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QUARTERLY REPORT

ALIMENTATION COUCHE-TARD INC.
12 AND 24-WEEK PERIODS ENDED OCTOBER 10, 2021

Management Discussion and Analysis

The purpose of this Management Discussion and Analysis ("MD&A") is, as required by regulators, to explain management's point of view on the financial position and results of the operations of Alimentation Couche-Tard Inc. ("Couche-Tard") as well as its performance during the second quarter of the fiscal year ending April 24, 2022. More specifically, it aims to let the reader better understand our development strategy, performance in relation to objectives, future expectations, and how we address risk and manage our financial resources. This MD&A also provides information to improve the reader's understanding of Couche-Tard's unaudited interim condensed consolidated financial statements and related notes. It should therefore be read in conjunction with those documents. By "we", "our", "us" and "the Corporation", we refer collectively to Couche-Tard and its subsidiaries.

Except where otherwise indicated, all financial information reflected herein is expressed in United States dollars ("US dollars") and determined on the basis of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). We also use measures in this MD&A that do not comply with IFRS, these measures are described in the section "Non-IFRS Measures" of this MD&A and where such measures are presented, the reader is informed. This MD&A should be read in conjunction with the audited annual consolidated financial statements and notes thereto included in our 2021 Annual Report, which, along with additional information relating to Couche-Tard, including the most recent Annual Information Form, is available on SEDAR at https://www.sedar.com/ and on our website at https://corpo.couche-tard.com/.

Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe", "could", "should", "intend", "expect", "estimate", "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at November 23, 2021, which are not guarantees of the future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include sales of assets, monetization, mergers, acquisitions, other business combinations or transactions, asset write-downs, the effect of the COVID-19 pandemic on all aspects of our business and geographies or other charges announced or occurring after forward-looking statements are made.

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

The foregoing risks and uncertainties include the risks set forth under "Business Risks" in our 2021 Annual Report as well as other risks detailed from time to time in reports filed by Couche-Tard with securities regulators in Canada.

Our Business

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

As of October 10, 2021, our network comprised 9,199 convenience stores throughout North America, including 8,060 stores with road transportation fuel dispensing. Our North American network consists of 18 business units, including 14 in the United States covering 47 states and 4 in Canada covering all 10 provinces. Approximately 98,000 people are employed throughout our network and at our service offices in North America.

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, the Baltics and Russia through 10 business units. As of October 10, 2021, our network comprised 2,727 stores, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel stations which only offer road transportation fuel. We also offer other products, including aviation fuel and energy for stationary engines. Including employees at branded franchise stores, approximately 22,000 people work in our retail network, terminals and service offices across Europe. In Asia, our network comprised 344 company-operated convenience stores in Hong Kong SAR, offering a strong on-the-go food offer as well as a variety of other merchandise items and services. Approximately 4,000 people are employed in our retail network and service offices in Asia.

Furthermore, under licensing agreements, more than 1,900 stores are operated under the Circle K banner in 14 other countries and territories (Cambodia, Egypt, Guam, Guatemala, Honduras, Indonesia, Jamaica, Macau, Mexico, Mongolia, New Zealand, Saudi Arabia, the United Arab Emirates and Vietnam), which brings the worldwide total network close to 14,200 stores.

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

Value Creation

In the United States, the convenience store sector is fragmented and in a consolidation phase. We are participating in this process through our acquisitions, market share gains when competitors close sites, and by improving our offering. In Europe and Canada, the convenience store sector is often dominated by a few major players, including integrated oil companies. Some of these integrated oil companies are in the process of selling, or are expected to sell, their retail assets. We intend to study investment opportunities that might come to us through this process. In Asia, our recent acquisition in Hong Kong SAR provides us with another platform to grow our business. Combining our best practices with local market expertise will help accelerate organic expansion and provide new opportunities for consolidation in the region.

No matter the context, to create value for our Corporation and its shareholders, acquisitions have to be concluded at optimal conditions. Therefore, we do not necessarily favor store count growth to the detriment of profitability. In addition to acquisitions, the contribution from organic growth has played an important role in the growth of our net earnings. Highlights have included the ongoing improvements we have made to our offer, including fresh products, to our supply terms and to our efficiency and our ability to adapt quickly to changes. All these elements, in addition to our strong balance sheet, have contributed to the growth in our net earnings and to value creation for our shareholders and other stakeholders. We intend to continue in this direction.

Exchange Rate Data

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

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

	12-week periods ended		24-week periods ended	
	October 10, 2021	October 11, 2020	**October 10, 2021**	October 11, 2020
Average for the period[1]				
Canadian dollar	**0.7923**	0.7541	**0.8045**	0.7416
Norwegian krone	**0.1142**	0.1101	**0.1165**	0.1064
Swedish krone	**0.1154**	0.1136	**0.1171**	0.1097
Danish krone	**0.1581**	0.1582	**0.1600**	0.1538
Zloty	**0.2572**	0.2653	**0.2617**	0.2568
Euro	**1.1758**	1.1777	**1.1901**	1.1453
Ruble	**0.0137**	0.0134	**0.0136**	0.0137
Hong Kong dollar	**0.1285**	—	**0.1287**	—

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

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

	As at October 10, 2021	As at April 25, 2021
Period end		
Canadian dollar	**0.7979**	0.8011
Norwegian krone	**0.1170**	0.1201
Swedish krone	**0.1144**	0.1190
Danish krone	**0.1555**	0.1623
Zloty	**0.2505**	0.2645
Euro	**1.1569**	1.2066
Ruble	**0.0139**	0.0134
Hong Kong dollar	**0.1285**	0.1288

As we use the US dollar as our reporting currency in our consolidated financial statements and in this document, unless indicated otherwise, results from our operations in other currencies are translated into US dollars using the average rate for the period. Unless otherwise indicated, variances and explanations regarding changes in the foreign exchange rate and the volatility of the Canadian dollar, European currencies and Hong Kong dollar, which we discuss in the present document, are therefore related to the translation into US dollars of our Canadian, European, Asian and corporate operations' results.

Overview of the Second Quarter of Fiscal 2022

Financial Results

Net earnings amounted to $694.8 million for the second quarter of fiscal 2022, compared with $757.0 million for the second quarter of fiscal 2021. Diluted net earnings per share stood at $0.65, compared with $0.68 for the corresponding quarter of the previous fiscal year.

The results for the second quarter of fiscal 2022 and the second quarter of fiscal 2021 were affected by specific items disclosed in the "Non-IFRS measures" section of this MD&A. Excluding these items, the adjusted net earnings[1] were approximately $693.0 million ($0.65 per share on a diluted basis[1]) for the second quarter of fiscal 2022, compared with $735.0 million ($0.66 per share on a diluted basis[1]) for the second quarter of fiscal 2021, a decrease of $42.0 million, or 5.7%, explained by higher operating expenses, partly offset by organic growth in both convenience and road transportation fuel activities.

As the COVID-19 pandemic had a significant impact on our prior year financial results, looking at gross profit[1] on a 2-year basis provides additional insight given the volatility in the various key measures of our business. Excluding the disposal of CAPL and the acquisition of Circle K Hong Kong, merchandise and service, as well as road transportation fuel gross profit[1], are higher by 9.8% and 17.9%, respectively, compared with the pre-pandemic second quarter of fiscal 2020.

Changes in our Network during the Second Quarter of Fiscal 2022

Store acquisitions

For the second quarter and first half-year of fiscal 2022, we acquired 36 company-operated stores, including the acquisition of 35 stores operating under the Porter's brand and located in the United States. We settled these transactions using our available cash and existing credit facilities.

Outstanding transactions

On July 30, 2021, we entered into a binding agreement in connection with the acquisition of Cape D'Or Holdings Limited, Barrington Terminals Limited and other related holding entities, which operate an independent convenience store and fuel network in Atlantic Canada under the Esso, Go! Store and Wilsons Gas Stops brands ("Wilsons"). The Wilsons network comprises 79 company-operated convenience retail and fuel locations, 147 dealer locations, and a fuel terminal in Halifax, Canada. The transaction is expected to close in the first half of calendar year 2022 and is subject to customary closing conditions and regulatory approvals, including those under the *Competition Act* (Canada).

On September 9, 2021, we entered into a binding agreement to acquire 10 company-operated stores, operating under the Londis brand and located in Ireland. The transaction is expected to close in the third quarter of fiscal 2022.

[1] Please refer to the section "Non-IFRS Measures" for additional information on performance measures not defined by IFRS.

Divestiture of sites

On March 22, 2021, we announced our intention to sell certain sites across 28 states in the United States and 6 provinces in Canada. The decision to dispose of these sites was based on the outcome of a strategic review of our network. As at October 10, 2021, 261 sites in the United States and 36 sites in Canada met the criteria for classification as held for sale, including 210 sites already subject to multiple sales agreements with various buyers.

Store construction

We completed the construction of 7 stores and the relocation or reconstruction of 3 stores, reaching a total of 40 stores since the beginning of fiscal 2022. As of October 10, 2021, another 77 stores were under construction and should open in the upcoming quarters.

Summary of changes in our store network

The following tables present certain information regarding changes in our store network over the 12 and 24-week periods ended October 10, 2021(1):

	12-week period ended October 10, 2021				
Type of site	**Company-operated(2)**	**CODO(3)**	**DODO(4)**	**Franchised and other affiliated(5)**	**Total**
Number of sites, beginning of period	9,906	397	689	1,263	12,255
Acquisitions	36	—	—	—	36
Openings / constructions / additions	7	3	9	11	30
Closures / disposals / withdrawals	(33)	(1)	(5)	(12)	(51)
Store conversion	9	(7)	(2)	—	—
Number of sites, end of period	**9,925**	**392**	**691**	**1,262**	**12,270**
Circle K branded sites under licensing agreements					1,917
Total network					**14,187**
Number of automated fuel stations included in the period-end figures(6)	979	—	9	—	988

	24-week period ended October 10, 2021				
Type of site	**Company-operated(2)**	**CODO(3)**	**DODO(4)**	**Franchised and other affiliated(5)**	**Total**
Number of sites, beginning of period	9,976	398	697	1,257	12,328
Acquisitions	36	—	—	—	36
Openings / constructions / additions	23	3	13	25	64
Closures / disposals / withdrawals	(122)	(1)	(14)	(21)	(158)
Store conversion	12	(8)	(5)	1	—
Number of sites, end of period	**9,925**	**392**	**691**	**1,262**	**12,270**
Circle K branded sites under licensing agreements					1,917
Total network					**14,187**

(1) These figures include 50% of the stores operated through RDK, a joint venture.
(2) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by Couche-Tard or one of its commission agents.
(3) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by an independent operator in exchange for rent and to which Couche-Tard sometimes provides road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.
(4) Sites controlled and operated by independent operators to which Couche-Tard supplies road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.
(5) Stores operated by an independent operator through a franchising, licensing or another similar agreement under one of our main or secondary banners.
(6) These sites sell road transportation fuel only.

Share Repurchase Program

On April 21, 2021, the Toronto Stock Exchange approved the implementation of a share repurchase program, which took effect on April 26, 2021. The program allows us to repurchase up to 4.0% of the public float of our Class B subordinate voting shares. During the second quarter and first half-year of fiscal 2022, we repurchased 6,351,895 and 14,822,895 Class B subordinate voting shares, respectively. These repurchases were settled for amounts of $238.5 million and $537.7 million, respectively. During the first half-year of fiscal 2022, 6,351,895 Class B subordinate voting shares were repurchased, for an amount of $238.5 million, from Développements Orano Inc., a corporation controlled by Mr. Alain Bouchard, founder of the Corporation and executive chairman of its Board of Directors, which constitutes a related party transaction. All shares repurchased under the share repurchase program were cancelled upon their repurchase.In addition, subsequent to the end of the second quarter of fiscal 2022, we repurchased 1,294,700 Class B subordinate voting shares for an amount of $50.0 million.

Dividends

During its November 23, 2021 meeting, the Board of Directors approved an increase in the quarterly dividend of CA 2.25¢ per share, bringing it to CA 11.0¢ per share, an increase of 25.7%.

During the same meeting, the Board of Directors declared a quarterly dividend of CA 11.0¢ per share for the second quarter of fiscal 2022 to shareholders on record as at December 2, 2021, and approved its payment effective December 16, 2021. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

Outstanding Shares and Stock Options

As at November 19, 2021, Couche-Tard had 249,025,095 Class A multiple-voting shares and 814,599,581 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 3,422,399 outstanding stock options for the purchase of Class B subordinate voting shares.

Change in Classification of Internal Logistics Costs

During the fiscal year ended April 25, 2021, we changed the classification of internal logistics costs, which were previously included in Operating, selling, administrative and general expenses, and are now included in Cost of sales, excluding depreciation, amortization and impairment in the consolidated statements of earnings. This classification change was applied retroactively, and the comparative figures for the 12 and 24-week periods ended October 11, 2020 were adjusted to reflect this change, which had no impact on net earnings and net earnings per share.

Furthermore, during the fiscal year ended April 25, 2021, we also changed the calculation of the key performance indicator used for road transportation fuel gross margin for North America. The road transportation fuel gross margin for the United States and Canada regions now considers all of our fuel activities.

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

	12-week period ended October 11, 2020			24-week period ended October 11, 2020		
(in millions of US dollars, unless otherwise noted)	**Published**	**Adjustments**	**Adjusted**	**Published**	**Adjustments**	**Adjusted**
Statement of Operations Data:						
Merchandise and service gross profit(1):						
United States	931.5	(11.2)	920.3	1,919.8	(22.7)	1,897.1
Canada	205.1	(4.4)	200.7	415.6	(8.6)	407.0
Total merchandise and service gross profit	**1,295.2**	**(15.6)**	**1,279.6**	**2,633.2**	**(31.3)**	**2,601.9**
Road transportation fuel gross profit(1):						
United States	767.4	(7.7)	759.7	1,579.9	(14.4)	1,565.5
Total road transportation fuel gross profit	**1,147.9**	**(7.7)**	**1,140.2**	**2,278.6**	**(14.4)**	**2,264.2**
Total gross profit(1)	**2,485.4**	**(23.3)**	**2,462.1**	**4,996.4**	**(45.7)**	**4,950.7**
Operating, selling, administrative and general expenses	1,194.4	(23.3)	1,171.1	2,365.4	(45.7)	2,319.7
Merchandise and service gross margin:						
Consolidated	34.4%	(0.4%)	34.0%	34.6%	(0.4%)	34.2%
United States	34.0%	(0.4%)	33.6%	34.4%	(0.4%)	34.0%
Canada	32.6%	(0.7%)	31.9%	32.1%	(0.6%)	31.5%
Road transportation fuel gross margin:						
United States (cents per gallon)	37.48	(1.27)	36.21	40.14	(1.48)	38.66
Canada (CA cents per liter)	10.05	(0.04)	10.01	10.16	(0.04)	10.12

(1) Please refer to the section “Non-IFRS Measures” for additional information on performance measures not defined by IFRS.

Please refer to our 2021 Annual Report for additional information on adjusted comparative figures for fiscal years 2021 and 2020.

Non-IFRS Measures

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

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

- Gross profit;
- Earnings before interest, taxes, depreciation, amortization and impairment ("EBITDA") and adjusted EBITDA;
- Adjusted net earnings and adjusted diluted net earnings per share;
- Net interest-bearing debt/total capitalization and leverage ratios; and
- Return on equity and return on capital employed.

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

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

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

	12-week periods ended		24-week periods ended	
(in millions of US dollars)	**October 10, 2021**	October 11, 2020	**October 10, 2021**	October 11, 2020
Revenues	**14,219.7**	10,655.4	**27,798.6**	20,365.2
Cost of sales, excluding depreciation, amortization and impairment(1)	**11,631.5**	8,193.3	**22,610.4**	15,414.5
Gross profit(1)	**2,588.2**	2,462.1	**5,188.2**	4,950.7

(1) Please refer to the section "Change in Classification of Internal Logistics Costs" for additional information on changes affecting the comparative periods.

Earnings before interest, taxes, depreciation, amortization and impairment ("EBITDA") and adjusted EBITDA. EBITDA represents net earnings plus income taxes, net financial expenses and depreciation, amortization and impairment. Adjusted EBITDA represents EBITDA adjusted for acquisition costs and other specific items. These performance measures are considered useful to facilitate the evaluation of our ongoing operations and our ability to generate cash flows to fund our cash requirements, including our capital expenditures program and payment of dividends.

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

	12-week periods ended		24-week periods ended	
(in millions of US dollars)	**October 10, 2021**	October 11, 2020	**October 10, 2021**	October 11, 2020
Net earnings, as reported	**694.8**	757.0	**1,459.2**	1,534.1
Add:				
Income taxes	**187.5**	193.6	**393.8**	396.3
Net financial expenses	**67.3**	77.2	**141.6**	165.2
Depreciation, amortization and impairment	**325.7**	305.8	**640.0**	595.3
EBITDA	**1,275.3**	1,333.6	**2,634.6**	2,690.9
Adjusted for:				
Acquisition costs	**1.8**	1.2	**2.6**	5.1
Gain on disposal of a property	**—**	(40.9)	**—**	(40.9)
Adjusted EBITDA	**1,277.1**	1,293.9	**2,637.2**	2,655.1

Adjusted net earnings and adjusted diluted net earnings per share. Adjusted net earnings represents net earnings adjusted for net foreign exchange gains or losses, acquisition costs and other specific items. These measures are considered useful for evaluating the underlying performance of our operations on a comparable basis.

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

	12-week periods ended		**24-week periods ended**	
(in millions of US dollars, except per share amounts, or unless otherwise noted)	**October 10, 2021**	October 11, 2020	**October 10, 2021**	October 11, 2020
Net earnings, as reported	**694.8**	757.0	**1,459.2**	1,534.1
Adjusted for:				
Net foreign exchange (gain) loss	**(4.9)**	8.9	**(13.5)**	27.3
Acquisition costs	**1.8**	1.2	**2.6**	5.1
Gain on disposal of a property	**—**	(40.9)	**—**	(40.9)
Tax impact of the items above and rounding	**1.3**	8.8	**2.7**	4.4
Adjusted net earnings	**693.0**	735.0	**1,451.0**	1,530.0
Weighted average number of shares - diluted (in millions)	**1,072.5**	1,114.4	**1,073.4**	1,114.3
Adjusted diluted net earnings per share	**0.65**	0.66	**1.35**	1.37

Net interest-bearing debt/total capitalization. This measure represents a measure of financial condition that is especially used in financial circles.

The table below presents the calculation of this performance measure:

(in millions of US dollars, except ratio data)	**As at October 10, 2021**	As at April 25, 2021
Current portion of long-term debt and current portion of lease liabilities	**408.8**	1,526.7
Long-term debt and lease liabilities	**9,111.9**	8,075.3
Less: Cash and cash equivalents, including restricted cash	**3,377.2**	3,019.2
Net interest-bearing debt	**6,143.5**	6,582.8
Equity	**12,866.1**	12,180.9
Net interest-bearing debt	**6,143.5**	6,582.8
Total capitalization	**19,009.6**	18,763.7
Net interest-bearing debt to total capitalization ratio	**0.32 : 1**	0.35 : 1

Leverage ratio. This measure represents a measure of financial condition that is especially used in financial circles. Net interest-bearing debt represents long-term debt plus current portion of long-term debt and lease liabilities plus current portion of lease liabilities.

The table below reconciles net interest-bearing debt and adjusted EBITDA with the leverage ratio:

	52-week periods ended	
(in millions of US dollars, except ratio data)	**October 10, 2021**	April 25, 2021
Net interest-bearing debt	**6,143.5**	6,582.8
Adjusted EBITDA	**4,986.9**	5,004.8
Leverage ratio	**1.23 : 1**	1.32 : 1

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

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

	52-week periods ended	
(in millions of US dollars, unless otherwise noted)	**October 10, 2021**	April 25, 2021
Net earnings	**2,630.6**	2,705.5
Average equity	**12,393.0**	11,123.8
Return on equity	**21.2%**	24.3%

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

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

	52-week periods ended	
(in millions of US dollars, unless otherwise noted)	**October 10, 2021**	April 25, 2021
Net earnings	**2,630.6**	2,705.5
Add:		
Income taxes	**651.1**	653.6
Financial expenses	**318.9**	342.5
EBIT	**3,600.6**	3,701.6
Average capital employed	**23,840.6**	23,252.3
Return on capital employed	**15.1%**	15.9%

Summary Analysis of Consolidated Results for the Second Quarter and First Half-year of Fiscal 2022

The following table highlights certain information regarding our operations for the 12 and 24-week periods ended October 10, 2021 and October 11, 2020. Europe and other regions include the results from our operations in Asia.

	12-week periods ended			24-week periods ended		
(in millions of US dollars, unless otherwise stated)	**October 10, 2021**	October 11, 2020	Variation %	**October 10, 2021**	October 11, 2020	Variation %
Statement of Operations Data:						
Merchandise and service revenues[(1)]:						
United States	**2,754.0**	2,736.4	0.6	**5,583.4**	5,587.8	(0.1)
Europe and other regions	**580.4**	394.6	47.1	**1,141.8**	737.8	54.8
Canada	**644.5**	629.8	2.3	**1,321.7**	1,293.0	2.2
Total merchandise and service revenues	**3,978.9**	3,760.8	5.8	**8,046.9**	7,618.6	5.6
Road transportation fuel revenues:						
United States	**6,654.8**	4,438.3	49.9	**13,118.5**	8,344.3	57.2
Europe and other regions	**2,154.9**	1,496.2	44.0	**3,948.5**	2,678.6	47.4
Canada	**1,267.7**	875.7	44.8	**2,405.6**	1,552.7	54.9
Total road transportation fuel revenues	**10,077.4**	6,810.2	48.0	**19,472.6**	12,575.6	54.8
Other revenues[(2)]:						
United States	**11.4**	9.5	20.0	**22.2**	17.0	30.6
Europe and other regions	**147.6**	69.5	112.4	**247.6**	144.7	71.1
Canada	**4.4**	5.4	(18.5)	**9.3**	9.3	—
Total other revenues	**163.4**	84.4	93.6	**279.1**	171.0	63.2
Total revenues	**14,219.7**	10,655.4	33.5	**27,798.6**	20,365.2	36.5
Merchandise and service gross profit[(1)(3)(4)]:						
United States	**932.1**	920.3	1.3	**1,899.8**	1,897.1	0.1
Europe and other regions	**222.8**	158.6	40.5	**438.2**	297.8	47.1
Canada	**208.3**	200.7	3.8	**427.3**	407.0	5.0
Total merchandise and service gross profit	**1,363.2**	1,279.6	6.5	**2,765.3**	2,601.9	6.3
Road transportation fuel gross profit [(3)(4)]:						
United States	**791.7**	759.7	4.2	**1,596.5**	1,565.5	2.0
Europe and other regions	**278.0**	283.2	(1.8)	**524.7**	519.7	1.0
Canada	**115.7**	97.3	18.9	**223.7**	179.0	25.0
Total road transportation fuel gross profit	**1,185.4**	1,140.2	4.0	**2,344.9**	2,264.2	3.6
Other revenues gross profit[(2)(4)]:						
United States	**11.4**	9.5	20.0	**22.2**	17.0	30.6
Europe and other regions	**23.8**	27.4	(13.1)	**46.5**	58.3	(20.2)
Canada	**4.4**	5.4	(18.5)	**9.3**	9.3	—
Total other revenues gross profit	**39.6**	42.3	(6.4)	**78.0**	84.6	(7.8)
Total gross profit[(3)(4)]	**2,588.2**	2,462.1	5.1	**5,188.2**	4,950.7	4.8
Operating, selling, administrative and general expenses[(3)]	**1,321.3**	1,171.1	12.8	**2,599.4**	2,319.7	12.1
Loss (gain) on disposal of property and equipment and other assets	**3.2**	(35.1)	(109.1)	**(34.1)**	(43.9)	(22.3)
Depreciation, amortization and impairment	**325.7**	305.8	6.5	**640.0**	595.3	7.5
Operating income	**938.0**	1,020.3	(8.1)	**1,982.9**	2,079.6	(4.6)
Net financial expenses	**67.3**	77.2	(12.8)	**141.6**	165.2	(14.3)
Net earnings	**694.8**	757.0	(8.2)	**1,459.2**	1,534.1	(4.9)
Per Share Data:						
Basic net earnings per share (dollars per share)	**0.65**	0.68	(4.4)	**1.36**	1.38	(1.4)
Diluted net earnings per share (dollars per share)	**0.65**	0.68	(4.4)	**1.36**	1.38	(1.4)
Adjusted diluted net earnings per share (dollars per share)[(4)]	**0.65**	0.66	(1.5)	**1.35**	1.37	(1.5)

(in millions of US dollars, unless otherwise stated)	12-week periods ended			24-week periods ended		
	October 10, 2021	October 11, 2020	Variation %	**October 10, 2021**	October 11, 2020	Variation %
Other Operating Data:						
Merchandise and service gross margin(1)(3):						
Consolidated	**34.3%**	34.0%	0.3	**34.4%**	34.2%	0.2
United States	**33.8%**	33.6%	0.2	**34.0%**	34.0%	—
Europe and other regions	**38.4%**	40.2%	(1.8)	**38.4%**	40.4%	(2.0)
Canada	**32.3%**	31.9%	0.4	**32.3%**	31.5%	0.8
Growth of (decrease in) same-store merchandise revenues(5):						
United States(6)	**1.4%**	4.4%		**0.6%**	6.1%	
Europe and other regions(7)	**3.9%**	8.6%		**4.9%**	6.0%	
Canada(6)	**(2.1%)**	11.4%		**(6.1%)**	15.7%	
Road transportation fuel gross margin(3):						
United States (cents per gallon)	**36.39**	36.21	0.5	**36.57**	38.66	(5.4)
Europe and other regions (cents per liter)	**10.57**	11.10	(4.8)	**10.45**	10.82	(3.4)
Canada (CA cents per liter)	**11.03**	10.01	10.2	**11.02**	10.12	8.9
Total volume of road transportation fuel sold:						
United States (millions of gallons)	**2,175.7**	2,098.2	3.7	**4,365.3**	4,049.1	7.8
Europe and other regions (millions of liters)	**2,629.9**	2,550.7	3.1	**5,021.6**	4,801.2	4.6
Canada (millions of liters)	**1,324.5**	1,288.4	2.8	**2,536.4**	2,380.8	6.5
Growth of (decrease in) same-store road transportation fuel volume(6):						
United States	**3.3%**	(15.5%)		**7.4%**	(18.4%)	
Europe and other regions	**(0.3%)**	(4.5%)		**2.8%**	(8.3%)	
Canada	**2.8%**	(11.8%)		**6.3%**	(18.7%)	

(in millions of US dollars, unless otherwise stated)	**As at October 10, 2021**	As at April 25, 2021	Variation $
Balance Sheet Data:			
Total assets	**29,352.4**	28,394.5	957.9
Interest-bearing debt(8)	**9,520.7**	9,602.0	(81.3)
Equity	**12,866.1**	12,180.9	685.2
Indebtedness Ratios(4):			
Net interest-bearing debt/total capitalization	**0.32 : 1**	0.35 : 1	
Leverage ratio	**1.23 : 1**	1.32 : 1	
Returns(4):			
Return on equity	**21.2%**	24.3%	
Return on capital employed	**15.1%**	15.9%	

(1) Includes revenues derived from franchise fees, royalties, suppliers' rebates on some purchases made by franchisees and licensees, as well as from wholesale of merchandise. Franchise fees from international licensed stores are presented in the United States.
(2) Includes revenues from the rental of assets and from the sale of aviation fuel and energy for stationary engines.
(3) Please refer to the section “Change in Classification of Internal Logistics Costs” for additional information on changes affecting the comparative periods.
(4) Please refer to the section “Non-IFRS measures” for additional information on these performance measures not defined by IFRS.
(5) Does not include services and other revenues (as described in footnotes 1 and 2 above). Growth in Canada and in Europe and other regions is calculated based on local currencies.
(6) For company-operated stores only.
(7) Includes the growth of same-store merchandise revenues of Circle K Hong Kong starting December 21, 2020.
(8) This measure is presented including the following balance sheet accounts: Current portion of long-term debt, Long-term debt, Current portion of lease liabilities, and Lease liabilities.

Revenues

Our revenues were $14.2 billion for the second quarter of fiscal 2022, up by $3.6 billion, an increase of 33.5% compared with the corresponding quarter of fiscal 2021. This performance is mainly attributable to a higher average road transportation fuel selling price, the contribution from acquisitions, higher fuel demand, as well as the net positive impact from the translation of revenues of our Canadian and European operations into US dollars, which had an impact of approximately $92.0 million.

For the first half-year of fiscal 2022, our revenues increased by $7.4 billion, or 36.5% compared with the corresponding period of fiscal 2021, mainly attributable to similar factors as those of the second quarter.

Merchandise and service revenues

Total merchandise and service revenues for the second quarter of fiscal 2022 were $4.0 billion, an increase of $218.1 million compared with the corresponding quarter of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, merchandise and service revenues increased by approximately $183.0 million, or 4.9%. This increase is primarily attributable to the contribution from acquisitions, which amounted to approximately $170.0 million. Same-store merchandise revenues increased by 1.4% in the United States, 3.9% in Europe and other regions, and decreased by 2.1% in Canada. On a 2-year basis, same-store merchandise revenues increased at a solid compound annual growth rate of 2.9% in the United States, 6.3% in Europe and 4.5% in Canada.

For the first half-year of fiscal 2022, the growth in merchandise and service revenues was $428.3 million compared with the corresponding period of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, merchandise and service revenues increased by approximately $276.0 million, or 3.6%. Same-store merchandise revenues increased by 0.6% in the United States, 4.9% in Europe and other regions, and decreased by 6.1% in Canada.

Road transportation fuel revenues

Total road transportation fuel revenues for the second quarter of fiscal 2022 were $10.1 billion, an increase of $3.3 billion compared with the corresponding quarter of fiscal 2021. Excluding the net positive impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues increased by approximately $3.2 billion, or 47.1%. This increase is mostly attributable to a higher average road transportation fuel selling price, which had a positive impact of approximately $3.0 billion, as well as to higher fuel demand. Same-store road transportation fuel volume increased by 3.3% in the United States, 2.8% in Canada, and decreased by 0.3% in Europe and other regions. On a 2-year basis, same-store road transportation fuel volume decreased at a compound annual rate of 6.5% in the United States, 2.0% in Europe and 4.9% in Canada. While we are seeing improvement in fuel demand, fuel volumes are still generally under pressure across our network, with continued work from home trends, as well as evolving restrictive social measures.

For the first half-year of fiscal 2022, the road transportation fuel revenues increased by $6.9 billion compared with the corresponding period of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, road transportation fuel revenues increased by approximately $6.6 billion, or 52.6%. The positive impact of the higher average road transportation fuel selling price was approximately $5.7 billion. Same-store road transportation fuel volume increased by 7.4% in the United States, 2.8% in Europe and other regions, and 6.3% in Canada.

The following table shows the average selling price of road transportation fuel of our company-operated stores in our various markets for the last eight quarters, starting with the third quarter of the fiscal year ended April 26, 2020:

Quarter	3rd	4th	1st	2nd	Weighted average
52-week period ended October 10, 2021					
United States (US dollars per gallon)	2.16	2.72	2.97	3.08	2.70
Europe and other regions (US cents per liter)	65.84	79.29	79.09	86.29	77.13
Canada (CA cents per liter)	92.54	108.99	117.51	123.00	109.87
52-week period ended October 11, 2020					
United States (US dollars per gallon)	2.51	2.21	2.04	2.14	2.26
Europe and other regions (US cents per liter)	73.92	60.95	56.89	63.19	64.91
Canada (CA cents per liter)	103.47	88.78	86.89	92.00	94.34

Other revenues

Total other revenues for the second quarter and first half-year of fiscal 2022 were $163.4 million and $279.1 million, respectively, an increase of $79.0 million and $108.1 million compared with the corresponding periods of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, other revenues increased by approximately $79.0 million and $99.0 million in the second quarter and first half-year of fiscal 2022, respectively, primarily driven by higher average selling prices and higher demand of our other fuel products, which had a minimal impact on gross profit.

Gross profit[1]

Our gross profit was $2.6 billion for the second quarter of fiscal 2022, up by $126.1 million, or 5.1%, compared with the corresponding quarter of fiscal 2021, mainly attributable to the contribution from acquisitions, higher fuel demand, improved merchandise and service gross margin and the net positive impact from the translation of our Canadian and European operations into US dollars, which had an impact of approximately $19.0 million.

For the first half-year of fiscal 2022, our gross profit increased by $237.5 million, or 4.8%, compared with the first half-year of fiscal 2021, mainly attributable to higher fuel demand, the net positive impact from the translation of our Canadian and European operations into US dollars and the contribution from acquisitions, partly offset by lower road transportation fuel gross margins in the United States.

Merchandise and service gross profit

In the second quarter of fiscal 2022, our merchandise and service gross profit was $1.4 billion, an increase of $83.6 million compared with the corresponding quarter of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, merchandise and service gross profit increased by approximately $72.0 million, or 5.6%, mainly attributable to the contribution from acquisitions, which amounted to approximately $49.0 million. Our gross margin increased by 0.2% in the United States to 33.8%, and 0.4% in Canada to 32.3%, mainly due to favorable changes in product mix as customers are favoring smaller sized packaging, including single serves. Our gross margin decreased by 1.8% in Europe and other regions to 38.4%, mainly due to the integration of Circle K Hong Kong, which has a different product mix than our European operations. Excluding Circle K Hong Kong, our gross margin in Europe and other regions would have been 42.2%, driven by favorable changes in product mix.

During the first half-year of fiscal 2022, our merchandise and service gross profit was $2.8 billion, an increase of $163.4 million compared with the first half-year of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, merchandise and service gross profit increased by approximately $111.0 million, or 4.3%. Our gross margin was stable at 34.0% in the United States, decreased by 2.0% in Europe and other regions to 38.4%, and increased by 0.8% in Canada to 32.3%.

Road transportation fuel gross profit

In the second quarter of fiscal 2022, our road transportation fuel gross profit was $1.2 billion, an increase of $45.2 million compared with the corresponding quarter of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, our road transportation fuel gross profit increased by approximately $38.0 million, or 3.3%. In the United States, our road transportation fuel gross margin was 36.39¢ per gallon, an increase of 0.18¢ per gallon. In Europe and other regions, it was US 10.57¢ per liter, a decrease of US 0.53¢ per liter, and in Canada, it was CA 11.03¢ per liter, an increase of CA 1.02¢ per liter. Fuel margins remained healthy throughout our network, from a favorable competitive landscape and a strong sourcing efficiency.

During the first half-year of fiscal 2022, our road transportation fuel gross profit was $2.3 billion, an increase of $80.7 million compared with the first half-year of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, road transportation fuel gross profit increased by approximately $37.0 million, or 1.6%. The road transportation fuel gross margin was 36.57¢ per gallon in the United States, US 10.45¢ per liter in Europe and other regions, and CA 11.02¢ per liter in Canada.

[1]Please refer to the section “Non-IFRS Measures” for additional information on performance measures not defined by IFRS.

The road transportation fuel gross margin of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, starting with the third quarter of the fiscal year ended April 26, 2020, were as follows:

(US cents per gallon)					
Quarter	3rd	4th	1st	2nd	Weighted average
52-week period ended October 10, 2021					
Before deduction of expenses related to electronic payment modes	31.86	35.25	37.58	37.68	35.40
Expenses related to electronic payment modes	4.66	5.10	5.38	5.31	5.09
After deduction of expenses related to electronic payment modes	27.20	30.15	32.20	32.37	30.31
52-week period ended October 11, 2020					
Before deduction of expenses related to electronic payment modes	27.04	46.88	42.99	37.48	37.10
Expenses related to electronic payment modes	4.54	4.97	4.88	4.79	4.76
After deduction of expenses related to electronic payment modes	22.50	41.91	38.11	32.69	32.34

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

Other revenues gross profit

In the second quarter and first half-year of fiscal 2022, other revenues gross profit was $39.6 million and $78.0 million, respectively, a decrease of $2.7 million and $6.6 million, respectively, compared with the corresponding periods of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, other revenues gross profit decreased by approximately $3.0 million and $10.0 million in the second quarter and first half-year of fiscal 2022, respectively.

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

For the second quarter and first half-year of fiscal 2022, expenses increased by 12.8% and 12.1%, respectively, compared with the corresponding periods of fiscal 2021. If we exclude certain items that are not considered indicative of future trends, expenses increased by 7.7% and 5.6%, respectively.

	12-week period ended October 10, 2021	24-week period ended October 10, 2021
Total variance, as reported	**12.8%**	**12.1%**
Adjusted for:		
Increase from incremental expenses related to acquisitions	**(2.2%)**	**(2.2%)**
Increase from higher electronic payment fees, excluding acquisitions	**(1.9%)**	**(2.2%)**
Increase from the net impact of foreign exchange translation	**(0.9%)**	**(2.2%)**
(Increase) decrease from acquisition costs recognized to earnings	**(0.1%)**	**0.1%**
Remaining variance	**7.7%**	**5.6%**

The increase of expenses in the second quarter was driven by measures necessitated by the impact of the labor shortage and the need to improve employee retention, an increased level of marketing activities and other discretionary expenses that were significantly reduced in the prior year quarter, as well as by inflationary pressure, higher costs from rising minimum wages, and incremental investments in our stores to support our strategic initiatives. This increase was partly offset by lower COVID-19 related expenses compared to the corresponding quarter of the previous fiscal year. Excluding the costs of the retention measures implemented, which totaled approximately $24.0 million, the remaining variance for the second quarter of fiscal 2022 would have been 5.7%. On a 2-year basis, excluding the costs of those measures, we maintained our cost discipline, as demonstrated by a compound annual growth rate of only 2.2% in the normalized expenses.

Earnings before interest, taxes, depreciation, amortization and impairment (“EBITDA[1]”) and adjusted EBITDA[1]

During the second quarter of fiscal 2022, EBITDA stood at $1.3 billion, a decrease of 4.4% compared with the corresponding quarter of fiscal 2021. Adjusted EBITDA for the second quarter of fiscal 2022 decreased by $16.8 million, or 1.3%, compared with the corresponding quarter of fiscal 2021, mainly due to higher operating expenses, partly offset by organic growth in our convenience and road transportation fuel operations, the contribution from acquisitions, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, which had a net positive impact of approximately $8.0 million.

[1]Please refer to the section “Non-IFRS Measures” for additional information on performance measures not defined by IFRS.

During the first half-year of fiscal 2022, EBITDA decreased from $2.7 billion to $2.6 billion, a decrease of 2.1% compared with the corresponding period of fiscal 2021. Adjusted EBITDA for the first half-year of fiscal 2022 decreased by $17.9 million, or 0.7%, compared with the corresponding period of fiscal 2021, mainly attributable to similar factors as those of the second quarter, as well as to lower road transportation fuel gross margins in the United States and Europe and other regions. The variation in exchange rates had a net positive impact of approximately $50.0 million.

Depreciation, amortization and impairment ("depreciation")

For the second quarter and first half-year of fiscal 2022, our depreciation expense increased by $19.9 million and $44.7 million, respectively. Excluding the net negative impact from the translation of our Canadian and European operations into US dollars, the depreciation expense increased by approximately $17.0 million and $31.0 million for the second quarter and first half-year of fiscal 2022, respectively. This increase is mainly driven by the impact from investments made through acquisitions, the replacement of equipment, as well as the ongoing improvement of our network.

Net financial expenses

Net financial expenses for the second quarter and first half-year of fiscal 2022 were $67.3 million and $141.6 million, respectively, a decrease of $9.9 million and $23.6 million compared with the corresponding periods of fiscal 2021. Excluding the items shown in the table below, net financial expenses for the second quarter and first half-year of fiscal 2022 increased by $1.2 million and $1.5 million, respectively.

	12-week periods ended		24-week periods ended	
(in millions of US dollars)	**October 10, 2021**	October 11, 2020	**October 10, 2021**	October 11, 2020
Net financial expenses, as reported	**67.3**	77.2	**141.6**	165.2
Adjusted for:				
Change in fair value of financial instruments and amortization of deferred differences	**(1.7)**	1.0	**(11.8)**	3.9
Net foreign exchange gain (loss)	**4.9**	(8.9)	**13.5**	(27.3)
Net financial expenses excluding items above	**70.5**	69.3	**143.3**	141.8

Income taxes

The income tax rate for the second quarter of fiscal 2022 was 21.3% compared with 20.4% for the corresponding period of fiscal 2021. The increase for the second quarter of fiscal 2022 is mainly stemming from the impact of a different mix in our earnings across the various jurisdictions in which we operate, as well as from prior year gains taxable at a lower income tax rate.

The income tax rate for the first half-year of fiscal 2022 was 21.3% compared with 20.5% for the first half-year of fiscal 2021.

Net earnings and adjusted net earnings[1]

Net earnings for the second quarter of fiscal 2022 were $694.8 million, compared with $757.0 million for the second quarter of the previous fiscal year, a decrease of $62.2 million, or 8.2%. Diluted net earnings per share stood at $0.65, compared with $0.68 for the corresponding quarter of the previous fiscal year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net positive impact of approximately $6.0 million on net earnings of the second quarter of fiscal 2022.

Adjusted net earnings for the second quarter of fiscal 2022 were approximately $693.0 million, compared with $735.0 million for the second quarter of fiscal 2021, a decrease of $42.0 million, or 5.7%. Adjusted diluted net earnings per share[1] were $0.65 for the second quarter of fiscal 2022, compared with $0.66 for the corresponding quarter of fiscal 2021, a decrease of 1.5%.

For the first half-year of fiscal 2022, net earnings stood at $1.5 billion, a decrease of $74.9 million, or 4.9%, compared to the the first half-year of fiscal 2021. Diluted net earnings per share stood at $1.36, compared with $1.38 for the corresponding period of the previous fiscal year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net positive impact of approximately $36.0 million on net earnings of the first half-year of fiscal 2022.

Adjusted net earnings for the first half-year of fiscal 2022 stood at $1.5 billion, a decrease of $79.0 million, or 5.2%, compared with the first half-year of fiscal 2021. Adjusted diluted net earnings per share[1] were $1.35 for the first half-year of fiscal 2022, compared with $1.37 for the first half-year of fiscal 2021, a decrease of 1.5%.

[1]Please refer to the section "Non-IFRS Measures" for additional information on performance measures not defined by IFRS.

Financial Position as at October 10, 2021

As shown by our indebtedness ratios included in the “Summary Analysis of Consolidated Results for the Second Quarter and First Half-year of Fiscal 2022” section and our net cash provided by operating activities, our financial position remains healthy.

Our total consolidated assets amounted to $29.4 billion as at October 10, 2021, an increase of $957.9 million over the balance as at April 25, 2021, primarily due to a higher cash position, the impact of increased road transportation fuel selling price and to the investments made in our network, including business acquisitions.

During the 52-week periods ended October 10, 2021 and April 25, 2021, we recorded a return on capital employed[1] of 15.1% and 15.9%, respectively.

Significant balance sheet variations are explained as follows:

Accounts receivable

Accounts receivable increased by $285.3 million, from $1.8 billion as at April 25, 2021, to $2.1 billion as at October 10, 2021. The increase stems mainly from a higher average road transportation fuel selling price, partially offset by the negative net impact of approximately $43.0 million from the variation in exchange rates at the balance sheet date.

Equity

Equity amounted to $12.9 billion as at October 10, 2021, up $685.2 million compared with April 25, 2021, mainly reflecting net earnings for the first half-year of fiscal 2022, partly offset by the impact of the share repurchases, the dividends declared as well as by the net other comprehensive loss. For the 52-week periods ended October 10, 2021, and April 25, 2021, we recorded a return on equity[1] of 21.2% and 24.3%, respectively.

Liquidity and Capital Resources

Our principal sources of liquidity are our net cash provided by operating activities and borrowings available under our revolving unsecured credit facility. Our principal uses of cash are to repay our debt, finance our acquisitions and capital expenditures, pay dividends and repurchase shares, as well as to provide for working capital. We expect that cash generated from operations and borrowings available under our revolving unsecured credit facility will be adequate to meet our liquidity needs in the foreseeable future.

Our credit facility is detailed as follows:

Term revolving unsecured operating credit facility, maturing in May 2026 (“operating credit facility”)

Credit agreement consisting of a revolving unsecured facility of a maximum amount of $2.5 billion. As at October 10, 2021, our operating credit facility was not used and standby letters of credit in the amount of $6.7 million were outstanding.

Available liquidities

As at October 10, 2021, a total of approximately $2.5 billion was available under our operating credit facility and we were in compliance with the restrictive covenants and ratios imposed by the credit agreement at that date. Thus, as at the same date, we had access to approximately $5.9 billion through our available cash and our operating credit facility.

Selected Consolidated Cash Flow Information

(in millions of US dollars)	12-week periods ended			24-week periods ended		
	October 10, 2021	October 11, 2020	Variation	**October 10, 2021**	October 11, 2020	Variation
Operating activities						
Net cash provided by operating activities	**918.6**	880.8	37.8	**2,131.2**	2,228.5	(97.3)
Investing activities						
Purchase of property and equipment, intangible assets and other assets	**(333.7)**	(273.9)	(59.8)	**(668.2)**	(486.7)	(181.5)
Business acquisitions and contingent consideration paid	**(126.0)**	(42.6)	(83.4)	**(151.0)**	(42.9)	(108.1)
Proceeds from disposal of property and equipment and other assets	**34.8**	59.5	(24.7)	**86.4**	87.8	(1.4)
Other investing activities	**(7.5)**	(0.6)	(6.9)	**(21.1)**	(5.9)	(15.2)
Net cash used in investing activities	**(432.4)**	(257.6)	(174.8)	**(753.9)**	(447.7)	(306.2)
Financing activities						
Share repurchases	**(238.5)**	—	(238.5)	**(554.6)**	—	(554.6)
Cash dividends paid	**(147.2)**	(116.7)	(30.5)	**(147.2)**	(116.7)	(30.5)
Principal elements of lease payments	**(110.3)**	(97.8)	(12.5)	**(211.3)**	(184.5)	(26.8)
Net payments on other debts	**(59.9)**	(0.3)	(59.6)	**(77.6)**	(0.6)	(77.0)
Repayment of senior unsecured notes	**—**	(227.1)	227.1	**(994.3)**	(227.1)	(767.2)
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs	**—**	—	—	**990.1**	—	990.1
Net decrease in term revolving unsecured operating credit facility	**—**	—	—	**—**	(1,500.0)	1,500.0
Other financing activities	**(0.4)**	(0.2)	(0.2)	**(3.3)**	(0.1)	(3.2)
Net cash used in financing activities	**(556.3)**	(442.1)	(114.2)	**(998.2)**	(2,029.0)	1,030.8
Credit ratings						
S&P Global Ratings – Corporate and Senior unsecured notes credit ratings				**BBB**	BBB	
Moody's – Corporate and Senior unsecured notes credit ratings				**Baa2**	Baa2	

Operating activities

During the second quarter of fiscal 2022, net cash from our operations reached $918.6 million, up $37.8 million compared with the second quarter of fiscal 2021, mainly due to a positive variation in our working capital. During the first half-year of fiscal 2022, net cash from our operations reached $2.1 billion, down $97.3 million compared with the first half-year of fiscal 2021, mainly due to lower net earnings.

Investing activities

During the second quarter of fiscal 2022, net investments in property and equipment, intangible assets and other assets amounted to $298.9 million and business acquisitions amounted to $126.0 million. During the first half-year of fiscal 2022, net investments in property and equipment, intangible assets and other assets amounted to $581.8 million, and business acquisitions amounted to $151.0 million.The investments were primarily for the replacement of equipment in some of our stores in order to enhance our offering of products and services, for the addition of new stores, for the ongoing improvement of our network, as well as for information technology.

Financing activities

During the second quarter of fiscal 2022, we repurchased Class B subordinate voting shares for an amount of $238.5 million, paid dividends in the amount of $147.2 million, repaid a net amount of $59.9 million on our other debts and $110.3 million on the principal element of our lease liabilities. In the first half-year of fiscal 2022, we fully repaid our $1.0 billion US-dollar-denominated senior unsecured notes, that were set to mature on July 26, 2022, and we issued US-dollar-denominated senior unsecured notes totaling, net of financing fees, $990.1 million. Furthermore, we repurchased Class B subordinate shares for an amount of $554.6 million, paid dividends in the amount of $147.2 million, repaid a net amount of $77.6 million on our other debts and repaid $211.3 million on the principal element of our lease liabilities.

Contractual Obligations and Commercial Commitments

There were no major changes to our contractual obligations and commercial commitments during the 24-week period ended October 10, 2021. For more information, please refer to our 2021 Annual Report.

Internal Controls over Financial Reporting

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We also maintain a system of disclosure controls and procedures designed to ensure, in all material respects, the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed with securities regulatory agencies is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As at October 10, 2021, our management, following its assessment, certifies the design and operating effectiveness of the Corporation's controls and procedures.

We undertake ongoing evaluations of the effectiveness of our internal controls over financial reporting and implement control enhancements, when appropriate. As at April 25, 2021, our management and our external auditors reported that these internal controls were effective.

Selected Quarterly Financial Information

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

(in millions of US dollars, except per share data)	**24-week period ended October 10, 2021**		52-week period ended April 25, 2021				Extract from 52-week period ended April 26, 2020	
Quarter	2nd	1st	4th	3rd	2nd	1st	4th	3rd
Weeks	**12 weeks**	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks
Revenues	**14,219.7**	13,578.9	12,237.4	13,157.5	10,655.4	9,709.8	9,687.2	16,604.2
Operating income before depreciation, amortization and impairment	**1,263.7**	1,359.2	1,106.3	1,253.3	1,326.1	1,348.8	1,077.0	1,274.6
Depreciation, amortization and impairment	**325.7**	314.3	344.9	418.7	305.8	289.5	307.4	406.1
Operating income	**938.0**	1,044.9	761.4	834.6	1,020.3	1,059.3	769.6	868.5
Share of earnings of joint ventures and associated companies	**11.6**	0.1	1.8	8.2	7.5	8.5	7.3	5.1
Net financial expenses	**67.3**	74.3	71.7	105.6	77.2	88.0	53.2	84.2
Net earnings including non-controlling interests	**694.8**	764.4	563.9	607.5	757.0	777.1	578.3	663.9
Net earnings attributable to non-controlling interests	**—**	—	—	—	—	—	(2.0)	(4.0)
Net earnings attributable to shareholders of the Corporation	**694.8**	764.4	563.9	607.5	757.0	777.1	576.3	659.9
Net earnings per share								
Basic	**$0.65**	$0.71	$0.52	$0.55	$0.68	$0.70	$0.52	$0.59
Diluted	**$0.65**	$0.71	$0.52	$0.55	$0.68	$0.70	$0.52	$0.59

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

Outlook

For the remaining portion of fiscal 2022, while the pandemic is still not behind us, we will continue to adjust our offer to meet our customer needs, making their lives a little easier every day. We continue to focus on our core convenience and mobility business by enhancing fresh food options at our stores, innovating payment options at our forecourts and inside our stores and using advanced data analytics to localize pricing, promotion, and assortment. We stand ready to continue to invest in our many organic growth initiatives, seek out additional acquisition opportunities and nurture the culture of discipline and entrepreneurship that has been our trademark as we move closer to reaching our five-year ambition of doubling the business. In this rapidly evolving labor environment, we are firmly committed, as a corporation, to increase employee engagement, as well as diversity and inclusion. Sustainability remains at the forefront of our priorities and a lens to the business.

In the upcoming month of December and as stipulated in the constituting documents of the Corporation, the sunset clause will be triggered and each Class B subordinate voting share will automatically convert into one Class A multiple voting share. Following this event, only one Class of shares will be traded on the Toronto Stock Exchange. This will be inconsequential for the operation of our business and our founders will continue to be involved in the organization as they have been for over four decades.

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

November 23, 2021

Consolidated Statements of Earnings

(in millions of US dollars, except per share amounts, unaudited)

	12 weeks		24 weeks	
For the periods ended	**October 10, 2021**	October 11, 2020	**October 10, 2021**	October 11, 2020
	$	$	**$**	$
Revenues	**14,219.7**	10,655.4	**27,798.6**	20,365.2
Cost of sales, excluding depreciation, amortization and impairment (Note 1)	**11,631.5**	8,193.3	**22,610.4**	15,414.5
Operating, selling, administrative and general expenses (Note 1)	**1,321.3**	1,171.1	**2,599.4**	2,319.7
Loss (gain) on disposal of property and equipment and other assets	**3.2**	(35.1)	**(34.1)**	(43.9)
Depreciation, amortization and impairment	**325.7**	305.8	**640.0**	595.3
Operating income	**938.0**	1,020.3	**1,982.9**	2,079.6
Share of earnings of joint ventures and associated companies	**11.6**	7.5	**11.7**	16.0
Financial expenses (Note 5)	**82.1**	73.3	**167.8**	151.0
Financial revenues	**(9.9)**	(5.0)	**(12.7)**	(13.1)
Foreign exchange (gain) loss	**(4.9)**	8.9	**(13.5)**	27.3
Net financial expenses	**67.3**	77.2	**141.6**	165.2
Earnings before income taxes	**882.3**	950.6	**1,853.0**	1,930.4
Income taxes	**187.5**	193.6	**393.8**	396.3
Net earnings	**694.8**	757.0	**1,459.2**	1,534.1
Net earnings per share (Note 7)				
Basic	**0.65**	0.68	**1.36**	1.38
Diluted	**0.65**	0.68	**1.36**	1.38
Weighted average number of shares – basic (in millions)	**1,070.9**	1,112.9	**1,072.0**	1,112.9
Weighted average number of shares – diluted (in millions)	**1,072.5**	1,114.4	**1,073.4**	1,114.3
Number of shares outstanding at the end of period (in millions)	**1,064.8**	1,112.9	**1,064.8**	1,112.9

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

Consolidated Statements of Comprehensive Income

(in millions of US dollars, unaudited)

	12 weeks		24 weeks	
For the periods ended	**October 10, 2021**	October 11, 2020	**October 10, 2021**	October 11, 2020
	$	$	**$**	$
Net earnings	**694.8**	757.0	**1,459.2**	1,534.1
Other comprehensive income				
Items that may be reclassified subsequently to earnings				
Translation adjustments				
Change in cumulative translation adjustments(1)	**8.9**	73.2	**(94.8)**	319.9
Change in fair value and net interest on cross-currency interest rate swaps designated as a hedge of the Corporation’s net investment in some of its foreign operations(2)	**11.9**	49.2	**(2.4)**	88.5
Cash flow hedges				
Change in fair value of financial instruments(2)	**0.6**	0.2	**5.7**	2.9
Gain realized on financial instruments transferred to earnings(2)	**(0.2)**	(0.1)	**(0.8)**	(0.8)
Items that will never be reclassified to earnings				
Net actuarial (loss) gain(3)	**(1.9)**	4.5	**1.4**	9.8
Gain (loss) on investments in equity instruments measured at fair value through Other comprehensive income(4)	**1.6**	(9.5)	**0.1**	12.0
Other comprehensive income (loss)	**20.9**	117.5	**(90.8)**	432.3
Comprehensive income	**715.7**	874.5	**1,368.4**	1,966.4

(1) For the 12 and 24-week periods ended October 10, 2021, these amounts include a gain of $22.0 (net of income taxes of $3.3) and a gain of $17.3 (net of income taxes of $2.6), respectively. For the 12 and 24-week periods ended October 11, 2020, these amounts include a gain of $54.5 (net of income taxes of $8.3) and a gain of $130.4 (net of income taxes of $19.9), respectively.These gains arise from the translation of long-term debts denominated in foreign currencies and designated as net investment hedges in some of the Corporation's foreign operations.

(2) For the 12 and 24-week periods ended October 10, 2021, these amounts are net of income tax expenses of $0.9 and $3.7, respectively. For the 12 and 24-week periods ended October 11, 2020, these amounts are net of income tax expenses of $0.1 and $0.9, respectively.

(3) For the 12 and 24-week periods ended October 10, 2021, these amounts are net of income tax (recoveries) expenses of $(0.5) and $0.3, respectively. For the 12 and 24-week periods ended October 11, 2020, these amounts are net of income tax expenses of $1.2 and $2.5, respectively.

(4) For the 12 and 24-week periods ended October 10, 2021, these amounts are net of income tax expenses (recoveries) of $0.3 and $(1.2), respectively. For the 12 and 24-week periods ended October 11, 2020, these amounts are net of income tax recoveries of $1.2 and income taxes of nil, respectively.

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

Consolidated Statements of Changes in Equity

(in millions of US dollars, unaudited)

For the 24-week period ended					**October 10, 2021**
	Capital stock	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive loss (Note 8)**	**Equity**
	$	**$**	**$**	**$**	**$**
Balance, beginning of period	**670.6**	**23.6**	**12,017.8**	**(531.1)**	**12,180.9**
Comprehensive income:					
Net earnings			**1,459.2**		**1,459.2**
Other comprehensive loss				**(90.8)**	**(90.8)**
					1,368.4
Share repurchases (Note 9)	**(11.8)**		**(525.9)**		**(537.7)**
Dividends declared			**(147.2)**		**(147.2)**
Stock option-based compensation expense		**1.7**			**1.7**
Balance, end of period	**658.8**	**25.3**	**12,803.9**	**(621.9)**	**12,866.1**

For the 24-week period ended					October 11, 2020
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (Note 8)	Equity
	$	$	$	$	$
Balance, beginning of period	694.8	21.4	10,611.3	(1,260.9)	10,066.6
Comprehensive income:					
Net earnings			1,534.1		1,534.1
Other comprehensive income				432.3	432.3
					1,966.4
Dividends declared			(116.7)		(116.7)
Stock option-based compensation expense		3.4			3.4
Exercise of stock options	2.5	(2.3)			0.2
Balance, end of period	697.3	22.5	12,028.7	(828.6)	11,919.9

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

Consolidated Statements of Cash Flows

(in millions of US dollars, unaudited)

	12 weeks		24 weeks	
For the periods ended	**October 10, 2021**	October 11, 2020	**October 10, 2021**	October 11, 2020
	$	$	**$**	$
Operating activities				
Net earnings	**694.8**	757.0	**1,459.2**	1,534.1
Adjustments to reconcile net earnings to net cash provided by operating activities				
Depreciation, amortization, impairment and amortization of financing costs	**326.9**	306.5	**642.0**	597.1
Loss (gain) on disposal of property and equipment and other assets	**3.2**	(35.1)	**(34.1)**	(43.9)
Deferred income taxes	**29.1**	23.0	**53.6**	42.1
Share of earnings of joint ventures and associated companies, net of dividends received	**(8.0)**	(3.4)	**(6.9)**	(7.5)
Net deferred credits	**(12.9)**	1.1	**(11.5)**	40.6
Net changes in fuel swaps	**12.1**	(0.2)	**24.1**	23.6
Change in fair value of convertible debentures and common share warrants in Fire & Flower and amortization of deferred differences (Note 4)	**8.1**	(1.0)	**18.2**	(3.9)
Early redemption premium and deemed interest on repayment of senior unsecured notes (Note 6)	**—**	—	**(33.4)**	—
Other	**16.8**	21.4	**34.5**	44.2
Changes in non-cash working capital	**(151.5)**	(188.5)	**(14.5)**	2.1
Net cash provided by operating activities	**918.6**	880.8	**2,131.2**	2,228.5
Investing activities				
Purchase of property and equipment, intangible assets and other assets	**(333.7)**	(273.9)	**(668.2)**	(486.7)
Business acquisitions and contingent consideration paid (Note 2)	**(126.0)**	(42.6)	**(151.0)**	(42.9)
Proceeds from disposal of property and equipment and other assets (Note 3)	**34.8**	59.5	**86.4**	87.8
Change in restricted cash	**(7.5)**	7.2	**(13.2)**	3.7
Investments in Fire & Flower (Note 4)	**—**	(7.8)	**(7.9)**	(9.6)
Net cash used in investing activities	**(432.4)**	(257.6)	**(753.9)**	(447.7)
Financing activities				
Share repurchases (Note 9)	**(238.5)**	—	**(554.6)**	—
Cash dividends paid	**(147.2)**	(116.7)	**(147.2)**	(116.7)
Principal elements of lease payments	**(110.3)**	(97.8)	**(211.3)**	(184.5)
Net payments on other debts	**(59.9)**	(0.3)	**(77.6)**	(0.6)
Settlements of derivative financial instruments	**(0.4)**	(0.2)	**(3.3)**	(0.3)
Repayment of senior unsecured notes (Note 6)	**—**	(227.1)	**(994.3)**	(227.1)
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs (Note 6)	**—**	—	**990.1**	—
Net decrease in term revolving unsecured operating credit facility (Note 6)	**—**	—	**—**	(1,500.0)
Exercise of stock options	**—**	—	**—**	0.2
Net cash used in financing activities	**(556.3)**	(442.1)	**(998.2)**	(2,029.0)
Effect of exchange rate fluctuations on cash and cash equivalents	**(12.5)**	39.0	**(34.3)**	96.6
Net (decrease) increase in cash and cash equivalents	**(82.6)**	220.1	**344.8**	(151.6)
Cash and cash equivalents, beginning of period	**3,443.2**	3,269.8	**3,015.8**	3,641.5
Cash and cash equivalents, end of period	**3,360.6**	3,489.9	**3,360.6**	3,489.9
Supplemental information:				
Interest and early redemption premium paid (Note 6)	**84.6**	104.3	**173.9**	163.3
Interest and dividends received	**6.9**	8.0	**10.7**	18.4
Income taxes paid	**164.5**	188.1	**257.2**	302.6

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

Consolidated Balance Sheets

(in millions of US dollars, unaudited)

	As at October 10, 2021	As at April 25, 2021
	$	$
Assets		
Current assets		
Cash and cash equivalents	**3,360.6**	3,015.8
Restricted cash	**16.6**	3.4
Accounts receivable	**2,057.0**	1,771.7
Inventories	**1,887.3**	1,767.6
Prepaid expenses	**137.5**	111.7
Assets held for sale (Note 3)	**291.1**	335.1
Other short-term financial assets (Note 11)	**8.4**	11.0
Income taxes receivable	**85.7**	105.6
	7,844.2	7,121.9
Property and equipment	**10,943.7**	10,870.1
Right-of-use assets	**3,148.4**	3,069.1
Intangible assets	**694.7**	716.9
Goodwill	**6,004.7**	5,946.3
Other assets	**440.7**	389.7
Other long-term financial assets (Note 4)	**1.9**	20.1
Investments in joint ventures and associated companies	**215.4**	199.8
Deferred income taxes	**58.7**	60.6
	29,352.4	28,394.5
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**4,273.3**	3,994.3
Short-term provisions	**128.7**	154.6
Other short-term financial liabilities (Note 11)	**42.8**	26.6
Income taxes payable	**215.5**	155.6
Liabilities associated with assets held for sale (Note 3)	**68.8**	91.9
Current portion of long-term debt (Note 6)	**1.5**	1,107.3
Current portion of lease liabilities	**407.3**	419.4
	5,137.9	5,949.7
Long-term debt (Note 6)	**6,229.6**	5,282.6
Lease liabilities	**2,882.3**	2,792.7
Long-term provisions	**623.7**	631.0
Pension benefit liability	**98.9**	98.1
Other long-term financial liabilities (Note 11)	**80.0**	79.6
Deferred credits and other liabilities	**261.8**	251.3
Deferred income taxes	**1,172.1**	1,128.6
	16,486.3	16,213.6
Equity		
Capital stock (Note 9)	**658.8**	670.6
Contributed surplus	**25.3**	23.6
Retained earnings	**12,803.9**	12,017.8
Accumulated other comprehensive loss (Note 8)	**(621.9)**	(531.1)
	12,866.1	12,180.9
	29,352.4	28,394.5

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

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

1. CONSOLIDATED FINANCIAL STATEMENTS PRESENTATION

The unaudited interim condensed consolidated financial statements (the "interim financial statements") have been prepared by the Corporation in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

These interim financial statements have been prepared in accordance with the same accounting policies and methods as the audited annual consolidated financial statements for the year ended April 25, 2021. The interim financial statements do not include all the information required for complete financial statements and should be read in conjunction with the audited annual consolidated financial statements and notes thereto in the Corporation's 2021 Annual Report (the "fiscal 2021 consolidated financial statements"). The results of operations for the interim periods presented do not necessarily reflect results expected for the full fiscal year. The Corporation's business follows a seasonal pattern. The busiest period is generally the first half-year of each fiscal year, which includes summer sales.

On November 23, 2021, the Corporation's interim financial statements were approved by the Board of Directors.

Comparative figures

Classification of internal logistics costs

During the fiscal year ended April 25, 2021, the Corporation changed its classification of internal logistics costs, which were previously included in Operating, selling, administrative and general expenses, and are now included in Cost of sales, excluding depreciation, amortization and impairment in the consolidated statements of earnings. This classification change was applied retroactively and the comparative figures for the 12 and 24-week periods ended October 11, 2020 were adjusted to reflect this change which had no impact on net earnings and net earnings per share.

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

	12-week period ended October 11, 2020			24-week period ended October 11, 2020		
	Published	**Adjustments**	**Adjusted**	**Published**	**Adjustments**	**Adjusted**
	$	**$**	**$**	**$**	**$**	**$**
Cost of sales, excluding depreciation, amortization and impairment	8,170.0	23.3	8,193.3	15,368.8	45.7	15,414.5
Operating, selling, administrative and general expenses	1,194.4	(23.3)	1,171.1	2,365.4	(45.7)	2,319.7

2. BUSINESS ACQUISITIONS

During the 24-week period ended October 10, 2021, the Corporation acquired 36 company-operated stores, including the acquisition of 35 stores operating under the Porter's brand and located in the United States. As a result of these acquisitions, the Corporation owns the land and the building for 14 sites, leases the land and the building for 21 sites and owns the building while leasing the land for the remaining site. These transactions were settled for a total consideration of $126.0 using available cash and existing credit facilities. For the 24-week period ended October 10, 2021, acquisition costs of $2.6 in connection with these acquisitions and other unrealized and ongoing acquisitions are included in Operating, selling, administrative and general expenses.

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

The Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed and the goodwill given the timing of these acquisitions. The preliminary estimates of the fair value of the assets acquired and the liabilities assumed for these acquisitions, based on the estimated fair value on the date of acquisition and available information as at the date of the publication of these interim financial statements, are as follows:

	$
Identifiable assets acquired	
Inventories	2.6
Prepaid expenses	0.1
Property and equipment	41.7
Right-of-use assets	17.8
Total identifiable assets	62.2
Liabilities assumed	
Provisions	0.9
Lease liabilities	17.8
Total liabilities assumed	18.7
Net identifiable assets acquired	43.5
Goodwill	82.5
Total cash consideration paid	126.0

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

On July 30, 2021, the Corporation entered into a binding agreement to acquire Cape D'Or Holdings Limited, Barrington Terminals Limited and other related holding entities, which operate an independent convenience store and fuel network in Atlantic Canada under the Esso, Go! Stores and Wilsons Gas Stops brands (“Wilsons”). The Wilsons network comprises 79 company-operated convenience retail and fuel locations, 147 dealer locations, and a fuel terminal in Halifax, Canada. The transaction, which would be financed using the Corporation's available cash and/or existing credit facilities, is expected to close in the first half of calendar year 2022 and is subject to customary closing conditions and regulatory approvals, including those under the *Competition Act* (Canada).

On September 9, 2021, the Corporation entered into a binding agreement to acquire 10 company-operated stores, operating under the Londis brand and located in Ireland. The transaction is expected to close in the third quarter of fiscal 2022.

3. DISPOSAL OF BUSINESS

On March 22, 2021, the Corporation announced its intention to sell certain sites across 28 states in the United States and 6 provinces in Canada. The decision to dispose of these sites was based on the outcome of a strategic review of the Corporation's network. As at October 10, 2021, 261 sites in the United States and 36 sites in Canada met the criteria for classification as held for sale, including 210 sites already subject to multiple sales agreements with various buyers. The following assets and liabilities were classified as held for sale as at October 10, 2021:

	$
Assets	
Inventory	37.1
Property and equipment	124.7
Right-of-use assets	63.0
Intangible assets	0.8
Goodwill	65.5
	291.1
Liabilities	
Lease liabilities	60.1
Provisions	8.7
	68.8

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

During the first quarter of fiscal 2022, the Corporation completed the sale of 48 sites located in Oklahoma, within the United States, to Casey's General Stores Inc. for cash consideration of $40.3. The transaction resulted in a gain of $13.6, which is included in Loss (gain) on disposal of property and equipment and other assets in the consolidated statement of earnings. The assets and the liabilities related to those sites were classified as held for sale starting March 22, 2021.

4. INVESTMENTS IN FIRE & FLOWER HOLDINGS CORP. ("FIRE & FLOWER")

Convertible debentures and common share warrants

During the first quarter of fiscal 2022, the Corporation exercised the Series A-3 Warrants for cash consideration of CA $9.8 ($7.9).

The Corporation continues to own convertible debentures and common share warrants for which there were no changes to the valuation techniques described in Note 7 of the fiscal 2021 consolidated financial statements (Level 3). Expected volatility is the key unobservable input which was used in establishing their fair value and fluctuation of that input stems mainly from the developing market in which Fire & Flower operates. As at October 10, 2021, with all other variables held constant, a 5% increase or decrease in the 70% expected volatility used would not have had a significant impact on the fair value of the convertible debentures and common share warrants.

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

	Estimated fair value of the convertible debentures	Estimated fair value of the common share warrants	Estimated total fair value of the financial assets	Deferred differences	Net carrying amount
	$	$	$	$	$
24-week period ended October 10, 2021					
Balance, beginning of period	3.0	37.0	**40.0**	(18.6)	**21.4**
Loss recognized to Other finance costs (Note 5)	(0.5)	(27.0)	**(27.5)**	9.3	**(18.2)**
Exercise of common share warrants	—	(1.4)	**(1.4)**	—	**(1.4)**
Effect of exchange rate variations	—	0.1	**0.1**	—	**0.1**
Balance, end of period	**2.5**	**8.7**	**11.2**	**(9.3)**	**1.9**

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

Significant influence

The Corporation assessed that its currently existing and potential voting rights continued to provide significant influence over Fire & Flower. The accounting periods of Fire & Flower, which is a publicly traded company, do not coincide with the Corporation's accounting periods, therefore the Corporation used Fire & Flower's financial statements for the reporting period ended July 31, 2021, adjusted to reflect significant transactions, if any, in applying the equity method of accounting for the 24-week period ended October 10, 2021.

5. FINANCIAL EXPENSES

	12 weeks		24 weeks	
For the periods ended	**October 10, 2021**	October 11, 2020	**October 10, 2021**	October 11, 2020
	$	$	**$**	$
Interest on long-term debt	**50.0**	48.1	**101.5**	99.1
Interest on lease liabilities	**19.6**	20.6	**39.3**	40.1
Accretion of provisions	**3.4**	3.6	**6.9**	7.0
Other finance costs	**9.1**	1.0	**20.1**	4.8
	82.1	73.3	**167.8**	151.0

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

6. LONG-TERM DEBT

	As at October 10, 2021	As at April 25, 2021
	$	$
US-dollar-denominated senior unsecured notes, maturing from July 2027 to May 2051[(a)]	**3,966.0**	4,002.9
Canadian-dollar-denominated senior unsecured notes, maturing from November 2022 to June 2025	**1,314.2**	1,319.1
Euro-denominated senior unsecured notes, maturing in May 2026	**865.0**	902.0
NOK-denominated senior unsecured notes, maturing in February 2026	**78.7**	80.8
Other debts	**7.2**	85.1
	6,231.1	6,389.9
Current portion of long-term debt	**1.5**	1,107.3
Long-term portion of long-term debt	**6,229.6**	5,282.6

(a) US-dollar-denominated senior unsecured notes

On May 13, 2021, the Corporation issued US-dollar-denominated senior unsecured notes totaling $1,000.0, consisting of the following:

	Principal amount	**Maturity**	**Coupon rate**	**Effective rate**	**Interest payment dates**
May 13, 2021 issuance	$650.0	May 13, 2041	3.439%	3.503%	May 13th and November 13th
May 13, 2021 Green Bonds issuance	$350.0	May 13, 2051	3.625%	3.687%	May 13th and November 13th

An amount equal to the $346.1 net proceeds of the $350.0 Green Bonds tranche will be used to finance projects that contribute to environmental sustainability.

A portion of these $1,000.0 US-dollar-denominated senior unsecured notes was subject to interest rate locks in anticipation of the issuance. On May 10, 2021, prior to their maturity, the Corporation settled all its interest rate locks and a total cumulative loss of $2.9 was recognized to Accumulated other comprehensive loss in relation with the settlements.

On May 14, 2021, the Corporation fully repaid its $1,000.0 US-dollar-denominated senior unsecured notes issued on July 26, 2017 and which were set to mature on July 26, 2022. The repayment was settled using the $644.0 net proceeds from the $650.0 US-dollar-denominated senior unsecured notes issued on May 13, 2021, as well as with cash on hand and included an early redemption premium of $27.7. In the consolidated statement of cash flows for the 24-week period ended October 10, 2021, the repayment of $1,027.7 is reflected in operating activities for an amount of $33.4, representing the early redemption premium paid on May 14, 2021 and the financing costs paid on the July 26, 2017 issuance, and in financing activities for an amount of $994.3, representing the net proceeds from the July 26, 2017 issuance.

Term revolving unsecured operating credit facility

As at October 10, 2021, the operating credit facility was not used and the Corporation was in compliance with the restrictive covenants and ratios imposed by the credit facility agreement. During the first quarter of fiscal 2022, the maturity of the operating credit facility was extended to May 2026.

7. NET EARNINGS PER SHARE

The following tables present the information for the computation of basic and diluted net earnings per share:

	12-week period ended October 10, 2021			12-week period ended October 11, 2020		
	Net earnings	**Weighted average number of shares (in millions)**	**Net earnings per share**	Net earnings	Weighted average number of shares (in millions)	Net earnings per share
	$		**$**	$		$
Basic net earnings attributable to Class A and B shareholders	**694.8**	**1,070.9**	**0.65**	757.0	1,112.9	0.68
Dilutive effect of stock options	**—**	**1.6**	**—**	—	1.5	—
Diluted net earnings attributable to Class A and B shareholders	**694.8**	**1,072.5**	**0.65**	757.0	1,114.4	0.68

	24-week period ended October 10, 2021			24-week period ended October 11, 2020		
	Net earnings	**Weighted average number of shares (in millions)**	**Net earnings per share**	Net earnings	Weighted average number of shares (in millions)	Net earnings per share
	$		**$**	$		$
Basic net earnings attributable to Class A and B shareholders	**1,459.2**	**1,072.0**	**1.36**	1,534.1	1,112.9	1.38
Dilutive effect of stock options	**—**	**1.4**	**—**	—	1.4	—
Diluted net earnings attributable to Class A and B shareholders	**1,459.2**	**1,073.4**	**1.36**	1,534.1	1,114.3	1.38

When they have an antidilutive effect, stock options must be excluded from the calculation of the diluted net earnings per share. For the 12 and 24-week periods ended October 10, 2021, nil and 500,270 stock options were excluded, respectively (215,372 and 461,250 for the 12 and 24-week periods ended October 11, 2020, respectively).

8. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Cumulative translation adjustments[(a)]	**Net investment hedge[(a)]**	**Cash flow hedge[(a)]**	**Cumulative net actuarial gain (loss)[(b)]**	**Investments in equity instruments measured at fair value through Other comprehensive income[(b)]**	**Accumulated other comprehensive loss**
	$	**$**	**$**	**$**	**$**	**$**
24-week period ended October 10, 2021						
Balance, beginning of period	**(257.8)**	**(280.6)**	**(8.9)**	**15.9**	**0.3**	**(531.1)**
Other comprehensive (loss) income	**(94.8)**	**(2.4)**	**4.9**	**1.4**	**0.1**	**(90.8)**
Balance, end of period	**(352.6)**	**(283.0)**	**(4.0)**	**17.3**	**0.4**	**(621.9)**
24-week period ended October 11, 2020						
Balance, beginning of period	(764.9)	(451.0)	(3.7)	(27.3)	(14.0)	(1,260.9)
Other comprehensive income	319.9	88.5	2.1	9.8	12.0	432.3
Balance, end of period	(445.0)	(362.5)	(1.6)	(17.5)	(2.0)	(828.6)

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

9. CAPITAL STOCK

Issued and outstanding shares

As at October 10, 2021, the Corporation had 249,025,101 issued and outstanding Class A multiple-voting shares (253,803,100 as at April 25, 2021), with each share comprising 10 votes, and 815,764,575 issued and outstanding Class B subordinate voting shares (825,809,027 as at April 25, 2021), with each share comprising 1 vote.

The changes in the number of shares are as follows:

	24-week period ended October 10, 2021
Class A multiple voting shares (in millions)	
Balance, beginning of period	253.8
Conversions into Class B shares	(4.8)
Balance, end of period	249.0
Class B subordinate voting shares (in millions)	
Balance, beginning of period	825.8
Issued on conversions of Class A shares	4.8
Share repurchases[a]	(14.8)
Balance, end of period	815.8

(a) Share repurchase program

On April 21, 2021, the Toronto Stock Exchange approved the implementation of a share repurchase program, which took effect on April 26, 2021. The program allows the Corporation to repurchase up to 32,056,988 Class B subordinate voting shares, representing 4.0% of the 801,424,691 Class B subordinate voting shares of the public float issued and outstanding as at April 19, 2021. The share repurchase period will end no later than April 25, 2022. During the 12 and 24-week periods ended October 10, 2021, the Corporation repurchased 6,351,895 and 14,822,895 Class B subordinate voting shares, respectively. These repurchases were settled for amounts of $238.5 and $537.7, respectively. During the 24-week period ended October 10, 2021, 6,351,895 Class B subordinate voting shares were repurchased, for an amount of $238.5, from Développements Orano Inc., a corporation controlled by Mr. Alain Bouchard, founder of the Corporation and executive chairman of its Board of Directors, which constitutes a related party transaction.

When making such repurchases, the number of Class B subordinate voting shares in circulation is reduced and the proportionate interest of all remaining shareholders in the Corporation's share capital is increased on a pro rata basis. All shares repurchased under the share repurchase program were cancelled upon their repurchase. An automatic securities purchase plan, which was pre-cleared by the Toronto Stock Exchange upon approbation of the program, is also in place and could allow a designated broker to repurchase the Corporation's shares on its behalf within parameters established by the Corporation. No automatic securities purchase plan was in effect as at October 10, 2021.

In addition, subsequent to the end of the second quarter of fiscal 2022, the Corporation repurchased 1,294,700 Class B subordinate voting shares for an amount of $50.0.

Stock options

For the 12 and 24-week periods ended October 10, 2021, no stock options were exercised (nil and 271,758 for the 12 and 24-week periods ended October 11, 2020, respectively).

For the 12 and 24-week periods ended October 10, 2021, a total of nil and 284,898 stock options were granted, respectively (nil and 215,372 for the 12 and 24-week periods ended October 11, 2020, respectively). The description of the Corporation's stock-based compensation plan is included in Note 28 of the fiscal 2021 consolidated financial statements.

The fair value of stock options granted for the 24-week period ended October 10, 2021, was CA $11.38 per option, which was estimated at the grant date using the Black-Scholes option pricing model on the basis of the following assumptions:

- Expected annual dividend of CA 35.0¢ per share;
- Expected volatility of 26%;
- Risk-free interest rate of 1.11%; and
- Expected life of 8 years.

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

10. SEGMENTED INFORMATION

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

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

	12-week period ended October 10, 2021				12-week period ended October 11, 2020			
	United States	**Europe and other regions**	**Canada**	**Total**	United States	Europe and other regions[c]	Canada	Total
	$	**$**	**$**	**$**	$	$	$	$
External customer revenues[a]								
Merchandise and service	**2,754.0**	**580.4**	**644.5**	**3,978.9**	2,736.4	394.6	629.8	3,760.8
Road transportation fuel	**6,654.8**	**2,154.9**	**1,267.7**	**10,077.4**	4,438.3	1,496.2	875.7	6,810.2
Other	**11.4**	**147.6**	**4.4**	**163.4**	9.5	69.5	5.4	84.4
	9,420.2	**2,882.9**	**1,916.6**	**14,219.7**	7,184.2	1,960.3	1,510.9	10,655.4
External customer revenues less Cost of sales, excluding depreciation, amortization and impairment[d]								
Merchandise and service	**932.1**	**222.8**	**208.3**	**1,363.2**	920.3	158.6	200.7	1,279.6
Road transportation fuel	**791.7**	**278.0**	**115.7**	**1,185.4**	759.7	283.2	97.3	1,140.2
Other	**11.4**	**23.8**	**4.4**	**39.6**	9.5	27.4	5.4	42.3
	1,735.2	**524.6**	**328.4**	**2,588.2**	1,689.5	469.2	303.4	2,462.1

	24-week period ended October 10, 2021				24-week period ended October 11, 2020			
	United States	**Europe and other regions**	**Canada**	**Total**	United States	Europe and other regions[c]	Canada	Total
	$	**$**	**$**	**$**	$	$	$	$
External customer revenues[a]								
Merchandise and service	**5,583.4**	**1,141.8**	**1,321.7**	**8,046.9**	5,587.8	737.8	1,293.0	7,618.6
Road transportation fuel	**13,118.5**	**3,948.5**	**2,405.6**	**19,472.6**	8,344.3	2,678.6	1,552.7	12,575.6
Other	**22.2**	**247.6**	**9.3**	**279.1**	17.0	144.7	9.3	171.0
	18,724.1	**5,337.9**	**3,736.6**	**27,798.6**	13,949.1	3,561.1	2,855.0	20,365.2
External customer revenues less Cost of sales, excluding depreciation, amortization and impairment[d]								
Merchandise and service	**1,899.8**	**438.2**	**427.3**	**2,765.3**	1,897.1	297.8	407.0	2,601.9
Road transportation fuel	**1,596.5**	**524.7**	**223.7**	**2,344.9**	1,565.5	519.7	179.0	2,264.2
Other	**22.2**	**46.5**	**9.3**	**78.0**	17.0	58.3	9.3	84.6
	3,518.5	**1,009.4**	**660.3**	**5,188.2**	3,479.6	875.8	595.3	4,950.7
Total long-term assets[b]	**13,648.9**	**4,448.7**	**2,914.1**	**21,011.7**	13,203.3	3,893.4	2,528.4	19,625.1

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

(b) Excluding financial instruments, deferred tax assets and post-employment benefit assets. As at October 11, 2020, the comparative figures have been adjusted to better reflect the exclusion of financial instruments by geography.

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

(d) For the 12-week period ended October 11, 2020, Merchandise and service was adjusted from $931.5 to $920.3 for the United States, from $205.1 to $200.7 for Canada and Road transportation fuel was adjusted from $767.4 to $759.7 for the United States. For the 24-week period ended October 11, 2020, Merchandise and service was adjusted from $1,919.8 to $1,897.1 for the United States, from $415.6 to $407.0 for Canada and Road transportation fuel was adjusted from $1,579.9 to $1,565.5 for the United States. These changes arise from the change in classification described in Note 1.

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

11. FAIR VALUE

The fair value of trade accounts receivable and vendor rebates receivable, credit and debit cards receivable and accounts payable and accrued liabilities is comparable to their carrying amounts given their short maturity.

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

Financial instruments at fair value on the consolidated balance sheets:

	Estimated fair value as at		Consolidated balance sheets classification	Methods and assumptions used	Fair value hierarchy
	October 10, 2021	April 25, 2021			
	$	$			
Share units indexed deposits - Current	**22.0**	18.4	Accounts receivable	Fair market value of the Corporation's Class B shares	Level 2
Share units indexed deposits - Non-current	**54.1**	43.5	Other assets		
Cross-currency interest rate swaps	**80.0**	79.6	Other long-term financial liabilities	Market rates	Level 2
Investments in equity instruments	**32.6**	29.2	Other assets	Unadjusted quoted prices	Level 1
Investments in equity instruments	**14.7**	6.0	Other assets	Entity-specific inputs	Level 3
Investments in other financial assets	**20.1**	—	Other assets	Entity-specific inputs	Level 3
Commodity indexed deposits	**8.4**	9.7	Other short-term financial assets	Market rates	Level 2
Fuel swaps	**42.8**	18.7	Other short-term financial liabilities	Market rates	Level 2

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

	Estimated fair value
	$
24-week period ended October 10, 2021	
Balance, beginning of period	6.0
Purchases	22.4
Gain recognized to Financial revenues[(1)]	6.4
Balance, end of period	**34.8**

(1) Related to financial instruments still held by the Corporation as at October 10, 2021.

The valuations of those financial instruments were predominantly based on prices for similar instruments stemming from recent larger private investments in which the Corporation participated in. Sensitivity to unobservable inputs is therefore not deemed to have a significant impact on their estimated fair value as at October 10, 2021.

In addition, information on the measurement of the convertible debentures and common share warrants in Fire & Flower is presented in Note 4.

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

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

	As at October 10, 2021		As at April 25, 2021	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
US-dollar-denominated senior unsecured notes (Level 2)	**3,966.0**	**4,257.3**	4,002.9	4,257.3
Canadian-dollar-denominated senior unsecured notes (Level 1)	**1,314.2**	**1,380.6**	1,319.1	1,406.3
Euro-denominated senior unsecured notes (Level 2)	**865.0**	**925.4**	902.0	966.8
NOK-denominated senior unsecured notes (Level 2)	**78.7**	**84.5**	80.8	88.2

12. SUBSEQUENT EVENT

Dividends

During its November 23, 2021 meeting, the Board of Directors declared a quarterly dividend of CA 11.0¢ per share for the second quarter of fiscal 2022 to shareholders on record as at December 2, 2021, and approved its payment effective December 16, 2021. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).