Fiscal Year 2022

ALIMENTATION COUCHE-TARD INC.
MANAGEMENT DISCUSSION & ANALYSIS
52-week period ended April 24, 2022

Management Discussion and Analysis

The purpose of this Management Discussion and Analysis ("MD&A") is, as required by regulators, to explain management's point of view on the financial position and results of the operations of Alimentation Couche-Tard Inc. ("Couche-Tard") as well as its performance during the fiscal year ended April 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 audited annual consolidated financial statements and related notes. It should therefore be read in conjunction with those documents. By "we", "our", "us" and "the Corporation", we refer collectively to Couche-Tard and its subsidiaries.

Except where otherwise indicated, all financial information reflected herein is expressed in United States dollars ("US dollars") and determined on the basis of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). We also use measures in this MD&A that do not comply with IFRS as well as supplementary financial measures. The measures that do not comply with IFRS are described in the "Non-IFRS Measures" section of this MD&A and where such measures are presented, the reader is informed. Supplementary financial measures are described where such measures are presented. This MD&A should be read in conjunction with the audited annual consolidated financial statements and related notes included in our 2022 Annual Report, which, along with additional information relating to Couche-Tard, including the most recent Annual Information Form, is available on SEDAR at https://www.sedar.com/ and on our website at https://corpo.couche-tard.com/.

Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe", "could", "should", "intend", "expect", "estimate", "assume", and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at June 28, 2022, 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 2022 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 April 24, 2022, our network comprised 9,094 convenience stores throughout North America, including 7,982 stores with road transportation fuel dispensing. Our North American network consists of 17 business units, including 14 in the United States covering 47 states and 3 in Canada covering all 10 provinces. Approximately 96,000 people are employed throughout our network and at our service offices in North America.

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, and the Baltics through 9 business units. As of April 24, 2022, our network comprised 2,709 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 are employed in our retail network, terminals, and service offices across Europe. In Asia, our network comprised 363 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 1,800 stores are operated under the Circle K banner in 13 other countries and territories (Cambodia, Egypt, Guam, Guatemala, Honduras, Indonesia, Jamaica, Macau, Mexico, New Zealand, Saudi Arabia, the United Arab Emirates and Vietnam), which brings the worldwide total network to more than 14,000 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 we use 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, with our network in Hong Kong SAR, our business has a platform in place from which we are ready to grow. Combining our best practices with local market expertise will help accelerate organic expansion and provide new opportunities for consolidation in the region.

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

Exchange Rate Data

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

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

	12-week periods ended		**52-week periods ended**		
	April 24, 2022	April 25, 2021	**April 24, 2022**	April 25, 2021	April 26, 2020
Average for the period(1)					
Canadian dollar	**0.7901**	0.7930	**0.7978**	0.7630	0.7494
Norwegian krone	**0.1132**	0.1178	**0.1150**	0.1110	0.1096
Swedish krone	**0.1059**	0.1181	**0.1130**	0.1141	0.1038
Danish krone	**0.1492**	0.1611	**0.1555**	0.1577	0.1485
Zloty	**0.2388**	0.2631	**0.2522**	0.2610	0.2568
Euro	**1.1103**	1.1979	**1.1565**	1.1742	1.1087
Ruble(2)	**0.0112**	0.0133	**0.0131**	0.0135	0.0153
Hong Kong dollar(3)	**0.1279**	0.1288	**0.1284**	0.1289	—

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

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

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

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

	As at April 24, 2022	As at April 25, 2021
Period end		
Canadian dollar	**0.7888**	0.8011
Norwegian krone	**0.1124**	0.1201
Swedish krone	**0.1052**	0.1190
Danish krone	**0.1454**	0.1623
Zloty	**0.2334**	0.2645
Euro	**1.0817**	1.2066
Ruble	**Not applicable**	0.0134
Hong Kong dollar	**0.1275**	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, variations and explanations regarding changes in the foreign exchange rate and the volatility of the Canadian dollar, European currencies, and Hong Kong dollar, which we discuss in the present document, are related to the translation into US dollars of our Canadian, European, Asian and corporate operations' results ("foreign currency operations"). For the analysis of consolidated results, those variations are determined as being the difference between the corresponding period results in local currencies translated at the current period average exchange rate and the corresponding period results in local currencies translated at the corresponding period average exchange rate.

Fiscal 2022 Overview

Financial Results

Net earnings attributable to shareholders of the Corporation ("net earnings") amounted to $2.7 billion for fiscal 2022, a decrease of $22.2 million compared with fiscal 2021. Diluted net earnings per share stood at $2.52, compared with $2.44 for the previous year.

The results for fiscal 2022 and fiscal 2021 were affected by specific items disclosed in the "Non-IFRS measures" section of this MD&A. Excluding these items, adjusted net earnings attributable to shareholders of the Corporation ("adjusted net earnings")[1] were approximately $2.8 billion ($2.60 per share on a diluted basis[1]) for fiscal 2022, compared with $2.7 billion ($2.45 per share on a diluted basis[1]) for fiscal 2021, an increase of $54.0 million, or 2.0%, driven by higher road transportation fuel margins in the United States and Canada and organic growth in both the convenience and road transportation fuel operations, partly offset by higher operating expenses and disposal of sites stemming from a strategic review of our network.

Changes in our Network during Fiscal Year 2022

Business acquisitions

During fiscal 2022, we acquired 74 company-operated stores, including the acquisition of 35 stores operating under the Porter's brand and located predominately in Oregon and Washington, United States, 19 stores operating under the Pic Quik brand, located in New Mexico, United States, and 9 stores operating under the Londis brand, located in Ireland. In addition, we acquired 17 dealer-operated stores operating under the Purple Cow brand, located in Southeastern United States, 22 fuel supply agreements and a small sized company, specializing in technological solutions for retailers and convenience stores.

Outstanding transaction

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 (collectively "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 fiscal year 2023 and is subject to customary closing conditions and regulatory approvals, including those under the *Competition Act* (Canada).

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

Divestiture of sites

On March 22, 2021, we reached an agreement to sell 48 sites located in Oklahoma, United States, to Casey's General Stores Inc. On the same date, and based on the outcome of a strategic review of our network, we also announced our intention to sell certain sites across 28 states in the United States and 6 provinces in Canada. During the fiscal year ended April 24, 2022, we closed the agreement with Casey's General Stores Inc. for the sale of 48 sites and completed the sale of 190 sites to various buyers. These transactions were settled for cash consideration of $238.8 million and resulted in a gain of $49.4 million, which is included in Gain on disposal of property and equipment and other assets in the consolidated statement of earnings.

As at April 24, 2022, 11 sites in the United States met the criteria for classification as held for sale as they were subject to sales agreements with various buyers. During fiscal 2022, a criterion for classification as held for sale was no longer met for 66 sites in the United States and 31 sites in Canada. As a result, an amount of $12.6 million was recorded to Depreciation, amortization and impairment to adjust for depreciation that would have been recognized had these sites not been classified as held for sale, as well as to bring the carrying amount of certain sites to their recoverable amount.

Store construction

We completed the construction of 97 stores and the relocation or reconstruction of 36 stores. As of April 24, 2022, another 58 stores were under construction and should open in the upcoming quarters.

Subsequent Event

Subsequent to the end of fiscal 2022, we acquired, through a joint venture with Musket Corporation, four road transportation fuel terminals located in Florida, Illinois and North Carolina, United States.

Summary of changes in our store network

The following tables present certain information regarding changes in our store network over the 12 and 52-week periods ended April 24, 2022[1]:

	12-week period ended April 24, 2022				
Type of site	**Company-operated[2]**	**CODO[3]**	**DODO[4]**	**Franchised and other affiliated[5]**	**Total**
Number of sites, beginning of period	9,857	394	712	1,301	12,264
Acquisitions	4	—	—	—	4
Openings / constructions / additions	42	2	12	22	78
Closures / disposals / withdrawals	(115)	(2)	(11)	(52)	(180)
Store conversions	20	(24)	—	4	—
Number of sites, end of period	**9,808**	**370**	**713**	**1,275**	**12,166**
Circle K branded sites under licensing agreements					1,842
Total network					**14,008**
Number of automated fuel stations included in the period-end figures[6]	975	—	12	—	987

	52-week period ended April 24, 2022				
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	74	17	22	—	113
Openings / constructions / additions	97	5	35	117	254
Closures / disposals / withdrawals	(382)	(8)	(35)	(104)	(529)
Store conversions	43	(42)	(6)	5	—
Number of sites, end of period	**9,808**	**370**	**713**	**1,275**	**12,166**
Circle K branded sites under licensing agreements					1,842
Total network					**14,008**

(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 (the “Program”), which took effect on April 26, 2021. The Program initially allowed us to repurchase up to 4.0% of the Class B subordinate voting shares of the public float as at April 19, 2021 (the “Public float”). On January 31, 2022, the Toronto Stock Exchange approved the amendment of our Program to increase the maximum number of shares that may be repurchased to 5.8% of the Public float.

During fiscal 2022, we repurchased 46,806,328 shares, reaching the Program’s authorized share repurchase limit. These repurchases were settled for an amount of $1.9 billion. During fiscal 2022 and under the Program, 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 Couche-Tard and executive chairman of its Board of Directors, which constitutes a related party transaction.

On April 22, 2022, the Toronto Stock Exchange approved the renewal of our Program, which took effect on April 26, 2022. The renewed Program allows us to repurchase up to 79,703,614 shares, representing 10.0% of the shares comprising the public float as at April 20, 2022, and the share repurchase period will end no later than April 25, 2023. An automatic securities purchase plan, which was pre-cleared by the Toronto Stock Exchange upon approbation of the renewed Program, is also in place and could allow a designated broker to repurchase our shares on our behalf within parameters established by us. Subsequent to the end of fiscal 2022, and under the renewed Program, we repurchased 9,764,000 shares for an amount of $429.2 million.

Automatic Conversion of Class B Subordinate Voting Shares

On December 8, 2021, as a result of all of Couche-Tard’s co-founders reaching the age of 65 years old, all of our Class B subordinate voting shares automatically converted into Class A multiple voting shares on a share-for-share basis. Following the automatic conversion, only Class A multiple voting shares of Couche-Tard are traded on the Toronto Stock Exchange under the symbol “ATD” and all of Couche-Tard’s stock-based compensation and other stock-based payment plans are covering Class A multiple voting shares.

Issuance and Repayments of Senior Unsecured Notes

On May 13, 2021, we issued US-dollar-denominated senior unsecured notes totaling $1.0 billion, consisting of a $650.0 million tranche with a coupon of 3.44% and maturing in 2041, as well as a $350.0 million Green Bonds tranche with a coupon of 3.63% and maturing in 2051. An amount equal to the net proceeds of the Green Bonds has been used to finance or refinance new or existing environmentally friendly projects and community initiatives, which furthers our commitment for a more responsible future. The net proceeds from the $650.0 million issuance, as well as cash on hand, were used to fully repay, on May 14, 2021, our $1.0 billion US-dollar-denominated senior unsecured notes that were set to mature on July 26, 2022. The repayment included an early redemption premium of $27.7 million, for which the impact was recognized to Financial expenses upon the delivery of a redemption notice in fiscal 2021.

A portion of the anticipated $1.0 billion US-dollar-denominated senior unsecured notes issued on May 13, 2021 was part of a cash flow hedge using interest rate locks to reduce the risk associated with changes in interest rates. On May 10, 2021, prior to their maturity, we settled all of our interest rate locks for $2.9 million, which are being amortized to earnings over the term of the new US-dollar-denominated senior unsecured notes as an increase to the related interest expense.

On March 3, 2022, following the delivery of a redemption notice dated January 31, 2022, we fully repaid our CA $250.0 million Canadian-dollar-denominated senior unsecured notes issued on November 1, 2012, which were set to mature on November 1, 2022. The repayment of CA $254.1 million ($200.6 million) was settled using cash on hand and included an early redemption premium of CA $4.1 million ($3.2 million). We also settled the cross-currency interest rate swaps associated with these Canadian-dollar-denominated senior unsecured notes.

Fire & Flower

On April 24, 2022, as a result of a decrease in the market capitalization of Fire & Flower Holdings Corp. (“Fire & Flower”), an impairment loss of $33.7 million was recorded to Depreciation, amortization and impairment to bring our investment in the associated company to its fair value.

During fiscal 2022, we exercised the Series A-3 common share warrants in Fire & Flower for cash consideration of CA $9.8 million ($7.9 million). On April 28, 2022, subsequent to the end of fiscal 2022, we exercised the Series B common share warrants in Fire & Flower for a total consideration of CA $37.8 million ($29.5 million), including cash consideration of CA $17.3 million ($13.5 million) as well as CA $20.5 million ($16.0 million) representing the non-cash settlement of the principal and accrued interests of a CA $20.0 million secured loan granted to Fire & Flower. The exercise increased our interests in Fire & Flower to 35.3%.

Deconsolidation and Impairment of the Investment in our Russian Subsidiaries

On April 8, 2022, as a result of the geopolitical events leading to economic sanctions imposed from and against Russia, as well as the developments following our announcement that we suspended the operations of our 38 stores located in Russia, it was determined that the control criteria over our investment in our wholly-owned Russian subsidiaries were no longer met as we did not have the ability to direct their relevant activities and lost entitlement to their earnings. Following the loss of control, the assets and liabilities of the Russian subsidiaries were derecognized, which led to a Cumulative translation loss reclassification adjustment of $10.5 million. In addition, the resulting investment was measured at its fair value, which led to the recognition of a full impairment loss of $45.7 million. Both amounts were recorded to Depreciation, amortization and impairment. For the fiscal year ended April 24, 2022, the net earnings, other comprehensive income and cash flows related to the Russian subsidiaries were included in our consolidated financial statements from April 26, 2021 to April 8, 2022.

COVID-19 Pandemic

Two years after the start of the COVID-19 pandemic, we continued to see its impact on our business during the fiscal year, which varied by region as the pandemic and social restrictive measures were at different levels year-over-year. Merchandise categories most impacted by COVID-19, such as food, showed a positive trend from the initial pandemic impact and convenience activities performed well in our global network. Fuel margins were higher than pre-pandemic levels, while fuel volumes were challenged by work from home trends and changes in local restrictions.

As the COVID-19 pandemic had a significant impact on our prior year financial results, looking at gross profit 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[1], merchandise and service, as well as road transportation fuel gross profit[2] were higher by 10.2% and 18.2%, respectively, compared with the annual pre-pandemic results of fiscal 2020.

Subsequent Event

United States commercial paper program

Subsequent to the end of fiscal 2022, we established a commercial paper program in the United States on a private placement basis. The commercial paper program allows us to issue, from time to time, unsecured commercial paper notes with maturities not exceeding 397 days. The aggregate principal amount of unsecured commercial paper notes outstanding at any one time cannot exceed $2.5 billion and our term revolving unsecured operating credit facility serves as a liquidity backstop for the repayment of the unsecured commercial paper notes.

Change in Accounting Policy

Configuration and Customisation Costs in a Cloud Computing Arrangement

In April 2021, the IFRS Interpretations Committee finalized its agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement (*IAS 38 *Intangible Assets)*, clarifying how to recognize certain configuration and customisation expenditures related to cloud computing arrangements. During fiscal 2022, we finalized our assessment of the impact of this agenda decision and changed our accounting policy to align with the interpretation. As a result, costs previously capitalized as intangible assets were reclassified, out of which $15.1 million were expensed to Operating, selling, administrative and general expenses in the consolidated statements of earnings, $6.0 million were recognized as long-term prepaid expenses to Other assets and $3.9 million were recognized to Prepaid expenses on the consolidated balance sheet. We did not apply this change in accounting policy retrospectively as its impact was not deemed material. We expect that this change in accounting policy will impact our future consolidated results as the expenditures within the scope of this interpretation will be recorded to Operating, selling, administrative and general expenses while they were recorded to Depreciation, amortization and impairment in the consolidated statements of earnings before this agenda decision. We also expect timing of recognition to earnings of those expenditures to differ following this change.

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1 On a 2-year basis, consolidated merchandise and services as well as fuel gross profit were higher by 14.0% and 16.7%, respectively.

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

Dividends

During its June 28, 2022 meeting, the Board of Directors declared a quarterly dividend of CA 11.0¢ per share for the fourth quarter of fiscal 2022 to shareholders on record as at July 8, 2022, and approved its payment effective July 22, 2022. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

For fiscal 2022, the Board of Directors declared total dividends of CA 41.75¢ per share, an increase of 25.6% compared to CA 33.25¢ for fiscal 2021.

Outstanding Shares and Stock Options

As at June 23, 2022, Couche-Tard had 1,023,244,755 Class A multiple voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 3,776,596 outstanding stock options for the purchase of Class A multiple voting shares.

Statements of Earnings Categories

Merchandise and service revenues. In-store merchandise sales primarily comprise the sale of tobacco products and alternative tobacco products, beverages, beer, wine, fresh food offerings including quick service restaurants, candy and snacks and grocery items. These revenues are recognized at the time of the transaction since control of goods and services is considered transferred when customer makes payment and takes possession of the sold item. Merchandise sales also include the wholesale of merchandise and goods to certain independent operators and franchisees made from our distribution centers and commissaries, which are generally recognized upon delivery to our customers. Service revenues primarily include car wash revenues, commissions on the sale of lottery tickets, fees from automatic teller machines, sales of calling cards, sales of gift cards and revenues from electric vehicles charging stations.

Service revenues also include franchise and license fees, which are recognized in revenues over the period of the agreement, initial franchise fees for which a portion is recognized when the franchise store opens and the remaining portion is deferred and recognized over the estimated term of the related agreement, as well as commissions from agents, and royalties from franchisees and licensees, which are recognized periodically based on sales reported by agents, and franchise and license operators. Through license fees with Canopy Growth's Tweed Inc. branded licensed stores in Ontario, Canada, the share of earnings of Fire & Flower and rental income from subleasing a portion of certain of its convenience stores to Fire & Flower, the Corporation indirectly participates in the sale of cannabis products.

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

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

Cost of sales, excluding depreciation, amortization and impairment. Cost of sales, excluding depreciation, amortization and impairment mainly comprises the cost of finished goods and input materials, transportation costs when they are incurred to bring products to the point of sale, as well as internal logistics costs. Inventories are valued at the lesser of cost and net realizable value. The cost of merchandise is generally valued based on the retail price less a normal margin. The cost of road transportation fuel inventory is generally determined according to the average cost method.

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

Key performance indicators used by management, which can be found under “Summary Analysis of Consolidated Results of Fiscal 2022 - Other Operating Data”, are merchandise and service gross margin[1], growth of same-store merchandise revenues[1], road transportation fuel gross margin[1] and growth of same-store road transportation fuel volumes, return on equity[1] and return on capital employed[1].

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

Non-IFRS Measures

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

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

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

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

- Merchandise and service gross margin and Road transportation fuel gross margin;
- Normalized growth of operating, selling, administrative and general expenses;
- Normalized growth of operating, selling, administrative and general expenses compared to fiscal 2020, including normalized employee-related costs;
- Growth of same-store merchandise revenues for Europe and other regions;
- Adjusted diluted net earnings per share;
- Leverage ratio; and
- Return on equity and return on capital employed.

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

- Net interest-bearing debt/total capitalization.

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

Non-IFRS measures and ratios, as well as the capital management measure ("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		**52-week periods ended**		
(in millions of US dollars)	**April 24, 2022**	April 25, 2021	**April 24, 2022**	April 25, 2021	April 26, 2020
Revenues	**16,434.9**	12,237.4	**62,809.9**	45,760.1	54,132.4
Cost of sales, excluding depreciation, amortization and impairment	**13,877.9**	9,902.9	**51,805.1**	35,644.8	44,488.9
Gross profit	**2,557.0**	2,334.5	**11,004.8**	10,115.3	9,643.5

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

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

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

	12-week periods ended		52-week periods ended		
(in millions of Canadian dollars, unless otherwise noted)	**April 24, 2022**	April 25, 2021	**April 24, 2022**	April 25, 2021	April 26, 2020
Road transportation fuel revenues	**1,686.8**	1,163.8	**6,703.8**	4,596.5	5,915.2
Road transportation fuel cost of sales, excluding depreciation, amortization and impairment	**1,534.3**	1,044.8	**6,085.5**	4,083.5	5,457.2
Road transportation fuel gross profit	**152.5**	119.0	**618.3**	513.0	458.0
Total road transportation fuel volume sold	**1,136.9**	1,089.6	**5,264.8**	4,952.6	5,815.6
Road transportation fuel gross margin (CA cents per liter)	**13.41**	10.92	**11.74**	10.36	7.88

Normalized growth of operating, selling, administrative and general expenses ("normalized growth of expenses"). Normalized growth of expenses consists of the growth of Operating, selling, administrative and general expenses adjusted for the impact of the changes in our network, the impact of more volatile items over which we have limited control as well as the impact from changes in accounting policies and adoption of accounting standards. This measure is considered useful for evaluating our ability to control our expenses on a comparable basis.

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

	12-week periods ended			52-week periods ended		
(in millions of US dollars, unless otherwise noted)	**April 24, 2022**	April 25, 2021	**Variation**	**April 24, 2022**	April 25, 2021	**Variation**
Operating, selling, administrative and general expenses, as published	**1,483.8**	1,246.7	**19.0%**	**5,884.5**	5,148.6	**14.3%**
Adjusted for:						
Increase from higher electronic payment fees, excluding acquisitions	**(39.2)**	—	**(3.1%)**	**(135.6)**	—	**(2.6%)**
Decrease (increase) from the net impact of foreign exchange translation	**—**	(21.2)	**1.7%**	**—**	17.4	**(0.3%)**
Cloud computing transition adjustment	**(15.1)**	—	**(1.2%)**	**(15.1)**	—	**(0.3%)**
Increase from incremental expenses related to acquisitions	**(9.6)**	—	**(0.8%)**	**(90.8)**	—	**(1.8%)**
Decrease from changes in acquisition costs recognized to earnings	**0.6**	—	**—**	**5.1**	—	**0.1%**
Normalized growth of expenses	**1,420.5**	1,225.5	**15.6%**	**5,648.1**	5,166.0	**9.4 %**

	12-week periods ended			52-week periods ended		
(in millions of US dollars, unless otherwise noted)	**April 25, 2021**	April 26, 2020	**Variation**	**April 25, 2021**	April 26, 2020	**Variation**
Operating, selling, administrative and general expenses, as published	**1,246.7**	1,209.8	**3.1%**	**5,148.6**	5,227.3	**(1.5%)**
Adjusted for:						
Increase from the net impact of foreign exchange translation	**—**	40.2	**(3.3%)**	**—**	66.9	**(1.3%)**
Increase from incremental expenses related to acquisitions	**(26.1)**	—	**(2.2%)**	**(48.2)**	—	**(0.9%)**
(Increase) decrease from higher or lower electronic payment fees, excluding acquisitions	**(11.0)**	—	**(0.9%)**	**68.0**	—	**1.3%**
Impact from the December 2018 asset exchange agreement with CAPL, net of electronic payment fees	**4.2**	—	**0.3%**	**22.3**	—	**0.4%**
Decrease (increase) from changes in acquisition costs recognized to earnings	**1.4**	—	**0.1%**	**(5.0)**	—	**(0.1%)**
Decrease from the disposal of our interests in CAPL	**—**	—	**—**	**46.8**	—	**0.9%**
Normalized decrease of expenses	**1,215.2**	1,250.0	**(2.9%)**	**5,232.5**	5,294.2	**(1.2%)**

Normalized growth of operating, selling, administrative and general expenses compared to fiscal 2020, including normalized employee-related costs ("normalized growth of expenses compared to 2020, including employee-related costs"). Normalized growth of expenses compared to fiscal 2020, including employee-related costs consists of the growth of Operating, selling, administrative and general expenses compared to fiscal 2020 adjusted for the impact of the changes in our network, employee-related costs that are not deemed indicative of future trends, the impact of more volatile items over which we have limited control as well as the impact from changes in accounting policies and adoption of accounting standards. This measure is considered useful for evaluating our ability to control our expenses on a comparable basis and against a fiscal year that was subject to limited volatility.

The tables below reconcile growth of Operating, selling, administrative and general expenses to normalized growth of expenses compared to 2020, including employee-related costs:

	12-week periods ended			52-week periods ended		
(in millions of US dollars, unless otherwise noted)	**April 24, 2022**	April 26, 2020	**Variation**	**April 24, 2022**	April 26, 2020	**Variation**
Operating, selling, administrative and general expenses, as published	**1,483.8**	1,209.8	**22.6%**	**5,884.5**	5,227.3	**12.6%**
Adjusted for:						
Increase from higher electronic payment fees, excluding acquisitions	**(49.5)**	—	**(4.1%)**	**(68.0)**	—	**(1.3%)**
Increase from incremental expenses related to acquisitions	**(35.7)**	—	**(3.0%)**	**(139.0)**	—	**(2.7%)**
COVID-19 employee-related costs of the corresponding periods of fiscal 2020	**27.8**	—	**2.3%**	**27.8**	—	**0.5%**
Employee retention measures of current year	**(18.9)**	—	**(1.6%)**	**(80.9)**	—	**(1.5%)**
Increase from the net impact of foreign exchange translation	**—**	19.5	**(1.6%)**	**—**	88.5	**(1.7%)**
Cloud computing transition adjustment	**(15.1)**	—	**(1.2%)**	**(15.1)**	—	**(0.3%)**
Impact from the December 2018 asset exchange agreement with CAPL, net of electronic payment fees	**4.2**	—	**0.3%**	**22.3**	—	**0.4%**
Decrease from changes in acquisition costs recognized to earnings	**2.0**	—	**0.1%**	**0.1**	—	**—**
Decrease from the disposal of our interests in CAPL	**—**	—	**—**	**46.8**	—	**0.9%**
Normalized growth of expenses compared to 2020, including employee-related costs	**1,398.6**	1,229.3	**13.8%**	**5,678.5**	5,315.8	**6.9%**
Compound annual growth rate			**6.8%**			**3.4%**

	12-week periods ended			52-week periods ended		
(in millions of US dollars, unless otherwise noted)	**April 25, 2021**	April 26, 2020	**Variation**	**April 25, 2021**	April 26, 2020	**Variation**
Operating, selling, administrative and general expenses, as published	**1,246.7**	1,209.8	**3.1%**	**5,148.6**	5,227.3	**(1.5%)**
Adjusted for:						
Impact from government grants in fiscal 2021	**41.0**	—	**3.4%**	**51.1**	—	**1.0%**
Increase from the net impact of foreign exchange translation	**—**	40.2	**(3.3%)**	**—**	66.9	**(1.3%)**
Increase from incremental expenses related to acquisitions	**(26.1)**	—	**(2.2%)**	**(48.2)**	—	**(0.9%)**
Decrease (increase) from changes in COVID-19 employee-related costs	**22.6**	—	**1.9%**	**(44.4)**	—	**(0.8%)**
(Increase) decrease from higher electronic payment fees, excluding acquisitions	**(11.0)**	—	**(0.9%)**	**68.0**	—	**1.3%**
Impact from the December 2018 asset exchange agreement with CAPL, net of electronic payment fees	**4.2**	—	**0.3%**	**22.3**	—	**0.4%**
Decrease (increase) from changes in acquisition costs recognized to earnings	**1.4**	—	**0.1%**	**(5.0)**	—	**(0.1%)**
Decrease from the disposal of our interests in CAPL	**—**	—	**—**	**46.8**	—	**0.9%**
Normalized growth of expenses compared to 2020, including employee-related costs	**1,278.8**	1,250.0	**2.4%**	**5,239.2**	5,294.2	**(1.0%)**

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

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

	12-week periods ended		52-week periods ended	
(in millions of US dollars, unless otherwise noted)	**April 24, 2022**	April 25, 2021	**April 24, 2022**	April 25, 2021
Merchandise and service revenues for Europe and other regions	**571.4**	551.9	**2,429.1**	1,830.8
Adjusted for:				
Service revenues	**(57.8)**	(55.0)	**(205.0)**	(178.4)
Net foreign exchange impact	**—**	(30.0)	**—**	(21.9)
Merchandise revenues for stores not meeting the definition of same-store	**(71.8)**	(50.7)	**(147.2)**	(152.0)
Same-store merchandises revenues from stores not included in our consolidated results	**78.8**	74.0	**400.0**	859.7
Total Same-store merchandise revenues for Europe and other regions	**520.6**	490.2	**2,476.9**	2,338.2
Growth of same-store merchandise revenues for Europe and other regions	**6.2 %**		**5.9 %**	

	12-week periods ended		52-week periods ended	
(in millions of US dollars, unless otherwise noted)	**April 25, 2021**	April 26, 2020	**April 25, 2021**	April 26, 2020
Merchandise and service revenues for Europe and other regions	**551.9**	312.9	**1,830.8**	1,416.3
Adjusted for:				
Service revenues	**(55.0)**	(36.8)	**(178.4)**	(144.3)
Net foreign exchange impact	**—**	31.4	**—**	81.9
Merchandise revenues for stores not meeting the definition of same-store	**(30.7)**	(20.8)	**(33.2)**	(9.6)
Same-store merchandises revenues from stores not included in our consolidated results	**95.3**	225.0	**437.4**	593.6
Total Same-store merchandise revenues for Europe and other regions	**561.5**	511.7	**2,056.6**	1,937.9
Growth of same-store merchandise revenues for Europe and other regions	**9.7%**		**6.1%**	

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 for which the impact on consolidated results is not deemed indicative of future trends. These performance measures are considered useful to facilitate the evaluation of our ongoing operations and our ability to generate cash flows to fund our cash requirements, including our capital expenditures program, share repurchases, and payment of dividends.

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

	12-week periods ended		52-week periods ended		
(in millions of US dollars)	**April 24, 2022**	April 25, 2021	**April 24, 2022**	April 25, 2021	April 26, 2020
Net earnings including non-controlling interests, as reported	**477.7**	563.9	**2,683.3**	2,705.5	2,357.6
Add:					
Income taxes	**139.2**	127.6	**734.3**	653.6	545.9
Net financial expenses	**51.5**	71.7	**281.0**	342.5	284.5
Depreciation, amortization and impairment	**449.4**	344.9	**1,545.7**	1,358.9	1,336.8
EBITDA	**1,117.8**	1,108.1	**5,244.3**	5,060.5	4,524.8
Adjusted for:					
Cloud computing transition adjustment	**15.1**	—	**15.1**	—	—
Acquisition costs	**0.9**	1.5	**6.7**	11.8	6.7
Gain on disposal of properties	**—**	(26.6)	**—**	(67.5)	—
EBITDA attributable to non-controlling interests	**—**	—	**—**	—	(66.6)
Net gain on the disposal of the Corporation's interests in CAPL	**—**	—	—	—	(61.5)
Net gain on the disposal of a portion of the Corporation's U.S. wholesale fuel business	**—**	—	**—**	—	(41.0)
Adjusted EBITDA	**1,133.8**	1,083.0	**5,266.1**	5,004.8	4,362.4

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 for which the impact on consolidated results is not deemed indicative of future trends. These measures are considered useful for evaluating the underlying performance of our operations on a comparable basis.

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

	12-week periods ended		52-week periods ended		
(in millions of US dollars, except per share amounts, or unless otherwise noted)	**April 24, 2022**	April 25, 2021	**April 24, 2022**	April 25, 2021	April 26, 2020
Net earnings attributable to shareholders of the Corporation, as reported	**477.7**	563.9	**2,683.3**	2,705.5	2,353.6
Adjusted for:					
Impairment and impact of deconsolidation of Russian subsidiaries	**56.2**	—	**56.2**	—	—
Impairment of our investment in Fire & Flower	**33.7**	—	**33.7**	—	—
Cloud computing transition adjustment	**15.1**	—	**15.1**	—	—
Net foreign exchange (gain) loss	**(3.0)**	1.1	**(20.7)**	44.9	(33.5)
Acquisition costs	**0.9**	1.5	**6.7**	11.8	6.7
Impact of the redemption notice of senior unsecured notes	**—**	29.1	**—**	29.1	—
Gain on disposal of properties	**—**	(26.6)	**—**	(67.5)	—
Net gain on the disposal of the Corporation's interests in CAPL	**—**	—	**—**	—	(61.5)
Net gain on the disposal of a portion of the Corporation's U.S. wholesale fuel business	**—**	—	**—**	—	(41.0)
Release of deferred tax asset valuation allowance	**—**	—	**—**	—	(33.6)
Income tax expense following the December 2018 asset exchange agreement with CAPL	**—**	—	**—**	—	2.7
Tax impact of the items above and rounding	**(7.6)**	(5.0)	**(4.3)**	(7.8)	22.6
Adjusted net earnings attributable to shareholders of the Corporation	**573.0**	564.0	**2,770.0**	2,716.0	2,216.0
Weighted average number of shares - diluted (in millions)	**1,046.1**	1,086.5	**1,063.5**	1,106.7	1,124.5
Adjusted diluted net earnings per share	**0.55**	0.52	**2.60**	2.45	1.97

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

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

The table below presents the calculation of this performance measure:

(in millions of US dollars, except ratio data)	**As at April 24, 2022**	As at April 25, 2021	As at April 26, 2020
Current portion of long-term debt	**1.4**	1,107.3	214.7
Current portion of lease liabilities	**425.4**	419.4	383.1
Long-term debt	**5,963.6**	5,282.6	7,515.8
Lease liabilities	**3,049.5**	2,792.7	2,265.7
Interest-bearing debt	**9,439.9**	9,602.0	10,379.3
Less: Cash and cash equivalents	**2,143.9**	3,015.8	3,641.5
Net interest-bearing debt	**7,296.0**	6,586.2	6,737.8
Equity	**12,437.6**	12,180.9	10,066.6
Net interest-bearing debt	**7,296.0**	6,586.2	6,737.8
Total capitalization	**19,733.6**	18,767.1	16,796.4
Net interest-bearing debt to total capitalization ratio	**0.37 : 1**	0.35 : 1	0.40 : 1

Leverage ratio. This measure represents a measure of financial condition that is especially used in financial circles.

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

	52-week periods ended		
(in millions of US dollars, except ratio data)	**April 24, 2022**	April 25, 2021	April 26, 2020
Net interest-bearing debt	**7,296.0**	6,586.2	6,737.8
Adjusted EBITDA	**5,266.1**	5,004.8	4,362.4
Leverage ratio	**1.39 : 1**	1.32 : 1	1.54 : 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)	**April 24, 2022**	April 25, 2021	April 26, 2020
Net earnings attributable to shareholders of the Corporation	**2,683.3**	2,705.5	2,353.6
Equity - Opening balance	**12,180.9**	10,066.6	8,913.7
Equity - Ending balance	**12,437.6**	12,180.9	10,066.6
Average equity	**12,309.3**	11,123.8	9,490.2
Return on equity	**21.8%**	24.3%	24.8%

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. For the 52-week period ended April 26, 2020, this performance measure is adjusted to reflect our investment in CAPL as if it was reported using the equity method, as well for the estimated pro forma impact of IFRS 16.

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)	**April 24, 2022**	April 25, 2021	April 26, 2020
Net earnings including non-controlling interests	**2,683.3**	2,705.5	2,357.6
Add:			
Income taxes	**734.3**	653.6	545.9
Net financial expenses	**281.0**	342.5	284.5
EBIT attributable to non-controlling interests	**—**	—	(24.6)
EBIT	**3,698.6**	3,701.6	3,163.4
Capital employed - Opening balance(1)	**23,971.5**	22,533.0	18,336.4
Capital employed - Ending balance(1)	**24,001.0**	23,971.5	22,533.0
Average capital employed	**23,986.3**	23,252.3	20,434.7
Pro forma adjustments	**—**	—	690.1
Average capital employed, adjusted pro forma	**23,986.3**	23,252.3	21,124.8
Return on capital employed	**15.4%**	15.9%	15.0%

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

(in millions of US dollars)	**As at April 24, 2022**	As at April 25, 2021	As at April 26, 2020	As at April 28, 2019
Total Assets	**29,591.6**	28,394.5	25,679.5	22,607.7
Less: Current liabilities	**(6,017.4)**	(5,949.7)	(3,744.3)	(5,582.0)
Add: Current portion of long-term debt	**1.4**	1,107.3	214.7	1,310.7
Add: Current portion of lease liabilities	**425.4**	419.4	383.1	—
Capital employed	**24,001.0**	23,971.5	22,533.0	18,336.4

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

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

(in millions of US dollars)	**As at April 24, 2022**	As at April 25, 2021	As at April 26, 2020
Cash and cash equivalents	**2,143.9**	3,015.8	3,641.5
Add: Unused portion of the term revolving unsecured credit facility	**2,525.0**	2,525.0	1,025.0
Less: Letters of credit reducing the amount that may be borrowed on the term revolving unsecured operating credit facility	**(6.7)**	(6.8)	(11.9)
Available liquidities	**4,662.2**	5,534.0	4,654.6

Summary Analysis of Consolidated Results for the Fourth Quarter of Fiscal 2022

The following table highlights certain information regarding our operations for the 12-week periods ended April 24, 2022, and April 25, 2021, and the results analysis in this section should be read in conjunction with this table. Europe and other regions include the results from our operations in Asia.

	12-week periods ended		
(in millions of US dollars, unless otherwise stated)	**April 24, 2022**	April 25, 2021	Variation %
Revenues	**16,434.9**	12,237.4	34.3
Operating income	**667.2**	761.4	(12.4)
Net earnings	**477.7**	563.9	(15.3)
Selected Operating Data:			
Merchandise and service gross margin(1)(2):			
Consolidated	**33.8%**	32.6%	1.2
United States	**33.1%**	31.8%	1.3
Europe and other regions	**38.3%**	38.1%	0.2
Canada	**32.4%**	31.0%	1.4
Growth of same-store merchandise revenues(3):			
United States(4)(5)	**2.3%**	8.1%	
Europe and other regions(2)	**6.2%**	9.7%	
Canada(4)(5)	**0.1%**	1.6%	
Road transportation fuel gross margin(2):			
United States (cents per gallon)	**46.12**	34.45	33.9
Europe and other regions (cents per liter)	**7.51**	10.85	(30.8)
Canada (CA cents per liter)	**13.41**	10.92	22.8
Growth of (decrease in) same-store road transportation fuel volumes(4):			
United States	**(1.7%)**	5.4%	
Europe and other regions	**3.7%**	3.6%	
Canada	**4.3%**	4.9%	

(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) Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.
(3) This measure represents the growth of (decrease in) cumulated merchandise revenues between the current period and comparative period for those stores that were open for at least 23 days out of every 28-day period included in the reported periods. Merchandise revenues are defined as Merchandise and service revenues excluding service revenues.
(4) For company-operated stores only.
(5) Calculated based on respective functional currencies.

Revenues

Our revenues were $16.4 billion for the fourth quarter of fiscal 2022, up by $4.2 billion, an increase of 34.3% compared with the corresponding quarter of fiscal 2021, mainly attributable to a higher average road transportation fuel and other fuel products selling price, the contribution from acquisitions, and organic growth on merchandise and service sales while being partly offset by the net negative impact of approximately $206.0 million from the translation of our foreign currency operations into US dollars.

Merchandise and service revenues

Total merchandise and service revenues for the fourth quarter of fiscal 2022 were $3.8 billion, an increase of $38.5 million compared with the corresponding quarter of fiscal 2021. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $37.0 million. The remaining increase of approximately $75.0 million, or 2.0%, is primarily attributable to organic growth, and to the contribution from acquisitions which amounted to approximately $27.0 million, while being partly offset by the disposal of stores following the strategic review of our network. Same-store merchandise revenues increased by 2.3% in the United States, by 6.2%[1] in Europe and other regions, and by 0.1% in Canada.

Road transportation fuel revenues

Total road transportation fuel revenues for the fourth quarter of fiscal 2022 were $12.4 billion, an increase of $4.0 billion compared with the corresponding quarter of fiscal 2021. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $158.0 million. The remaining increase of approximately $4.2 billion, or 50.1%, is attributable to a higher average road transportation fuel selling price, which had an impact of approximately $4.1 billion. Same-store road transportation fuel volumes decreased by 1.7% in the United States and increased by 3.7% in Europe and other

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

regions, and by 4.3% in Canada. During the quarter, road transportation fuel demand was unfavorably impacted by the significant rise in retail prices driven by the increase in crude oil costs as well as from continued work from home trends.

Other revenues

Total other revenues for the fourth quarter of fiscal 2022 were $295.4 million, an increase of $132.7 million compared with the corresponding quarter of fiscal 2021. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $12.0 million. The remaining increase of approximately $145.0 million, or 89.1%, is primarily driven by higher prices and higher demand on our other fuel products, which had a minimal impact on gross profit[1].

Gross profit[1]

Our gross profit was $2.6 billion for the fourth quarter of fiscal 2022, up by $222.5 million or 9.5%, compared with the corresponding quarter of fiscal 2021, mainly attributable to higher road transportation fuel gross margins in the United States and Canada, improved merchandise and service gross margin, and organic growth in our convenience activities, while being partly offset by the net negative impact of the translation of our foreign currency operations into US dollars of approximately $37.0 million.

Merchandise and service gross profit

In the fourth quarter of fiscal 2022, our merchandise and service gross profit was $1.3 billion, an increase of $56.5 million compared with the corresponding quarter of fiscal 2021. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $15.0 million. The remaining increase of approximately $72.0 million, or 5.9%, is primarily due to organic growth as well as to pricing initiatives. Our gross margin[1] increased by 1.3% in the United States to 33.1%, by 0.2% in Europe and other regions to 38.3%, and by 1.4% in Canada to 32.4%. Gross margin in the U.S. and Canada were also impacted in the prior year by unfavorable inventory adjustments on personal protective equipment of $26.4 million and $3.2 million, respectively.

Road transportation fuel gross profit

In the fourth quarter of fiscal 2022, our road transportation fuel gross profit was $1.3 billion, an increase of $177.9 million compared with the corresponding quarter of fiscal 2021. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $19.0 million. The remaining increase in our gross profit was approximately $197.0 million, or 18.3%. In the United States, our road transportation fuel gross margin[1] was 46.12¢ per gallon, an increase of 11.67¢ per gallon, and in Canada, it was CA 13.41¢ per liter, an increase of CA 2.49¢ per liter. Fuel margins remained healthy throughout our North American network, due to favorable market conditions and the continued work on the optimization of our supply chain. In Europe and other regions, our road transportation fuel margin[1] was US 7.51¢ per liter, a decrease of US 3.34¢ per liter, impacted by increase in crude oil prices, supply chain challenges from the current geopolitical context, as well as volatility in the diesel market.

Other revenues gross profit

In the fourth quarter of fiscal 2022, other revenues gross profit was $32.8 million, a decrease of $11.9 million compared with the corresponding period of fiscal 2021. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $2.0 million.

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

For the fourth quarter of fiscal 2022, expenses increased by 19.0%, compared with the fourth quarter of fiscal 2021. Normalized growth of expenses[1] was 15.6% as show in the table below:

	12-week period ended April 24, 2022
Growth of expenses, as reported	**19.0%**
Adjusted for:	
Increase from higher electronic payment fees, excluding acquisitions	**(3.1%)**
Decrease from the net impact of foreign exchange translation	**1.7%**
Cloud computing transition adjustment	**(1.2%)**
Increase from incremental expenses related to acquisitions	**(0.8%)**
Normalized growth of expenses[1]	**15.6%**

The normalized growth of expenses[1] in the fourth quarter was mainly driven by government grants of $41.0 million in the corresponding quarter of the previous fiscal year, measures necessitated by the impact of the labor shortage and the need to

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

improve employee retention, an increase of marketing initiatives and other discretionary expenses that were significantly reduced in the prior year quarter, inflationary pressures, including higher utility costs in Europe, higher costs from rising minimum wages, as well as by incremental investments in our stores to support our strategic initiatives. This increase was partly offset by lower COVID-19 related expenses compared to the corresponding quarter of the previous fiscal year. The costs of the retention measures implemented during the fiscal year, which totaled approximately $19.0 million for the fourth quarter of fiscal 2022, the employee-related COVID-19 costs in the corresponding quarter of the previous fiscal year, such as Thank you bonuses of $5.2 million, as well as the government grants, represented an increase in expenses of 4.3% for the fourth quarter of fiscal 2022.

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

During the fourth quarter of fiscal 2022, EBITDA stood at $1.1 billion, an increase of 0.9% compared with the corresponding quarter of fiscal 2021. Adjusted EBITDA for the fourth quarter of fiscal 2022 increased by $50.8 million, or 4.7%, compared with the corresponding quarter of fiscal 2021, mainly due to higher road transportation fuel margins in the United States and in Canada, and organic growth in our convenience operations, partly offset by higher operating expenses. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $15.0 million.

Depreciation, amortization and impairment ("depreciation")

For the fourth quarter of fiscal 2022, our depreciation expense increased by $104.5 million compared with the fourth quarter of fiscal 2021. The translation of our foreign currency operations into US dollars had a net favorable impact of approximately $7.0 million. The remaining increase of approximately $111.0 million, or 32.2%, is mainly driven by the impact of the deconsolidation and the impairment of our Russian subsidiaries of $56.2 million, the impairment on our investment in Fire & Flower of $33.7 million, as well as by the impact from investments made through acquisitions, the replacement of equipment, and the ongoing improvement of our network.

Net financial expenses

Net financial expenses for the fourth quarter of fiscal 2022 were $51.5 million, a decrease of $20.2 million compared with the fourth quarter of fiscal 2021. A portion of the decrease is explained by certain items that are not considered indicative of future trends, as shown in the table below:

	12-week periods ended		
(in millions of US dollars)	**April 24, 2022**	April 25, 2021	**Variation**
Net financial expenses, as reported	**51.5**	71.7	**(20.2)**
Explained by:			
Change in fair value of financial instruments and amortization of deferred differences	**18.5**	21.0	**(2.5)**
Impact of the redemption notice of senior unsecured notes	**(3.2)**	(29.1)	**25.9**
Net foreign exchange gain (loss)	**3.0**	(1.1)	**4.1**
Impact from conversion of a portion of our convertible debentures in Fire & Flower	**—**	13.1	**(13.1)**
Remaining variation	**69.8**	75.6	**(5.8)**

Income taxes

The income tax rate for the fourth quarter of fiscal 2022 was 22.6% compared with 18.5% for the corresponding quarter of fiscal 2021. The increase is mainly stemming from the impact of gains and losses taxable or deductible at a lower income tax rate between current and prior year, and a different mix in our earnings across the various jurisdictions in which we operate.

Net earnings and adjusted net earnings[1]

Net earnings for the fourth quarter of fiscal 2022 were $477.7 million, compared with $563.9 million for the fourth quarter of the previous fiscal year, a decrease of $86.2 million, or 15.3%. Diluted net earnings per share stood at $0.46, compared with $0.52 for the corresponding quarter of the previous fiscal year. The translation of revenues and expenses from our foreign currency operations into US dollars had a net negative impact of approximately $8.0 million on net earnings of the fourth quarter of fiscal 2022.

Adjusted net earnings for the fourth quarter of fiscal 2022 were approximately $573.0 million, compared with $564.0 million for the fourth quarter of fiscal 2021, an increase of $9.0 million, or 1.6%. Adjusted diluted net earnings per share were $0.55 for the fourth quarter of fiscal 2022, compared with $0.52 for the corresponding quarter of fiscal 2021, an increase of 5.8%.

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

Summary Analysis of Consolidated Results for Fiscal 2022

The following table highlights certain information regarding our operations for the 52-week periods ended April 24, 2022, April 25, 2021, and April 26, 2020, and the results analysis in this section should be read in conjunction with this table. Europe and other regions include the results from our operations in Asia. CAPL refers to CrossAmerica Partners LP.

	52-week periods ended		
(in millions of US dollars, unless otherwise stated)	**April 24, 2022**	April 25, 2021	April 26, 2020
Statement of Operations Data:			
Merchandise and service revenues[1]:			
United States	**11,593.2**	11,489.9	10,918.4
Europe and other regions	**2,429.1**	1,830.8	1,416.3
Canada	**2,581.5**	2,552.3	2,302.7
CAPL	**—**	—	29.6
Elimination of intercompany transactions with CAPL	**—**	—	*(0.8)*
Total merchandise and service revenues	**16,603.8**	15,873.0	14,666.2
Road transportation fuel revenues:			
United States	**30,115.0**	19,594.7	25,724.8
Europe and other regions	**9,892.0**	6,295.3	7,481.1
Canada	**5,344.4**	3,515.3	4,415.7
CAPL	**—**	—	1,365.7
Elimination of intercompany transactions with CAPL	**—**	—	*(288.0)*
Total road transportation fuel revenues	**45,351.4**	29,405.3	38,699.3
Other revenues[2]:			
United States	**46.2**	44.3	36.9
Europe and other regions	**785.6**	419.3	652.0
Canada	**22.9**	18.2	21.3
CAPL	**—**	—	65.6
Elimination of intercompany transactions with CAPL	**—**	—	*(8.9)*
Total other revenues	**854.7**	481.8	766.9
Total revenues	**62,809.9**	45,760.1	54,132.4
Merchandise and service gross profit[1][3]:			
United States	**3,904.5**	3,798.7	3,641.2
Europe and other regions	**927.4**	716.2	587.6
Canada	**830.2**	800.2	733.2
CAPL	**—**	—	6.8
Elimination of intercompany transactions with CAPL	**—**	—	*(0.8)*
Total merchandise and service gross profit	**5,662.1**	5,315.1	4,968.0
Road transportation fuel gross profit[3]:			
United States	**3,626.4**	3,095.2	3,103.3
Europe and other regions	**1,057.7**	1,119.7	932.0
Canada	**493.0**	391.6	344.2
CAPL	**—**	—	*57.5*
Total road transportation fuel gross profit	**5,177.1**	4,606.5	4,437.0
Other revenues gross profit[2][3]:			
United States	**46.2**	44.2	36.9
Europe and other regions	**96.5**	131.2	123.6
Canada	**22.9**	18.3	21.2
CAPL	**—**	—	65.7
Elimination of intercompany transactions with CAPL	**—**	—	*(8.9)*
Total other revenues gross profit	**165.6**	193.7	238.5
Total gross profit[3]	**11,004.8**	10,115.3	9,643.5
Operating, selling, administrative and general expenses			
United States, Europe and other regions and Canada	**5,884.5**	5,148.6	5,189.7
CAPL	**—**	—	46.8
Elimination of intercompany transactions with CAPL	**—**	—	*(9.2)*
Total operating, selling, administrative and general expenses	**5,884.5**	5,148.6	5,227.3
Gain on disposal of property and equipment and other assets	**(103.9)**	(67.8)	(83.1)
Depreciation, amortization and impairment			
United States, Europe and other regions and Canada	**1,545.7**	1,358.9	1,282.9
CAPL	**—**	—	53.9
Total depreciation, amortization and impairment	**1,545.7**	1,358.9	1,336.8
Operating income			
United States, Europe and other regions and Canada	**3,678.5**	3,675.6	3,137.7
CAPL	**—**	—	25.3
Elimination of intercompany transactions with CAPL	**—**	—	*(0.5)*
Total operating income	**3,678.5**	3,675.6	3,162.5
Net financial expenses	**281.0**	342.5	284.5
Net earnings including non-controlling interests	**2,683.3**	2,705.5	2,357.6
Net earnings attributable to non-controlling interests	**—**	—	(4.0)
Net earnings attributable to shareholders of the Corporation	**2,683.3**	2,705.5	2,353.6
Per Share Data:			
Basic net earnings per share (dollars per share)	**2.53**	2.45	2.10
Diluted net earnings per share (dollars per share)	**2.52**	2.44	2.09
Adjusted diluted net earnings per share (dollars per share)[3]	**2.60**	2.45	1.97
Cash dividend per share declared for fiscal year (CA cents per share)	**41.75**	33.25	26.50

(in millions of US dollars, unless otherwise stated)	52-week periods ended April 24, 2022	April 25, 2021	April 26, 2020
Other Operating Data:			
Merchandise and service gross margin[(1)(3)]:			
Consolidated	**34.1%**	33.5%	33.9%
United States	**33.7%**	33.1%	33.3%
Europe and other regions	**38.2%**	39.1%	41.5%
Canada	**32.2%**	31.4%	31.8%
Growth of (decrease in) same-store merchandise revenues[(4)]:			
United States[(5)(6)]	**1.9%**	5.6%	2.1%
Europe and other regions[(3)]	**5.9%**	6.1%	0.1%
Canada[(5)(6)]	**(3.4%)**	9.5%	2.8%
Road transportation fuel gross margin[(3)]:			
United States (cents per gallon)	**39.62**	35.28	29.62
Europe and other regions (cents per liter)	**9.86**	10.99	8.48
Canada (CA cents per liter)	**11.74**	10.36	7.88
Total volume of road transportation fuel sold:			
United States (millions of gallons)	**9,152.9**	8,772.8	10,476.1
Europe and other regions (millions of liters)	**10,722.7**	10,191.8	10,990.3
Canada (millions of liters)	**5,264.8**	4,952.6	5,815.6
Growth of (decrease in) same-store road transportation fuel volumes[(5)]:			
United States	**4.0%**	(12.9%)	(3.9%)
Europe and other regions	**3.8%**	(6.4%)	(3.9%)
Canada	**6.1%**	(14.9%)	(6.0%)

(in millions of US dollars, unless otherwise stated)	As at April 24, 2022	As at April 25, 2021	As at April 26, 2020
Balance Sheet Data:			
Total assets	**29,591.6**	28,394.5	25,679.5
Interest-bearing debt[(3)]	**9,439.9**	9,602.0	10,379.3
Equity	**12,437.6**	12,180.9	10,066.6
Indebtedness Ratios[(3)]:			
Net interest-bearing debt/total capitalization	**0.37 : 1**	0.35 : 1	0.40 : 1
Leverage ratio	**1.39 : 1**	1.32 : 1	1.54 : 1
Returns[(3)]:			
Return on equity	**21.8%**	24.3%	24.8%
Return on capital employed	**15.4%**	15.9%	15.0%

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

Revenues

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

Merchandise and service revenues

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

Road transportation fuel revenues

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

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

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

Other revenues

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

Gross profit[1]

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

Merchandise and service gross profit

During fiscal 2022, our merchandise and service gross profit was $5.7 billion, an increase of $347.0 million compared with fiscal 2021. The translation of our foreign currency operations into US dollars had a net positive impact of approximately $29.0 million. The remaining increase of approximately $318.0 million, or 6.0%, is mainly attributable to the contribution from acquisitions, which amounted to approximately $148.0 million, and to the favorable impact of changes in product mix and to

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

pricing initiatives. Our gross margin[1] increased by 0.6% to 33.7% in the United States, increased by 0.8% in Canada to 32.2%, and decreased by 0.9% in Europe and other regions to 38.2%, mainly due to the impact of the integration of Circle K Hong Kong, which has a different product mix than our European operations.

Road transportation fuel gross profit

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

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

(US cents per gallon)

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

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

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

Other revenues gross profit

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

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

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

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

The normalized growth of expenses[1] for fiscal 2022 was mainly driven by government grants of $51.1 million in the previous fiscal year, measures necessitated by the impact of the labor shortage and the need to improve employee retention, an increase of marketing initiatives and other discretionary expenses that were significantly reduced in the prior year, inflationary pressures, including higher utility costs in Europe, higher costs from rising minimum wages, as well as by incremental investments in our stores to support our strategic initiatives. This increase was partly offset by lower COVID-19 related

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

expenses compared to the previous fiscal year. The costs of the retention measures implemented during the year, of approximately $81.0 million, the employee-related COVID-19 costs in the previous fiscal year such as Thank you bonuses, of approximately $72.0 million, as well as the government grants, represented an increase in expenses of 1.2% for fiscal 2022.

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

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

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

Depreciation, amortization and impairment ("depreciation")

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

Net financial expenses

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

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

Income taxes

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

Net earnings and adjusted net earnings[1]

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

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

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

Financial Position as at April 24, 2022

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

Our total consolidated assets amounted to $29.6 billion as at April 24, 2022, an increase of $1.2 billion over the balance as at April 25, 2021, primarily due to the impact of increased costs and selling prices for road transportation fuel, to investments in our strategic initiatives as well as investments made in our network, including business acquisitions.

For the 52-week periods ended April 24, 2022 and April 25, 2021, we recorded a return on capital employed[1] of 15.4% and 15.9%, respectively. The decrease is mainly driven by the impairment costs incurred during the year, which had a negative impact of approximately 0.3%.

Significant balance sheet variations are explained as follows:

Accounts receivable

Accounts receivable increased by $725.8 million, from $1.8 billion as at April 25, 2021, to $2.5 billion as at April 24, 2022. The increase stems mainly from a higher average road transportation fuel selling price, partly offset by the weakening of the Canadian, European, and Hong Kong currencies against the US dollar, which had an impact of approximately $136.0 million.

Inventories

Inventories amounted to $2.4 billion as at April 24, 2022, an increase of $635.4 million over the balance as at April 25, 2021. The increase stems mainly from higher costs for road transportation fuel and the increase in road transportation fuel inventory level, partly offset by the weakening of the Canadian, European, and Hong Kong currencies against the US dollar, which had an impact of approximately $32.0 million.

Assets held for sale

Assets held for sale amounted to $9.3 million as at April 24, 2022, a decrease of $325.8 million over the balance as at April 25, 2021. The decrease stems from the closing of the agreement with Casey's General Stores Inc. for the sale of 48 sites, as well as from the developments following the announcement of our intention to sell certain sites in the United States and Canada, where 190 sites were sold during fiscal 2022 and 97 sites were reclassified out of assets held for sale as they no longer met a criterion for classification as held for sale.

Property and equipment

Property and equipment increased by $416.1 million, from $10.9 billion as at April 25, 2021, to $11.3 billion as at April 24, 2022, mainly attributable to the investments we made to our network, partly offset by depreciation as well as the weakening of the Canadian, European, and Hong Kong currencies against the US dollar, which had an impact of approximately $278.0 million.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by $1.3 billion, from $4.0 billion as at April 25, 2021, to $5.3 billion as at April 24, 2022. The increase is mainly attributable to higher road transportation fuel costs, greater fuel purchases, higher expenses and capital expenditures, as well as from timing of sales tax remittance, partly offset by the weakening of the Canadian, European, and Hong Kong currencies against the US dollar, which had an impact of approximately $137.0 million.

Long-term debt and current portion of long-term debt

Long-term debt and current portion of long-term debt amounted to $6.0 billion as at April 24, 2022, a net decrease of $424.9 million compared with the balance as at April 25, 2021. The decrease is mainly attributable to the repayment of our $1.0 billion US-dollar-denominated senior unsecured notes, the repayment of our CA $250.0 million Canadian-dollar-denominated senior unsecured notes, repayments on other debts as well as by the net impact of approximately $119.0 million from the weakening of the Canadian dollar, the Euro and the Norwegian krone against the US dollar, partly offset by the issuance of $1.0 billion US-dollar-denominated senior unsecured notes.

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

Equity

Equity amounted to $12.4 billion as at April 24, 2022, an increase of $256.7 million over the balance as at April 25, 2021, reflecting net earnings for 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 April 24, 2022, and April 25, 2021, we recorded a return on equity[1] of 21.8% 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, repurchase shares and pay dividends, as well as to provide for working capital. We expect that cash generated from operations and borrowings available under our term revolving unsecured operating credit facility 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 April 24, 2022, our operating credit facility was not used, and standby letters of credit in the amount of $6.7 million were outstanding. Subsequent to the end of fiscal 2022, the maturity of the operating credit facility was extended to May 2027.

Available liquidities[1]

As at April 24, 2022, 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, at the same date, we had access to $4.7 billion through our available cash and our operating credit facility.

Selected Consolidated Cash Flow Information

	52-week periods ended		
(in millions of US dollars)	**April 24, 2022**	April 25, 2021	Variation
Operating activities			
Net cash provided by operating activities	**3,944.9**	4,086.6	(141.7)
Investing activities			
Purchase of property and equipment, intangible assets and other assets	**(1,664.5)**	(1,189.1)	(475.4)
Proceeds from disposal of property and equipment and other assets	**403.3**	181.4	221.9
Business acquisitions and contingent consideration paid	**(323.4)**	(433.5)	110.1
Purchase of equity instruments, other financial assets and investments and loan related to Fire & Flower	**(196.7)**	(49.5)	(147.2)
Change in restricted cash	**(15.9)**	4.6	(20.5)
Impact of the deconsolidation of the Corporation's Russian subsidiaries	**(2.2)**	—	(2.2)
Proceeds from disposal of investments in equity instruments	**—**	100.5	(100.5)
Net cash used in investing activities	**(1,799.4)**	(1,385.6)	(413.8)
Financing activities			
Share repurchases	**(1,842.3)**	(1,046.7)	(795.6)
Repayment of senior unsecured notes	**(1,190.6)**	(227.1)	(963.5)
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs	**990.1**	—	990.1
Principal elements of lease payments	**(443.6)**	(404.2)	(39.4)
Cash dividends paid	**(330.1)**	(268.3)	(61.8)
Net (payments) proceeds on other debts	**(78.5)**	16.5	(95.0)
Settlements of derivative financial instruments	**(56.9)**	—	(56.9)
Exercise of stock options	**0.8**	0.2	0.6
Net decrease in term revolving unsecured operating credit facility	**—**	(1,500.0)	1,500.0
Net cash used in financing activities	**(2,951.1)**	(3,429.6)	478.5
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	

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

Operating activities

During fiscal 2022, net cash from our operations reached $3.9 billion, down $141.7 million compared with fiscal 2021, mainly due to higher working capital needs and the early redemption premiums paid as part of the repayment of our senior unsecured notes.

Investing activities

During fiscal 2022, Purchase of property and equipment, intangible assets and other assets, net of Proceeds from disposal of property and equipment and other assets amounted to $1.3 billion, business acquisitions amounted to $323.4 million and disbursements resulting from various strategic investments amounted to $196.7 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 strategic initiatives and information technology.

Financing activities

During fiscal 2022, we repurchased shares for an amount of $1.8 billion, issued US-dollar-denominated senior unsecured notes resulting in net proceeds of $990.1 million, from which a portion was used to repay our $1.0 billion US-dollar-denominated senior unsecured notes that were set to mature on July 26, 2022, and we repaid our CA $250.0 million Canadian-dollar-denominated senior unsecured notes. Furthermore, we paid $443.6 million on the principal elements of our lease liabilities, paid dividends in the amount of $330.1 million, repaid a net amount of $78.5 million on our other debts and settled derivative financial instruments for an amount of $56.9 million.

Contractual Obligations and Commercial Commitments

Set out below is a summary of our material contractual obligations as at April 24, 2022[(1)]:

(in millions of US dollars)	2023	2024	2025	2026	2027	Thereafter	Total
Contractual obligations[(2)]							
Long-term debt	200.7	199.2	745.4	799.7	970.5	5,840.3	**8,755.8**
Lease liabilities	498.0	467.0	410.8	368.1	338.1	2,057.5	**4,139.5**
Cross-currency interest rate swaps payable	40.1	40.1	588.4	580.7	—	—	**1,249.3**
Cross-currency interest rate swaps receivable	(36.8)	(36.8)	(580.5)	(562.1)	—	—	**(1,216.2)**
Total	702.0	669.5	1,164.1	1,186.4	1,308.6	7,897.8	**12,928.4**

(1) The summary does not include the payments required under defined benefit pension plans.
(2) Based on spot rates, as at April 24, 2022, for balances for which the underlying currency differs from our reporting currency and for balances bearing interest at variable rates.

	2023	2024	2025	2026	2027	Thereafter	Total
Fuel Purchase Obligations							
United States (in millions of gallons)	1,595.2	1,539.5	1,536.6	1,536.6	1,536.6	3,223.9	**10,968.4**
Europe (in millions of liters)	7,391.1	548.4	—	—	—	—	**7,939.5**
Canada (in millions of liters)	3,272.2	3,009.7	3,009.7	3,009.7	3,009.7	22,809.7	**38,120.7**

Long-term debt. As at April 24, 2022, our long-term debt totaled $6.0 billion, detailed as follows:

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

	Principal amount	Maturity	Coupon rate	Effective rate as at April 24, 2022	Interest payment dates
July 26, 2017 issuance	CA $700.0	July 26, 2024	3.06%	3.13%	July 26th and January 26th
June 2, 2015 issuance	CA $700.0	June 2, 2025	3.60%	3.65%	June 2nd and December 2nd
February 18, 2016 issuance	NOK 675.0	February 18, 2026	3.85%	3.93%	April 20th and October 20th
May 6, 2016 issuance	€750.0	May 6, 2026	1.88%	1.94%	May 6th
July 26, 2017 issuance	$1,000.0	July 26, 2027	3.55%	3.64%	July 26th and January 26th
January 22, 2020 issuance	$750.0	January 25, 2030	2.95%	3.03%	July 25th and January 25th
May 13, 2021 issuance	$650.0	May 13, 2041	3.44%	3.50%	May 13th and November 13th
July 26, 2017 issuance	$500.0	July 26, 2047	4.50%	4.58%	July 26th and January 26th
January 22, 2020 issuance	$750.0	January 25, 2050	3.80%	3.88%	July 25th and January 25th
May 13, 2021 Green Bonds issuance	$350.0	May 13, 2051	3.63%	3.69%	May 13th and November 13th

ii. Other debts of $10.2 million, including various notes payable.

Lease liabilities. We lease an important portion of our assets, mainly lands, buildings, building components, equipment, and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease terms, for the majority of leases in North America, vary between 5 to 20 years, which include the initial base term and renewal option(s) when applicable. In Europe and Asia, the lease terms range from less than 12 months contracts to contracts with maturities up to more than 50 years and also include options to renew at market prices when applicable. When contracts are determined to contain a lease, lease liabilities and related right-of-use assets are included in our consolidated balance sheets. Under certain leases, we are subject to additional rent based on revenues as well as future escalations in the minimum lease amount.

Fuel purchase obligations. We have entered into various fuel purchase agreements, which require us to purchase minimum volume of road transportation fuel annually. Failure to satisfy the minimum purchase requirements could result in termination of the contract, penalties for shortfall volumes, change in the pricing of the products, payment to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received. We have generally exceeded such minimum requirements in the past and do not expect that any potential failure to meet those in the foreseeable future could lead to the materialization of any of the outcomes described above. As at April 24, 2022, our fuel purchase obligation consisted of multiple contracts under which we have 11.0 billion gallons and 46.1 billion liters to be purchased over the next years.

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

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

Guarantees. We assigned a number of lease agreements for premises to third parties. Under some of these agreements, we retain a secondary responsibility to the landlord for payment of amounts under the lease agreements should the sub lessees, which assume primary responsibility, fail to pay. As at April 24, 2022, the total future lease payments under such agreements are approximately $29.0 million and the fair value of the guarantee is not significant. Historically, we have not made any significant payments in connection with these contracts and we do not expect to make any in the foreseeable future.

We have also issued different form of guarantees, including financial guarantee commitments under car rental agreements and on behalf of retailers in Sweden. The maximum undiscounted future payments related to those guarantees total $18.0 million and the carrying amount and fair value of the guarantee commitments recognized in our consolidated balance sheet as at April 24, 2022, were not significant.

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

Other commitments. We have entered into various property purchase agreements, as well as product purchase agreements, which require us to purchase minimum amounts or quantities of merchandise annually. Failure to satisfy the minimum purchase requirements could result in termination of the contracts, penalties for shortfall volumes, change in the pricing of the products, payments to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received. We have generally exceeded such minimum requirements in the past and do not expect that any potential failure to meet those in the foreseeable future could lead to the materialization of any of the outcomes described above.

Off-Balance Sheet Arrangements

In the normal course of business, we had issued outstanding letters of credit for an amount of $179.9 million as at April 24, 2022. Other than those letters of credit, we have no other off-balance sheet activities. Our future commitments are presented in the section "Contractual Obligations and Commercial Commitments".

Selected Quarterly Financial Information

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

(in millions of US dollars, except per share data)	**52-week period ended April 24, 2022**				52-week period ended April 25, 2021			
Quarter	**4th**	3rd	2nd	1st	4th	3rd	2nd	1st
Weeks	**12 weeks**	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks
Revenues	**16,434.9**	18,576.4	14,219.7	13,578.9	12,237.4	13,157.5	10,655.4	9,709.8
Depreciation, amortization and impairment	**449.4**	456.3	325.7	314.3	344.9	418.7	305.8	289.5
Operating income	**667.2**	1,028.4	938.0	1,044.9	761.4	834.6	1,020.3	1,059.3
Share of earnings of joint ventures and associated companies	**1.2**	7.2	11.6	0.1	1.8	8.2	7.5	8.5
Net financial expenses	**51.5**	87.9	67.3	74.3	71.7	105.6	77.2	88.0
Net earnings	**477.7**	746.4	694.8	764.4	563.9	607.5	757.0	777.1
Net earnings per share								
Basic	**$0.46**	$0.70	$0.65	$0.71	$0.52	$0.55	$0.68	$0.70
Diluted	**$0.46**	$0.70	$0.65	$0.71	$0.52	$0.55	$0.68	$0.70

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

Analysis of Consolidated Results for the Fiscal Year Ended April 25, 2021

Revenues

For fiscal 2021, our revenues decreased by $8.4 billion, or 15.5%, compared with fiscal 2020. This performance is mainly attributable to the negative impact of COVID-19 on fuel demand, a lower average road transportation fuel selling price, the disposal of our interests in CAPL, which had an impact of approximately $1.2 billion, as well as to the disposal of a portion of our U.S. wholesale fuel business in fiscal 2020, partly offset by organic growth on merchandise and service sales and the net positive impact from the translation of revenues of our Canadian and European operations into US dollars, which had an impact of approximately $611.0 million.

Merchandise and service revenues

For fiscal 2021, the growth in merchandise and service revenues was $1.2 billion compared with fiscal 2020. The translation of our Canadian and European operations into US dollars had a net positive impact of approximately $117.0 million and the disposal of CAPL had a negative impact of $28.8 million. The remaining increase of approximately $1.1 billion, or 7.6%, is primarily attributable to growth in basket size which more than offset continued softness in traffic, as well as to the contribution from acquisitions, which amounted to approximately $269.0 million. Same-store merchandise revenues increased by 5.6% in the United States, by 6.1%[1] in Europe and other regions, and by 9.5% in Canada.

Road transportation fuel revenues

For fiscal 2021, the road transportation fuel revenues decreased by $9.3 billion compared with fiscal 2020. The disposal of CAPL had a negative impact of $1.1 billion and the translation of our Canadian and European operations into US dollars had a net positive impact of approximately $457.0 million. The remaining decrease of approximately $8.7 billion, or 23.1%, is mostly attributable to the negative impact of COVID-19 on fuel demand, a lower average road transportation fuel selling price, which had a negative impact of approximately $3.3 billion, as well as to the disposal of a portion of our U.S. wholesale fuel business in fiscal 2020. Same-store road transportation fuel volumes decreased by 12.9% in the United States, by 6.4% in Europe and other regions, and by 14.9% in Canada.

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

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

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 25, 2021					
United States (US dollars per gallon)	2.04	2.14	2.16	2.72	2.26
Europe and other regions (US cents per liter)	56.89	63.19	65.84	79.29	66.42
Canada (CA cents per liter)	86.89	92.00	92.54	108.99	94.78
52-week period ended April 26, 2020					
United States (US dollars per gallon)	2.66	2.55	2.51	2.21	2.50
Europe and other regions (US cents per liter)	77.35	70.86	73.92	60.95	71.20
Canada (CA cents per liter)	111.16	105.14	103.47	88.78	103.21

Other revenues

Total other revenues for fiscal 2021 were $481.8 million, a decrease of $285.1 million compared with fiscal 2020. The translation of our Canadian and European operations into US dollars had a net positive impact of approximately $38.0 million and the disposal of CAPL had a negative impact of $56.7 million. The remaining decrease of approximately $266.0 million is primarily driven by lower demand and lower prices on our other fuel products.

Gross profit[1]

For fiscal 2021, our gross profit increased by $471.8 million, or 4.9%, compared with fiscal 2020, mainly attributable to higher road transportation fuel gross margins, organic growth of our convenience activities, the net positive impact from the translation of our Canadian and European operations into US dollars, which had an impact of approximately $112.0 million, partly offset by the negative impact of COVID-19 on fuel demand and the disposal of our interests in CAPL, which had an impact of $120.3 million.

Merchandise and service gross profit

During fiscal 2021, our merchandise and service gross profit was $5.3 billion, an increase of $347.1 million compared with fiscal 2020. The translation of our Canadian and European operations into US dollars had a net positive impact of approximately $48.0 million and the disposal of CAPL had a negative impact of $6.0 million. The remaining increase of approximately $305.0 million, or 6.2%, is mostly attributable to organic growth, despite lower traffic in our network due to the COVID-19 pandemic. The contribution from acquisitions amounted to approximately $75.0 million. Our gross margin[1] decreased by 0.2% in the United States to 33.1% and by 0.4% in Canada to 31.4%, mainly due to a change in our product mix driven by the COVID-19 pandemic, as well as to inventory adjustments of $36.6 million in the United States and $3.2 million in Canada, mostly related to a net realizable value provision on personal protective equipment. Our gross margin decreased by 2.4% in Europe and other regions to 39.1%, mainly due to a change in our product mix towards lower margin categories as well as the integration of Circle K Hong Kong, which had an unfavorable impact of 1.8% on the gross margin mainly due to a different product mix than our European operations.

Road transportation fuel gross profit

During fiscal 2021, our road transportation fuel gross profit was $4.6 billion, an increase of $169.5 million compared with fiscal 2020. The disposal of CAPL had a negative impact of $57.5 million and the translation of our Canadian and European operations into US dollars had a net positive impact of approximately $56.0 million. The remaining increase is approximately $172.0 million, or 3.9%. The road transportation fuel gross margin[1] was 35.28¢ per gallon in the United States, an increase of 5.66¢ per gallon, in Europe and other regions, it was US 10.99¢ per liter, an increase of 2.51¢ per liter, and in Canada, it was CA 10.36¢ per liter, an increase of CA 2.48¢ per liter. Growth in road transportation fuel gross margins was driven by volatility of fuel product costs, changes in competitive landscape, and procurement initiatives.

[1]Please refer to the "Non-IFRS Measures" section 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 were as follows:

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 25, 2021					
Before deduction of expenses related to electronic payment modes	42.99	37.48	31.86	35.25	36.48
Expenses related to electronic payment modes(1)	4.88	4.79	4.66	5.10	4.84
After deduction of expenses related to electronic payment modes	38.11	32.69	27.20	30.15	31.64
52-week period ended April 26, 2020					
Before deduction of expenses related to electronic payment modes	26.86	28.29	27.04	46.88	31.19
Expenses related to electronic payment modes(1)	4.70	4.63	4.54	4.97	4.70
After deduction of expenses related to electronic payment modes	22.16	23.66	22.50	41.91	26.49

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

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

Other revenues gross profit

During fiscal 2021, other revenues gross profit was $193.7 million, a decrease of $44.8 million compared with fiscal 2020. The disposal of CAPL had a negative impact of $56.8 million and the translation of our Canadian and European operations into US dollars had a net positive impact of approximately $9.0 million. The remaining increase of approximately $3.0 million is mainly driven by higher margins on our other fuel products, partly offset by a decrease in rental income.

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

For fiscal 2021, expenses decreased by 1.5% compared with fiscal 2020. Normalized decrease of expenses[1] was 1.2%, as shown in the table below:

	52-week period ended April 25, 2021
Decrease of expenses, as reported	**(1.5%)**
Adjusted for:	
Decrease from lower electronic payment fees, excluding acquisitions	**1.3%**
Increase from the net impact of foreign exchange translation	**(1.3%)**
Decrease from the disposal of our interests in CAPL	**0.9%**
Increase from incremental expenses related to acquisitions	**(0.9%)**
Impact from the December 2018 asset exchange agreement with CAPL, net of electronic payment fees	**0.4%**
Increase from acquisition costs recognized to earnings	**(0.1%)**
Normalized decrease of expenses[1]	**(1.2%)**

The normalized decrease of expenses[1] for fiscal 2021 was mainly driven by cost and labor efficiencies, government grants of $51.1 million, as well as rigorous work and activities initiated to streamline and minimize our controllable expenses. COVID-19 related expenses of fiscal 2021 include, but are not limited to, an emergency appreciation pay premium of $2.50 per hour in North America for hourly store employees and distribution center employees, *Thank You* bonuses in North America, additional cleaning and sanitizing supplies, masks and gloves for our employees, donations of personal protective equipment to the communities around our stores, as well as severance costs. We were able to achieve this decrease while maintaining the investments in our stores to support our strategic initiatives, even though we continue to see higher labor costs from minimum wage increases and pressure from low unemployment rates in certain regions, normal inflation and COVID-19 related expenses.

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

During fiscal 2021, EBITDA increased from $4.5 billion to $5.1 billion, an increase of 11.8% compared with fiscal 2020. Adjusted EBITDA for fiscal 2021 increased by $642.4 million, or 14.7%, compared with the previous fiscal year, mainly attributable to higher road transportation fuel gross margins, organic growth of our convenience activities, lower operating expenses, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, partly offset by the negative impact of COVID-19 on fuel demand. The variation in exchange rates had a net positive impact of approximately $45.0 million.

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

Depreciation, amortization and impairment ("depreciation")

For fiscal 2021, our depreciation expense increased by $22.1 million compared with fiscal 2020. The disposal of CAPL had an impact of $53.9 million and the translation of our Canadian and European operations into US dollars that had a unfavorable net impact of approximately $17.0 million. The remaining increase of approximately $59.0 million 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 fiscal 2021 were $342.5 million, an increase of $58.0 million compared with fiscal 2020. A part of the increase is explained by certain items that are not considered indicative of future trends, as shown in the table below:

	52-week periods ended		
(in millions of US dollars)	**April 25, 2021**	April 26, 2020	**Variation**
Net financial expenses, as reported	**342.5**	284.5	**58.0**
Explained by:			
Net foreign exchange (loss) gain	**(44.9)**	33.5	**(78.4)**
Impact of the redemption notice of senior unsecured notes	**(29.1)**	—	**(29.1)**
Change in fair value of derivative financial instruments in Fire & Flower and amortization of deferred differences	**26.8**	(3.9)	**30.7**
Impact from conversion of a portion of our convertible debentures in Fire & Flower	**13.1**	—	**13.1**
CAPL's financial expenses	**—**	(25.6)	**25.6**
Remaining variation	**308.4**	288.5	**19.9**

The remaining variation is driven by higher cost of debt.

Income taxes

For fiscal 2021, the income tax rate was 19.5% compared with 18.8% for fiscal 2020. The increase is mainly stemming from the items shown in the table below:

	52-week periods ended		
	April 25, 2021	April 26, 2020	**Variation**
Income tax rate, as reported	**19.5%**	18.8%	**0.7%**
Explained by:			
Release of deferred tax asset valuation allowance	**—**	1.2%	**(1.2)%**
Income tax expense following the December 2018 asset exchange agreement with CAPL	**—**	(0.1%)	**0.1 %**
Remaining variation	**19.5%**	19.9%	**(0.4%)**

The remaining decrease is stemming from the impact of a different mix in our earnings across the various jurisdictions in which we operate, as well as from gains taxable at a lower income tax rate.

Net earnings and adjusted net earnings[1]

For fiscal 2021, net earnings were $2.7 billion, compared with $2.4 billion for fiscal 2020, an increase of $351.9 million, or 15.0%. Diluted net earnings per share stood at $2.44, compared with $2.09 for 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 $28.0 million on net earnings of fiscal 2021.

Adjusted net earnings for fiscal 2021 were approximately $2.7 billion, compared with $2.2 billion for fiscal 2020, an increase of $500.0 million, or 22.6%. Adjusted diluted net earnings per share[1] were $2.45 for fiscal 2021, compared with $1.97 for fiscal 2020, an increase of 24.4%.

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

Internal Controls over Financial Reporting

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We also maintain a system of disclosure controls and procedures designed to ensure, in all material respects, the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed with securities regulatory agencies is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to our management, including our President and Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As at April 24, 2022, our management, following its assessment, certifies the design and operating effectiveness of the Corporation’s disclosure 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 24, 2022, our management and our external auditors reported that these internal controls were effective.

Critical Accounting Policies and Estimates

Estimates. This MD&A is based on the Corporation's consolidated financial statements, which have been prepared in accordance with IFRS. These standards require management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management reviews its estimates which are based on its best knowledge of current events and actions that the Corporation may undertake in the future. Actual results could differ from those estimates. The most significant accounting judgments and estimates that the Corporation has made in the preparation of the consolidated financial statements are discussed along with the relevant accounting policies when applicable and relate primarily to the following topics: useful lives of tangible and intangible assets, income taxes, provisions, impairment of tangible, intangible and other assets and business combinations, including but not limited to the valuation of acquired intangible assets.

Useful lives of tangible and intangible assets. Property and equipment are depreciated over their estimated useful lives using the straight-line method based on the following periods:

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

Licenses and trademarks that are expected to provide economic benefits to the Corporation indefinitely have indefinite useful lives and are not amortized. Motor fuel supply agreements, franchise agreements, reacquired rights and trademarks with finite lives are amortized using the straight-line method over the term of the agreements they relate to. Software and other intangible assets are amortized using the straight-line method over a period of 5 to 15 years.

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

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

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

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

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

The Corporation is subject to income taxes in numerous jurisdictions and there could be certain positions for which the ultimate tax determination is uncertain. The Corporation recognizes provisions for uncertain tax positions on the basis of amounts expected to be paid to the tax authorities with respect to uncertain tax positions where it is not considered probable that the taxation authority will accept the Corporation’s position. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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

In most of the U.S. states in which the Corporation operates, with the exception of Alaska, California, Florida, Iowa, Maryland, New York, Oregon, Texas, Washington, West Virginia and Wisconsin, the Corporation participates in a state fund to cover the cost of certain environmental remediation activities after the applicable trust fund deductible is met, which varies by state. These state funds provide insurance for motor fuel facilities operations to cover some of the costs of cleaning up certain environmental contamination caused by the use of road transportation fuel equipment. Road transportation fuel storage tank registration fees and/or a motor fuel tax in each of the states finance the trust funds. The Corporation pays annual registration fees and remits sales taxes to applicable states. Insurance coverage differs from state to state.

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

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

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

Impairment of long-lived assets. Property and equipment are tested for impairment should events or circumstances indicate that their carrying amount may not be recoverable, as measured by comparing their carrying amount to their recoverable amount, which corresponds to the higher of fair value less costs to sell and value in use. Should the carrying amount of property and equipment exceed their recoverable amount, an impairment loss in the amount of the excess would be recognized. The Corporation's evaluation of the existence of impairment indicators is based on market conditions and its operational performance. The variability of these factors depends on a number of conditions, including uncertainty about future events. These factors could cause the Corporation to conclude that impairment indicators exist and require that impairment tests be performed, which could result in determining that the value of certain long-lived assets is impaired, resulting in a write-down of such long-lived assets.

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

Business combinations. Business combinations are accounted for using the acquisition method. The cost of a business combination is measured as the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquiree. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations*, are recognized at their fair value at the acquisition date. Determination of the fair value of the assets acquired and liabilities assumed requires judgment and the use of assumptions that, if changed, may affect the consolidated statements of earnings and consolidated balance sheets.

Business Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

Road transportation fuel. Our results are sensitive to the changes in road transportation fuel prices and gross margin. Factors beyond our control such as market-driven changes in supply terms, road transportation fuel price fluctuations due to, among other things, general political and economic conditions, as well as the market's limited ability to absorb road transportation fuel prices fluctuations, are factors that could influence road transportation fuel selling price and related gross margin. During fiscal 2022, road transportation fuel revenues accounted for approximately 72.0%[1] of our total revenues, yet the road transportation fuel gross profit represented about only 47.0%[1] of our overall gross profit[2].

Tobacco products and alternative tobacco products. Tobacco products and alternative tobacco products represent our largest product category of merchandise and service revenues. For fiscal 2022, tobacco products and alternative tobacco products revenues and gross profit[2] were $6.5 billion and $1.2 billion, respectively, representing approximately 39.0% and 21.0% of total merchandise and service revenues and gross profit[2], respectively. Significant increases in wholesale cigarette pricing, significant increases or structural changes in tobacco related taxes, current and future legislation and national and local campaigns to discourage smoking, or prevent use of tobacco products, competition of illicit trade and introduction of smoking alternatives may have an adverse impact on the demand for tobacco products, and may therefore adversely affect our revenues and profits in light of the competitive landscape and consumer sensitivity to the price of such products.

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

Legislative and regulatory requirements. Our operations are subject to extensive and evolving laws regulations and self-regulatory standards, including laws and regulations relating to the sale and labeling of alcohol, tobacco and nicotine products, and products containing cannabidiol (CBD), through a licensed store, various food preparation, packaging, safety and product quality requirements, lottery and related products and other age-restricted products laws and regulations, minimum wage laws, overtime and other employment laws and regulations, data privacy laws, securities laws, tax laws and regulations, and self-regulatory standards, including the Payment Card Industry Data Security Standards. In addition, convenience store operations are subject to numerous environmental laws and regulations that are discussed under "Environmental laws and regulations".

[1] Please refer to the "Summary Analysis of Consolidated Results for Fiscal 2022" section for additional information of these performance measures.
2 Please refer to the "Non-IFRS Measures" section for additional information on performance measures not defined by IFRS.

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

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

In addition, we sell products containing cannabidiol (CBD) derived from hemp. The U.S. *Agricultural Improvement Act of 2018* (also known as the 2018 Farm Bill) enacted a number of changes to the legal status of hemp and products containing CBD derived from hemp, including removal from the statutory list of controlled substances. However, implementation of the 2018 Farm Bill is ongoing, and there is still significant uncertainty regarding the legal status of products containing CBD under U.S. law. The FDA regulates human and animal food products and dietary supplements containing CBD and has stated that it interprets the *Federal Food, Drug, and Cosmetic Act of 1938*, as amended, to prohibit the sale of these products that contain CBD. The FDA is considering changing the relevant regulatory framework to allow for certain CBD-containing products, but unless and until such changes are enacted, the FDA and other regulatory authorities could take enforcement action to prevent the marketing of products with CBD, which could adversely impact our business, reputation, financial condition and results of operations or cause us to halt certain product sales altogether.

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

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

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

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

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

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

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

Electronic payment modes. We are exposed to significant fluctuations in expenses related to electronic payment modes resulting from large changes in road transportation fuel retail prices, because the majority of this expense is based on a percentage of the retail prices of road transportation fuel. For fiscal 2022, a variation of 10.0% in our expenses associated with electronic payment modes would have had an impact of approximately $0.05 on earnings per share on a diluted basis.

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

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

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

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

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

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

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

We are also exposed to foreign currency risk with respect to a portion of our cash and cash equivalent denominated in currencies other than the respective functional currencies, long-term debt denominated in US dollars, our Norwegian-krone and Euro-denominated senior unsecured notes and cross-currency interest rate swaps, a portion of which are designated as net investment hedges of our operations in the United States, Norway, Denmark, the Baltics and Ireland. As we use the US dollar as reporting currency, part of these impacts is compensated by the translation of the Canadian dollar consolidated financial statements into US dollars. For the long-term debt denominated in US dollars, Norwegian-krone and Euro and the cross-currency interest rate swaps which are designated as net investment hedges of foreign operations, as at April 24, 2022, a variation in those currencies would be offset by equivalent amounts from the hedged net investments in Other comprehensive income. For the cash and cash equivalent denominated in currencies other than the respective functional currencies, as at April 24, 2022 and with all other variables held constant, a hypothetical variation of 5.0% of the various currencies other than the respective functional currencies would have had a net impact of $61.8 million on Net earnings, which would be partially offset by a net impact of $50.0 million from the portion of our long-term debts denominated in US dollars not designated as net investment hedges of foreign operations.

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

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

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

Interest rates. We are exposed to interest rate fluctuations associated with changes in the short-term interest rate. Borrowings under our credit facilities bear interest at variable rates, and other debt we incur could likewise bear interest at variable rates. As at April 24, 2022, our variable rate debt was not significant, which limits our interest rate risk. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flows. We do not currently use derivative instruments to mitigate this risk. We could also be exposed to a risk of change in cash flows due to changes in interest rates on future debt issuance. To mitigate this risk, we can enter into interest rate locks and/or forward starting interest rate swaps in order to hedge the interest rates on forecasted debt issuance.

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

Accounts receivable. We are exposed to risk related to the creditworthiness and performance of our customers, suppliers and contract counterparties. As of April 24, 2022, we had outstanding accounts receivable totaling $2.5 billion. This amount primarily consists of vendor rebates due from our suppliers, credit card receivables, receivables arising from the sale of fuel and other products to independent franchised or licensed fuel station operators as well as amounts receivable from other industrial and commercial clients. Contracts with longer payment cycles or difficulties in enforcing contracts or collecting accounts receivable could lead to material fluctuations in our cash flows and could adversely impact our business, financial condition and results of operations.

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

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

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

Outlook

For fiscal 2023, as we reach the last milestone of our 5-year strategy, we will continue to enhance our offer to meet our customer's needs, making their lives a little easier every day. Despite supply chain and labor challenges, we remain focused on our convenience and mobility business by refining our fresh food program, pursuing opportunities to expand the flexibility in our supply chain and growing our electric vehicles offer to keep our position as a global leader in the future of electric charging solutions. We stand ready to seek out additional acquisition opportunities and nurture the culture of discipline and entrepreneurship that has been our trademark as we are close to reaching our five-year ambition of doubling the business. In this rapidly evolving environment, the roll out of the *Values We Live By* and actions taken toward them are proofs of our commitment into increasing employee engagement, diversity and inclusion as well as sustainability which remains at the forefront of our priorities and a lens to the business.

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

June 28, 2022