] Business combinations and contingent consideration

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at estimated fair value at the acquisition date. The cost of an acquisition is measured as the fair value of the consideration paid at the acquisition date. The excess of the cost of the acquisition over the fair value of the net assets acquired is recorded as goodwill. If the cost of an acquisition is less than the fair value of the net assets of the business acquired the Association reconsiders the amounts allocated to the identifiable assets and liabilities. If after careful consideration, the excess continues to be present, the Association recognizes a bargain purchase gain in net earnings (loss). Transaction costs associated with the business combination are expensed as incurred.

The Association recognizes the fair value of any contingent consideration that is transferred to the seller in a business combination on the date at which control of the acquiree is obtained. This value is generally determined through a probability-weighted analysis of the expected cash flows.

Contingent consideration is classified as a liability or as equity on the basis of the definitions of a financial liability and an equity instrument. The contingent consideration is payable in cash and, accordingly, the Association classifies its contingent consideration as a liability. The liability will be re-measured at fair value when the contingency is settled and any gain or loss on settlement at a different amount will be recognized in net earnings in the period during which it is settled.

[r] Assets held for sale

Long-lived assets are classified by the Association as an asset held for sale at the point in time when the asset is available for immediate sale, management has committed to a plan to sell the asset and is actively locating a buyer for the asset at a sales price that is reasonable in relation to the current fair value of the asset, and the sale is probable and expected to be completed within a one-year period.

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Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The asset and liabilities of a disposal group classified as held for sale are presented separately in the appropriate asset and liability sections of the balance sheet.

[s] Impairment

Property and equipment and intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

[t] Cloud computing arrangements

The Association analyzes its cloud computing arrangements to determine if a software element in the arrangement is a software intangible asset. Any such asset is accounted for as a software intangible asset; if the software element is not an asset, the Association accounts for it as a software service and expenses it as incurred. Expenditures on implementation activities that are directly attributable to preparing the software service for its intended use that do not give rise to a separate intangible asset are capitalized as an asset for implementation of software services; the asset for implementation of software services is expensed using the straight-line method over the expected period of access to the software service, which is estimated at five years.

[u] Changes in accounting policies

Effective November 3, 2024, the Association adopted the new Accounting Guideline AcG-20, *Customer's accounting for Cloud Computing Arrangements*. The new guideline provides guidance on both accounting for a customer's expenditures in a cloud computing arrangement and determining whether a software intangible asset exists in the arrangement.

Under the new AcG-20, enterprises are provided with an optional simplification approach to expense as incurred the expenditures related to the elements in a cloud computing arrangement. When an enterprise does not apply the simplification approach, AcG-20 provides factors to assist the enterprise in determining whether the arrangement includes a software intangible asset or is a software service. An accounting policy choice is also available to either capitalize directly attributable expenditures on implementation activities when the arrangement is a software service or expense such expenditures as incurred. AcG-20 also clarifies that an enterprise may determine a method on a rational and consistent basis for allocating arrangement consideration to significant separable elements in an arrangement and that an enterprise applies Section 3064, *Goodwill and Intangible Assets*, to account for the significant elements unless the elements are tangible assets or rights to use tangible assets. Lastly, AcG-20 requires enterprises to disclose information on how the arrangement is accounted for in their financial statements.

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The Association adopted the new AcG-20 retrospectively. In accordance with the transitional provisions and because the Association does not apply the simplification approach, the Association did not make any retrospective adjustments in respect of expenditures on implementation activities incurred in cloud computing arrangements. In addition to not applying the simplification approach, the Association has also made an accounting policy choice to capitalize directly attributable expenditures on implementation activities when the arrangement is a software service. As a result of the adoption of this new AcG-20, there was no impact to the Association's consolidated financial statements.

2. Inventories

	2025	2024
	\$	\$
Food	44,577	41,398
Pharmacy	13,948	12,809
Petroleum	10,596	10,523
Liquor	44,347	52,711
Other	6,096	6,142
	<u>119,564</u>	<u>123,583</u>

The cost of inventories recognized as an expense during the year ended November 1, 2025 was \$1,130,453 [2024 – \$1,092,980]. The Association recorded nil [2024 – nil] as an expense for the write-down of inventories where the net realizable value is less than cost as at November 1, 2025.

3. Long-term receivable

In October 2025, the Association sold certain real estate whereby a portion of the proceeds consisted of a two year vendor take-back receivable. The principal amount of \$6,000 is due at the end of 24 months and interest payments are due each month at an interest rate of prime plus 0.5%. The prime rate at November 1, 2025 was 4.45%.

4. Investments

	2025	2024
	\$	\$
Federated Co-operatives Limited ["FCL"]	167,847	167,842
Marc & Mada Condos (Calgary) Inc.	23,543	23,543
	<u>191,390</u>	<u>191,385</u>

As there is no readily available market for the Association's investment in FCL shares and the fair value cannot be determined, it has been measured at cost. The FCL shares are redeemable, at cost, at the option of FCL where FCL terminates the Association's membership with FCL. Under this scenario, FCL is required to redeem the shares within one year. The FCL shares are also redeemable, at cost, at the option of the Association where the Association withdraws its membership with FCL. Under this scenario, FCL is required to redeem the shares over a maximum period of 20 years.

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On April 5, 2024, the Association entered into an arrangement with a third-party, whereby a new entity, Marc & Mada Condos (Calgary) Inc. was formed. The Association sold property and equipment with a fair-market value of \$23,750 (cost of \$23,335), to Marc & Mada Condos (Calgary) Inc. in consideration for 50 Class "A" common shares, which represents 50% of the shares of Marc & Mada Condos (Calgary) Inc. The investment was deemed to be a jointly controlled enterprise and is accounted for using the equity method. Upon initial recognition, the investment in Marc & Mada Condos (Calgary) Inc. was recorded at cost and a gain of \$208 was recognized, being 50% of the difference in the fair-market value of the property and equipment transferred and the carrying value of the property and equipment in the Association for the unrelated ownership portion sold to Marc & Mada Condos (Calgary) Inc.

5. Business combinations

Care Pharmacies (Subsidiary Acquisitions)

On June 20, 2025, Care Health acquired 100% of the voting equity interest of AARX Inc, Roma Rx Inc, and Milton AARX Rx Inc ["AARX Group"], which are retail pharmacies. \$451 of the working capital adjustment remained outstanding as of November 1, 2025 and is included in accounts payable and accrued liabilities. The cash for the acquisition was funded through \$17,800 of long-term debt [note 9].

On June 12, 2025, Care Health acquired 100% of the voting equity interest of 0994631 B.C. Ltd and 0981720 B.C. Ltd. which are retail pharmacies. The working capital adjustment remained outstanding as of November 1, 2025 and is included in accounts payable and accrued liabilities. The cash for the acquisition was funded through \$11,670 of long-term debt [note 9].

	AARX Group	0994631 B.C. Ltd	0981720 B.C. Ltd	Total
	\$	\$	\$	\$
Cash paid at closing	17,800	4,732	6,938	29,470
Working capital adjustment	1,337	27	115	1,479
Earn-out payable	871	631	1,553	3,055
Total purchase consideration	20,008	5,390	8,606	34,004

The acquisition was accounted for using the acquisition method whereby the assets acquired and the liabilities assumed were recorded at their estimated fair values. Operating results of these assets have been included in the Association's revenues and expenses since the date of acquisition.

The earn-out payable is due 24 months from the date of acquisition for 0994631 B.C. Ltd. and 0981720 B.C. Ltd., and 36 months after the date of acquisition for AARX Group.

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The following summarizes the allocation of the consideration paid based on estimated fair value of assets acquired and liabilities assumed:

	AARX Group	0994631 B.C. Ltd	0981720 B.C. Ltd	Total
	\$	\$	\$	\$
Cash	162	57	44	263
Inventories	795	104	216	1,115
Prepaid expenses and deposits	27	7	5	39
Accounts receivable	892	87	138	1,117
Property and equipment	278	120	415	813
Intangible assets	8,460	2,530	3,930	14,920
Accounts payable and accrued liabilities	(254)	(43)	(29)	(326)
Income tax (payable) and receivable	215	(80)	(152)	(17)
Future income tax liability	(2,242)	(670)	(1,041)	(3,953)
Goodwill	11,675	3,278	5,080	20,033
Net assets acquired	20,008	5,390	8,606	34,004

Transaction costs of \$846 related to the acquisition have been recorded in other expenses in the consolidated statement of earnings (loss) and retained earnings.

Care Health Inc. (Care Pharmacies)

On March 21, 2024, the Association acquired 92% of the shares of a private company which provides pharmaceutical products and services. The consideration included:

	\$
Cash paid at closing	290,725
Common shares issued to vendor	15,000
Working capital adjustment	(2,096)
Total purchase consideration	303,629

The acquisition was accounted for using the acquisition method whereby the assets acquired and the liabilities assumed were recorded at their estimated fair values. Operating results of these assets have been included in the Association's revenues and expenses since the date of acquisition.

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The following summarizes the allocation of the consideration paid based on estimated fair value of assets acquired and liabilities assumed:

	\$
Cash	5,484
Inventories	18,810
Prepaid expenses and deposits	1,439
Accounts receivable	12,197
Property and equipment	12,015
Intangible assets	101,500
Future income tax asset	9,362
Accounts payable and accrued liabilities	(23,630)
Income tax payable	(1,390)
Future income tax liability	(25,787)
Goodwill	193,629
	<u>303,629</u>

Transaction costs of \$5,976 related to the acquisition have been recorded in the consolidated statement of earnings (loss) and retained earnings.

6. Property and equipment

	2025		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	91,525	—	91,525
Buildings and parking lots	368,643	172,591	196,052
Fixtures and equipment	195,025	136,593	58,432
Leasehold improvements	37,394	20,203	17,191
Computer equipment	49,424	38,768	10,656
Assets under construction	5,069	—	5,069
	<u>747,080</u>	<u>368,155</u>	<u>378,925</u>

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	2024		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	96,537	—	96,537
Buildings and parking lots	312,281	167,778	144,505
Fixtures and equipment	180,438	128,243	52,195
Leasehold improvements	35,512	16,864	18,648
Computer equipment	44,919	33,200	11,719
Assets under construction	34,048	—	34,048
	703,735	346,085	357,650

As at November 1, 2025, the Association had contractual commitments to spend approximately \$8,322 [2024 – \$37,469] on capital expansion projects.

The Association recorded \$33,797 of amortization expense for property and equipment for the year ended November 1, 2025 [2024 – \$30,298].

The Association recognized a net gain on disposal and write off of property and equipment of \$29,584 for the year ended November 1, 2025 [2024 – loss of \$4,000] comprised of the disposal of property and equipment, write down of obsolete assets in renovated food centres and gas bars and losses recognized on property and equipment held for sale. The Association recorded an impairment on real estate holdings of \$10,134 for the year ended November 2, 2024 as it was determined the carrying amount was not fully recoverable.

Assets under construction as at November 1, 2025 included North Hill redevelopment of \$2,339 [2024 – nil], Seton development of \$2,420 [2024 – nil], Commercial Retail Unit developments of nil [2024 – \$7,337], Oakridge redevelopment of nil [2024 – \$13,855], Cochrane development of nil [2024 – \$12,577] and other assets of \$310 [2024 – \$279].

During the year, the Association adopted a formal plan to dispose of certain real estate and equipment with a carrying value of \$11,665 [2024 – \$23,610]. These assets have been reclassified as assets held for sale and recorded at their fair value less costs to sell of \$4,233, resulting in a fair value loss of \$7,432.

7. Goodwill

	2025	2024
	\$	\$
Balance, beginning of year	233,374	43,425
Goodwill acquired	20,033	193,629
Goodwill impairment loss	—	(3,680)
Balance, end of year	253,407	233,374

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During the year ended November 2, 2024, the Association determined that the carrying amount of its FreshPath reporting unit, to which goodwill is assigned, exceeded its fair value. As a result, a goodwill impairment loss of \$3,680 was recorded in net earnings (loss).

8. Intangible assets

	2025		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Liquor license	4,987	1,200	3,787
Trade name	12,115	2,284	9,831
Customer relationships	127,491	22,096	105,395
Non-compete agreement	1,111	1,033	78
Developed technology	2,200	2,200	—
Pre-1954 Charter	1,500	—	1,500
	149,404	28,813	120,591

	2024		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Liquor license	4,987	706	4,281
Trade name	12,115	1624	10,491
Customer relationships	112,571	10,009	102,562
Non-compete agreement	1,111	801	310
Developed technology	2,200	330	1,870
Pre-1954 Charter	1,500	—	1,500
	134,484	13,470	121,014

The Association recorded \$15,343 amortization expense for intangible assets for the year ended November 1, 2025 [2024 – \$9,623].

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9. Long-term debt

	2025	2024
	\$	\$
[a] Revolving facilities	—	5,052
[b] Revolving amortizing term loan facilities	288,096	234,616
[c] Non-revolving facilities	147,227	158,437
[d] Mortgage facility	11,583	12,111
	446,906	410,216
Less unamortized financing fees	(1,244)	(1,861)
Less current portion [including on demand loans]	(32,200)	(29,735)
	413,462	378,620

On March 21, 2024, the Association entered into a 3 year credit agreement that matures on March 20, 2027.

[a] Revolving facilities

The Association has available \$40,000 and \$15,000 revolving facilities to finance working capital and operating requirements. As at November 1, 2025, the Association has drawn nil [2024 – \$5,052 and nil] on these facilities, respectively. The facilities bear interest at the bankers' prime rate with a premium based on the Association's senior funded debt to EBITDA ratio. As at November 1, 2025, the rate was prime plus 1.5%. The prime rate at November 1, 2025 was 4.45%. The Association has provided letters of credit in the amount of \$3,189 to support the purchase of certain capital items. These letters of credit have been charged against this facility.

[b] Revolving amortizing term loan facilities

The Association has available \$325,000 and \$73,100 revolving amortizing term loan facilities to finance acquisitions and capital expenditures. As at November 1, 2025, the Association has drawn \$259,117 and \$28,979 [2024 – \$234,616 and nil] on these facilities, respectively. The facilities bear interest at the bankers' prime rate and Canadian Overnight Repo Rate Average ["CORRA"], respectively, plus a premium based on the senior funded debt to EBITDA ratio of the borrower. As at November 1, 2025, the rate was prime plus 1.5% and CORRA plus 1.75% to 3.50%, respectively. The prime rate and CORRA rate as at November 1, 2025 were 4.45% and 2.35%, respectively [2024 – 5.95% and 3.82%]. Principal is repayable at \$1,039 monthly.

[c] Non-revolving facilities

The Association has available a \$54,900 non-revolving facility to finance new capital expenditures, construction and development of which \$36,190 was drawn at November 1, 2025. The facility requires principal repayments of \$225 per month and bears interest at the bankers' prime rate with a premium based on the Association's senior funded debt to EBITDA ratio. As at November 1, 2025, the rate was prime plus 1.5%. The prime rate at November 1, 2025 was 4.45% [2024 – 5.95%].

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On March 21, 2024, the Association accessed a non-revolving facility to fund the acquisition of Care Pharmacies. [note 4] for \$126,900. As at November 1, 2025, the amount owing on this facility was \$111,037 [2024 – \$119,549]. The facility requires principal repayments of \$652 per month and bears interest at the bankers' prime rate with a premium based on the Association's senior funded debt to EBITDA ratio. As at November 1, 2025, the rate was prime plus 1.5%. The prime rate at November 1, 2025 was 4.45% [2024 – 5.95%].

The above facilities are secured by a \$800,000 debenture providing the lender with a floating charge over all of the assets of the Association.

[d] Mortgage facility

The Association has a mortgage facility bearing interest of 3% per annum, is secured by land and a property specific general security agreement and is repayable in monthly installments of \$74, including interest, with a maturity date of March 5, 2026.

The Association is required to make principal repayments on its long-term debt as follows:

	\$
2026	32,200
2027	414,706
	<u>446,906</u>

10. Members' shares

The Association is authorized to issue an unlimited number of shares with a par value of \$1. Upon application to the Board of Directors, the par value of the member's shares becomes payable when a member no longer resides in the trading area, is deceased, has reached the age of 65 or makes an application in any other circumstances and such application is approved by the Association's Board of Directors.

Changes in share capital are as follows:

	2025 \$	2024 \$
Balance, beginning of year	181,116	185,302
Shares redeemed for cash	(4,645)	(6,730)
Prior year patronage returned to member shares	2,750	4,420
Inactive members' shares transferred to retained earnings	(4,621)	(3,816)
Shares issued for cash	39	40
	<u>174,639</u>	<u>179,216</u>
Current year's patronage returns to be paid in shares [note 13]	1,700	1,900
Balance, end of year	<u>176,339</u>	<u>181,116</u>

Inactive members are defined as members who have not transacted with the Association within two years.

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11. Non-controlling interest liability

Care Health Inc. issued 15,000 Common shares to certain minority shareholders as part of the business combination [note 5] with fair market value of \$15,000 on March 21, 2024. During 2024, the Association repurchased 98 common shares of the non-controlling interest for \$98. After the 5th anniversary of the Care Pharmacies acquisition, the minority shareholders have a put option to require the Association to purchase all of their common shares in cash within 60 days of the request being made. The purchase price is determined using a multiple of earnings as defined in the Unanimous Shareholders Agreement ["USA"] less indebtedness of the company, as at the time the notice is given. In the event a minority shareholder becomes inactive after the 5th anniversary of the Care Pharmacies acquisition, the Association has a call option to require the minority shareholders to sell all of their common shares to the Association at the same price as the put option. The shares are considered an indexed liability and have been recorded at their intrinsic value. As at November 1, 2025 the intrinsic value of the shares is \$19,889 [2024 – \$14,357]. The change in value of the non-controlling interest liability of \$5,533, has been recorded in the consolidated statement of earnings (loss) and retained earnings.

12. Sales categories

The Association's retail business operations are grouped into five business categories, the principal activities of which are as follows:

- [a] Food, which consists of the sale and distribution of food;
- [b] Pharmacy, which consists of pharmaceutical products and services;
- [c] Petroleum, which consists of the sale of petroleum products and convenience store items;
- [d] Liquor, which consists of the sale and distribution of liquor products; and
- [e] Other, which consists of the provision of home health care products and cannabis products.

	2025	2024
	\$	\$
Food	568,411	552,507
Pharmacy	338,719	242,034
Petroleum	392,056	429,435
Liquor	220,770	221,571
Other	34,577	34,352
	<u>1,554,533</u>	<u>1,479,899</u>

13. Patronage returns

The Board of Directors approved the payment of patronage returns in the amount of \$16,900 [2024 – \$17,100]. The portion of the patronage returns to be paid in cash in the amount of \$15,200 [2024 – \$15,200] is included in accounts payable and accrued liabilities and the portion to be paid in shares in the amount of \$1,700 [2024 – \$1,900] is included in members' shares.

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14. Income taxes

Income tax expense differs from the expected expense at the statutory tax rate as follows:

	2025	2024
	\$	\$
Earnings (loss) before income tax, less the patronage return to members	(12,232)	(24,819)
Expected expense at statutory rate	(2,713)	(6,456)
Permanent difference	4,549	5,965
Change in valuation allowance	(24)	—
Non-taxable portion of capital loss	(4,410)	1,572
Other	1,139	1,243
Income tax expense (recovery)	(1,459)	2,324

The tax effects of temporary differences that give rise to future tax assets and future tax liabilities are presented below:

	2025	2024
	\$	\$
Future tax assets (liabilities)		
Supplemental defined contribution employee retirement plan	234	195
Deferred lease inducements	375	242
Accrued future rents	725	757
Contract commitments	1,301	1,644
Patronage refund receivable	(12)	(18)
Loss carry forward	3,299	4,375
Capital loss carry forward	1,210	364
Derivatives	1,784	776
Property and equipment	2,486	2,069
Goodwill and intangible assets	(23,842)	(22,033)
Deferred financing agreements and prepaid credit facility fees	260	365
Deferred gain on sale-leaseback of real estate	1,610	—
Asset retirement obligations	5,393	5,507
Valuation allowance	(1,020)	(1,125)
	(6,197)	(6,882)
Recognized as:		
Future income tax assets	23,597	21,760
Future income tax liabilities	(29,794)	(28,642)
	(6,197)	(6,882)

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15. Change in non-cash working capital

	2025	2024
	\$	\$
Operating activities		
Accounts receivable	(4,667)	3,066
Inventories	5,134	(478)
Prepaid expenses and deposits	953	(1,242)
Accounts payable and accrued liabilities	1,054	(3,622)
Income tax recoverable/payable	(2,708)	(2,193)
Government payables	(5,466)	(1,289)
	<u>(5,700)</u>	<u>(5,758)</u>
Investing activities		
Accounts payable for capital expenditures	(4,798)	8,091
Financing activities		
Accounts payable for patronage return	—	(2,500)

16. Pension plans

The Association participates in a multi-employer defined contribution pension plan whereby the Association and participating employees contribute equal amounts to the maximum allowed under the *Income Tax Act*. The Association has no unfunded liability under this plan. During the year, the Association recorded \$4,772 [2024 – \$4,703] of expense relating to this plan, and there were no significant changes to the rates of employer contributions.

The Association has established a supplemental defined contribution employee retirement plan. For the year ended November 1, 2025, an expense of \$170 [2024 – \$284] has been recorded relating to this plan. The total liability at November 1, 2025 is \$1,018 [2024 – \$848] and has been recorded in accounts payable and accrued liabilities.

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17. Commitments and guarantees

[a] Lease commitments

The Association is committed to minimum lease payments under operating lease agreements for buildings and equipment over the next five years and thereafter, as follows:

	\$
2026	35,845
2027	30,193
2028	28,711
2029	26,513
2030	21,537
Thereafter	89,842
	<u>232,641</u>

[b] Utility service commitment

The Association has a commitment of \$7,683 to purchase electricity at fixed rates per KWH to December 31, 2028. The total commitment is \$4,494 for the financial year 2026, \$3,032 for financial year 2027, \$150 for financial year 2028 and \$7 for financial year 2029.

[c] Product purchase commitment

Under the terms of an agreement with FCL, the Association had committed to purchase petroleum products, at market price, from FCL for gas bar operations over a ten-year period commencing from the date of gas bar completion. Failure to meet this commitment would require the Association to repay any gas bar grants received, plus interest on the grants, compounded annually at 10% from the grant date. Total grants received over the prior periods amounted to \$9,100 [2024 – \$9,100].

Effective November 1, 2014, FCL implemented an updated program related to providing grants for the construction and upgrading of retail facilities by its members. Any new projects initiated after November 1, 2014 are subject to the conditions of the new program. Under the terms of this agreement, the Association had committed to purchase petroleum products from FCL for gas bar operations for periods ranging from 10 to 20 years, depending on the nature of the project. Failure to meet this commitment would require the Association to repay a prorated amount of any grants received over the remaining purchase term plus interest, compounded annually at 10% on the prorated grant amount from the date of default. Total grants received on facility projects covered under this program amounted to \$10,700 [2024 – \$10,700].

Effective November 1, 2022, the Association discontinued procurement of petroleum products from FCL. Capital grants may be repayable at an amount up to \$31,600, however the outcome of any repayment is uncertain at the time of filing these consolidated financial statements. See note 22 contingencies for a description of unresolved claims and litigations.

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[d] McKesson Canada Corporation guarantee

The Association's and Care Pharmacies pharmacy operation includes a contract with one main supplier, McKesson Canada, for which an estimated 85% of related purchases are made. These types of contracts are typical for the pharmacy industry. Included in accounts payable and accrued liabilities are amounts owing to McKesson Canada Corporation ["McKesson Canada"]. Total obligations to McKesson Canada as at November 1, 2025 amount to \$17,902 [2024 – \$15,463]. Care Pharmacies has entered into a General Security Agreement to secure all present and future indebtedness, liabilities and obligations to McKesson Canada. Care Pharmacies pledges, mortgages, charges and assigns to McKesson Canada a security interest in the collateral. The collateral for the purposes of this agreement is: all present and after-acquired personal property, including without limitation, any right, title, interest and personal property, in any present or future undertaking, intangibles, property or asset, whether now or hereafter owned, acquired or held and wherever situated and including, without limitation, all documents and instruments, equipment, inventory, leases, proceeds, receivables, copyrights, technology rights, trademark rights, records and securities, or any part thereof and all proceeds thereof as defined in the General Security Agreement.

18. Financial Instruments

The Association's financial instruments consist of cash and cash equivalents, investment, accounts receivable, income tax recoverable, long-term receivable, accounts payable and accrued liabilities, government payables, Redeemable Class A special shares liability, other liabilities, non-controlling interest liability and long-term debt.

[a] Credit risk

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Association is exposed to credit risk primarily from its cash and cash equivalents and accounts receivable.

Management believes that the credit risk relating to the financial assets is normal for the business and is limited as there is a broad base of customers, and therefore no significant concentration of credit risk exists.

The Association's credit risk exposure on cash is minimized substantially by ensuring that cash is held with credible financial institutions.

Accounts receivable from multiple health insurance providers in connection with dispensed prescriptions represent 37% of total accounts receivable as at November 1, 2025 [2024 – 47%]. The Association believes that there is minimal risk associated with the collection of these amounts as the counterparties are large, well-established companies and government agencies with histories of payment.

[b] Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet a demand for cash or fund its obligations as they come due. The Association meets its liquidity requirements by anticipating operating, investing and financing activities and ensuring there are enough funds to cover these activities.

The Association is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities, government payables, long-term debt, asset retirement obligations, redeemable Class A special shares liability, other liabilities and obligations due for lease commitments.

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[c] Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. The Association's sensitivity to cash flow risk is limited to certain of its cash and cash equivalents, long-term receivable and long-term debt. The mortgage facility within long-term debt is subject to fair value risk as the interest rate is fixed.

The Association has entered into interest rate swap contracts with notional amounts of \$65,000 and \$150,000. The maturity dates of the swap agreements are June 28, 2029 and July 1, 2029, respectively with an early termination option of March 22, 2027. The Association has elected not to apply hedge accounting. The fair value, as determined by the derivatives dealer, of the interest rate swap as at November 1, 2025 was a liability of \$7,428 [2024 – \$4,850] and has been recorded in other liabilities on the consolidated balance sheet. The changes in fair value of the derivative are recognized in net earnings (loss).

[d] Currency risk

The Association is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Association purchases fixtures and equipment denominated in U.S. dollars. The Association does not currently enter into forward contracts to mitigate this risk.

19. Government payables

	2025	2024
	\$	\$
Payroll deductions	1,405	1,970
Federal fuel charge [carbon tax]	—	4,761
Goods and services tax	—	139
Transit passes	14	15
	1,419	6,885

20. Related party transactions

FCL is owned by retail co-operatives across Western Canada including the Association. FCL provides central wholesaling, manufacturing and administrative services to its owners.

[a] Purchases

For the year ended November 1, 2025, the Association made purchases from FCL in the amount of \$2,957 [2024 – \$5,062]. These purchases represented 0.3% [2024 – 0.5%] of the Association's total purchases and were transacted in the normal course of operations and were recorded at the exchange amount.

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[b] Patronage refund

FCL approved the payment of a patronage refund to the Association in the amount of \$50 [2024 – \$80]. The portion of the patronage refund to be received in cash in the amount of \$45 [2024 – \$72] is included in accounts receivable of \$38 [2024 – \$60] and income tax recoverable of \$7 [2024 – \$12]. The portion to be received in FCL shares in the amount of \$5 [2024 – \$8] is included in investments.

[c] Leases

The Association has a food center operating lease agreement in place with FCL which requires payments of approximately \$311 per year to October 2032. This commitment is disclosed as part of note 17[a].

21. Asset retirement obligation

	2025	2024
	\$	\$
Asset retirement obligation, beginning of year	23,942	21,443
Provisions made	(1,307)	1,783
Accretion	813	716
Asset retirement obligation, end of year	23,448	23,942

For the year ended November 1, 2025, the Association recognized an asset retirement obligation of \$23,448 [2024 – \$23,942] for long-lived assets associated with gas bar discontinuance at the end of their useful life, potential environmental remediation costs at gas bars and food centres and estimated costs at lease termination. The inflation rate used to determine the value of future asset retirement costs was 2.10% [2024 – 2.10%] and the discount rate used to determine the present value of the future asset retirement costs was 3.60% [2024 – 3.30%]. The total undiscounted estimated future cash flows required to settle the Association's asset retirement obligation are \$28,075 [2024 – \$28,302] as at November 1, 2025. These costs are expected to be paid up to the year 2052.

22. Contingencies

The Association has filed claims against a related party [note 20] for oppressive conduct and breach of contracts [note 17[c]]. In response, the related party has filed counterclaims against the Association.

On December 21, 2023, the Court of King's Bench granted partial summary judgment in favor of the Association for oppressive conduct by FCL in relation to its Loyalty Program. The amount awarded to the Association is equal to the amounts the Association would have received at the applicable Loyalty Program rates for all of its fuel purchases from November 1, 2019 to the date it discontinued all fuel purchases. During 2024, the Association received \$37,369 from FCL, which included court awarded interest and recovery of legal costs. The Association recorded this as a gain on settlement in the consolidated statement of earnings (loss) and retained earnings.

Other filed claims and counterclaims relating to breach of contracts remain outstanding at the time of filing these consolidated financial statements. Based on the current stage of these claims and counterclaims, the outcome is not determinable. No provision for gains or losses arising from such claims, if any, has been included in these consolidated financial statements.

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In addition to the above matters, the Association is also involved in various claims and litigations arising in the normal course of business. While the outcome of these matters are uncertain and there is no assurance that such matters will be resolved in the Association's favor, the Association does not currently believe that the outcome of adverse decisions, if any, in pending or threatened proceedings, would have a significant impact on its financial position, results of operations or liquidity. No provision for these claims and litigations has been included in these consolidated financial statements.

Several of the Care Health subsidiaries have entered into a banner agreement with Drug Trading, a division of McKesson Canada Corporation. If the entities breach any of their representations, warranties and obligations or fails to observe or perform any of their respective obligations under the banner agreement, and if such default remains uncured more than 90 days after written notice of such default, Care Health is required to pay an early termination penalty within 30 days of \$21,303 [2024 – \$19,094]. As at November 1, 2025, the Care Health subsidiaries are in compliance with all the requirements.

23. Other liabilities

Included in other liabilities are amounts received related to contractual commitments with vendors and tenant inducements. Amounts are recognized as revenue as these contractual commitments are satisfied and over the term of the lease. Other liabilities also includes \$7,000 [2024 – nil] relating to a deferred gain on a sale-leaseback that arose during the sale of one of the Association's properties. The gain will be deferred over the life of the lease of 5 years.

Should the Association terminate these contractual commitments prior to the stated expiry dates, the Association is required to reimburse the vendors a pro-rated portion of the initial payment.

As at November 1, 2025, the Association has recorded deferred revenue related to these payments of \$12,659 [2024 – \$7,133], of which \$1,471 [2024 – \$1,474] is included in accounts payable and accrued liabilities and \$11,188 [2024 – \$5,659] is included in other liabilities.

24. Redeemable Class A special shares liability

During 2024, Care Health issued 50,000,000 Class A Special shares for cash proceeds of \$2.

Pursuant to the USA of Care Health, the Association issued put options on these shares that provide the shareholders with a right to demand redemption from the Association. The redemption price is determined by formulae prescribed in the USA, to a maximum of \$50,000. The shares will become redeemable no later than March 21, 2027. The Association elected to measure this liability at its fair value. As at November 1, 2025, the fair market value of the Class A Special Shares was determined to be \$26,741 [2024 – \$13,623] based on the Monte Carlo simulation method. The change in the fair value of the liability of \$13,118 has been recorded in the consolidated statement of earnings (loss) and retained earnings.

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25. Comparative figures

During the year ended November 1, 2025, the Association's management reviewed the terms and conditions relating to the 15,000 Common shares of Care Pharmacies issued to certain minority shareholders [note 11] and have concluded that these shares are considered an indexed liability of the Association. As a result, the comparative information presented for the year ended November 2, 2024, have been restated to retrospectively reflect these shares as a liability. As a result, Common shares of non-controlling interest in Care Health Inc. and non-controlling interest liability as at November 2, 2024, have decreased and increased by \$14,357, respectively. The related note disclosures have also been retrospectively adjusted for this adjustment.

Comparative figures have been reclassified to conform to the current year's presentation.

26. Subsequent events

On December 2, 2025, Care Pharmacies acquired 100% of the voting equity interest of Hogarth's Clinic Pharmacy Ltd and 5 by 5 Pharmacy Solutions Inc. for \$4,500 and \$4,650, respectively, before working capital adjustments and closing costs. The transactions were funded by using cash from operations and drawing \$7,000 from existing credit facilities.



CALGARY CO-OP
in the
Community

400K+



Members



In 2025
Members Earned

\$16.9M



We employ

3,500

local residents.



1.19M lb*
of food

rescued and
redirected to
community food
banks in 2025.



\$1.85M

donated to charities
and non-profits
in 2025.

2,400+
Local
Products

Proud to support



300+
local producers.



13,737+
TONNES

of plastic, paper &
organics diverted
from landfills
in 2025.



Water Consumption

37,037,420
LITRES

reduced in 2025.



2,184
KILOGRAMS

of batteries
recycled
in 2025.



CO₂ Emmissions

5,229+
TONNES

reduced in 2025.



Oil Consumption

5,613+
BARRELS

reduced in 2025.