ALIMENTATION COUCHE-TARD ANNOUNCES ITS RESULTS FOR ITS SECOND QUARTER OF FISCAL YEAR 2024

- Net earnings were $819.2 million, or $0.85 per diluted share for the second quarter of fiscal 2024 compared with $810.4 million, or $0.79 per diluted share for the second quarter of fiscal 2023. Adjusted net earnings[1] were approximately $792.0 million compared with $838.0 million for the second quarter of fiscal 2023. Adjusted diluted net earnings per share[1] were $0.82, unchanged compared with the corresponding quarter of last year.
- Total merchandise and service revenues of $4.1 billion, an increase of 1.0%. Same-store merchandise revenues[2] decreased by 0.1% in the United States, by 0.2% in Europe and other regions[1], and increased by 1.6% in Canada.
- Merchandise and service gross margin[1] increased by 0.8% in the United States to 34.8%, impacted favorably by a change in product mix and the improvement of our *Fresh Food, Fast* program gross margin[1]. Merchandise and service gross margin[1] increased by 0.3% in Europe and other regions to 38.6%, and remained stable in Canada at 33.2%. Total consolidated merchandise and service gross profit[1] increased by 2.8% compared with the corresponding quarter of fiscal 2023.
- Same-store road transportation fuel volumes decreased by 1.5% in the United States, by 0.9% in Europe and other regions, and increased by 3.0% in Canada.
- Road transportation fuel gross margin[1] of 49.56¢ per gallon in the United States, an increase of 0.40¢ per gallon, US 10.20¢ per liter in Europe and other regions, an increase of US 0.44¢ per liter, and CA 13.63¢ per liter in Canada, an increase of CA 1.08¢ per liter. Total consolidated fuel gross profit[1] increased by 2.1% compared with the corresponding quarter of fiscal 2023.
- Growth of expenses for the second quarter of fiscal 2024 was 2.5% while normalized growth of expenses[1] was 1.5%, remaining below the average inflation observed throughout the Corporation's network.
- Successful issuance of Canadian-dollar-denominated senior unsecured notes in the amount of CA $800.0 million ($595.5 million). During the quarter, the Corporation's long-term senior unsecured rating was upgraded from BBB to BBB+ by S&P Global Ratings.
- Subsequent to the end of the quarter, the Corporation closed the acquisition of 112 company-owned and operated convenience retail and fuel sites in the United States.

Laval, Québec, Canada – November 28, 2023 – For its second quarter ended October 15, 2023, Alimentation Couche-Tard Inc. (“Couche-Tard” or the “Corporation”) (TSX: ATD) announces net earnings of $819.2 million, representing $0.85 per share on a diluted basis, compared with $810.4 million for the corresponding quarter of fiscal 2023, representing $0.79 per share on a diluted basis. The results for the second quarter of fiscal 2024 were affected by a pre-tax reclassification adjustment of gain on forward starting interest rate swaps of $32.9 million, by a pre-tax net foreign exchange gain of $6.3 million, by pre-tax acquisition costs of $4.2 million, as well as a pre-tax impairment loss of $2.0 million on its investment in Fire & Flower Holdings Corp. The results for the comparable quarter of fiscal 2023 were affected by a pre-tax impairment loss of $23.9 million on its investment in Fire & Flower Holdings Corp., by pre-tax acquisition costs of $5.3 million, as well as by a pre-tax net foreign exchange gain of $1.5 million. Excluding these items, the adjusted net earnings[1] were approximately $792.0 million, or $0.82 per share on a diluted basis for the second quarter of fiscal 2024, compared with $838.0 million, or $0.82 per share on a diluted basis for the corresponding quarter of fiscal 2023. Adjusted diluted net earnings per share[1] remained stable as the favorable impact of the share repurchase program, the contribution from acquisitions and the increase in merchandise and service gross margin[1] were offset by higher depreciation as the Corporation continues to invest in its network, higher net financial expenses as well as a higher income tax rate. All financial information presented is in US dollars unless stated otherwise.

[1] Please refer to the “Non-IFRS Measures” section for additional information on performance measures not defined by IFRS.
[2] This measure represents the growth of (decrease in) cumulative 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.

"We are pleased to announce a solid second quarter with good progress across most of our key metrics, although we did see softening in same store sales in the U.S., driven by weakness in the cigarette category and cycled against a robust second quarter, up 5.6%, last year. In an environment with continued inflation and high interest rates, we remain committed to offering compelling value and ease. We have substantially expanded the rollout of our *Inner Circle* membership program, which is now in seven U.S. business units covering close to 3,000 locations with over 2.7 million fully enrolled, providing meaningful convenience and fuel rewards to our most valuable customers. As *America's Thirst Stop*, we are focused on the growth of our beverage category by offering great assortment, innovation and value in both packaged and dispensed beverages at affordable price points. We also continue to be pleased with the performance of our fuel business, in terms of both volumes and margins, as we continue to bring traffic to our sites through reoccurring promotional Fuel Days," said Brian Hannasch, President and Chief Executive Officer of Alimentation Couche-Tard.

"Following the announcement of our *10 For The Win* five-year strategy, we are excited by the recent developments in the growth of our network. In the beginning of November, we closed on the acquisition of 112 MAPCO sites, accelerating our development in key markets in Alabama, Georgia, Kentucky, Mississippi and Tennessee and adding approximately 1,300 team members to the Alimentation Couche-Tard Family. We also recently received an important decision by the European Commission allowing us to move closer to an end of calendar year completion of our game-changing acquisition of TotalEnergies in four new European countries. On the organic front, we are making progress on our stated goal of building 500 stores over the next five years, having already finished more than 40 new stores this fiscal year with considerably more in the pipeline that are either currently under or starting construction in the upcoming months," concluded Brian Hannasch.

Filipe Da Silva, Chief Financial Officer, added: "It gives me great pleasure to share that our focused efforts in managing costs are yielding tangible benefits. This quarter, we've successfully kept the growth of our normalized expenses[1] to a modest 1.5%, a figure that stands well below the average current rate of inflation affecting our operations. This is a clear indication of our team's dedication to efficiently operate and deliver value to our shareholders, even amidst widespread economic challenges. Our ability to surpass expectations on this financial indicator demonstrates our commitment to financial discipline and operational excellence. Additionally, with the recent issuance of 7-year Senior unsecured notes for a principal amount of CA $800.0 million, we've further strengthened our capital structure, ensuring it remains robust and effective."

Significant Items of the Second Quarter of Fiscal 2024

- During the second quarter and first half-year of fiscal 2024, we repurchased 13.6 million and 18.2 million shares, for amounts of $672.9 million and $902.9 million, respectively. Subsequent to the end of the quarter, we repurchased 0.3 million shares for an amount of $15.7 million.

- On September 25, 2023, we issued Canadian-dollar-denominated senior unsecured notes totaling CA $800.0 million ($595.5 million) with a coupon rate of 5.59%, an effective rate of 5.70%, and maturing on September 25, 2030. The $591.9 million net proceeds from the issuance were used for corporate purposes and to invest an amount of CA $700.0 million ($511.7 million as at October 15, 2023) in term deposits, which will mature on July 23, 2024.

  As a result of the issuance of those Canadian-dollar-denominated senior unsecured notes, we determined that an anticipated issuance of US-dollar-denominated senior unsecured notes, for which the proceeds were intended to be used for the repayment of the Canadian-dollar-denominated senior unsecured notes maturing in July 2024, was no longer expected to occur. We had designated specific forward starting interest rate swaps as a cash flow hedge of our interest rate risk related to the variability of the interest payments on the anticipated issuance, which led to a pre-tax reclassification adjustment gain of $32.9 million from Other comprehensive loss to Other financial items in the consolidated statement of earnings.

- In June 2023, Fire & Flower received an order for creditor protection under the *Companies' Creditors Arrangement Act* and the Ontario Superior Court of Justice approved a Sales and Investment Solicitation Process ("SISP") pursuant to which one of our wholly-owned subsidiaries was acting as stalking horse bidder. On August 15, 2023, an auction was held in accordance with the SISP and our wholly-owned subsidiary was not the successful bidder. The transaction contemplated by the successful bid was completed on September 15, 2023, and as a result, the principal and accrued interests related to a CA $9.8 million ($7.2 million) debtor-in-possession loan and a CA $11.0 million ($8.0 million) secured loan, which were granted to Fire & Flower, were repaid, and our ownership interest in Fire & Flower was cancelled. During the second quarter and first half-year of fiscal 2024, losses of $2.0 million and $3.5 million, respectively, were recorded, bringing the carrying amount of our ownership interest in Fire & Flower to nil.

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

Changes in our Network during the Second Quarter of Fiscal 2024

- On November 1, 2023, subsequent to the end of the quarter, we closed the acquisition of 112 company-owned and operated convenience retail and fuel sites operating under the MAPCO brand and located in the states of Alabama, Georgia, Kentucky, Mississippi and Tennessee, in the United States. The acquisition also includes surplus properties and a logistics fleet. The transaction was settled for a consideration of $471.0 million, subject to post closing adjustments, and was financed using our available cash and our United States commercial paper program.

- On July 7, 2023, we reached an agreement to acquire 2,193 sites from TotalEnergies SE for a total cash consideration of approximately €3.1 billion ($3.4 billion). Subsequent to the end of the quarter, we have received a decision from the European Commission not to oppose the acquisition. We expect the transaction to close before the end of calendar year 2023 and it remains subject to customary closing conditions.

- We acquired 6 company-operated stores, reaching a total of 10 company-operated stores acquired through various transactions since the beginning of fiscal 2024. We settled these transactions using our available cash.

- We completed the construction of 19 stores and the relocation or reconstruction of 4 stores, reaching a total of 42 stores since the beginning of fiscal 2024. As of October 15, 2023, another 50 stores were under construction and should open in the upcoming quarters.

Summary of changes in our store network

The following table presents certain information regarding changes in our store network over the 12-week period ended October 15, 2023:

	12-week period ended October 15, 2023				
Type of site	**Company-operated**	**CODO**	**DODO**	**Franchised and other affiliated**	**Total**
Number of sites, beginning of period	9,942	340	792	1,263	12,337
Acquisitions	6	—	—	—	6
Openings / constructions / additions	19	—	10	19	48
Closures / disposals / withdrawals	(31)	(2)	(9)	(28)	(70)
Store conversions	2	(2)	—	—	—
Number of sites, end of period	**9,938**	**336**	**793**	**1,254**	**12,321**
Circle K branded sites under licensing agreements					2,104
Total network					**14,425**
Number of automated fuel stations included in the period-end figures	1,003	—	2	—	1,005

Exchange Rate Data

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

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

	12-week periods ended		24-week periods ended	
	October 15, 2023	October 9, 2022	**October 15, 2023**	October 9, 2022
Average for the period(1)				
Canadian dollar	**0.7407**	0.7626	**0.7445**	0.7702
Norwegian krone	**0.0944**	0.0999	**0.0940**	0.1015
Swedish krone	**0.0917**	0.0945	**0.0930**	0.0970
Danish krone	**0.1446**	0.1348	**0.1455**	0.1380
Zloty	**0.2382**	0.2114	**0.2406**	0.2181
Euro	**1.0785**	1.0031	**1.0844**	1.0267
Hong Kong dollar	**0.1278**	0.1274	**0.1277**	0.1274

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

For the analysis of consolidated results, the impact of the translation of our foreign currency operations into US dollars is defined as the impact from the translation of our Canadian, European, Asian, and corporate operations into US dollars. Variances of our foreign currency operations into US dollars 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.

Summary Analysis of Consolidated Results for the Second Quarter and First Half-year of Fiscal 2024

The following table highlights certain information regarding our operations for the 12 and 24-week periods ended October 15, 2023 and October 9, 2022, and the results analysis in this section should be read in conjunction with this table. The results from our operations in Europe and Asia are presented together as Europe and other regions.

	12-week periods ended			**24-week periods ended**		
(in millions of US dollars, unless otherwise stated)	**October 15, 2023**	October 9, 2022	Variation %	**October 15, 2023**	October 9, 2022	Variation %
Statement of Operations Data:						
Merchandise and service revenues[1]:						
United States	**2,936.7**	2,903.0	1.2	**5,942.0**	5,807.9	2.3
Europe and other regions	**570.9**	550.9	3.6	**1,192.9**	1,088.0	9.6
Canada	**606.2**	617.9	(1.9)	**1,254.7**	1,248.4	0.5
Total merchandise and service revenues	**4,113.8**	4,071.8	1.0	**8,389.6**	8,144.3	3.0
Road transportation fuel revenues:						
United States	**8,062.7**	8,236.0	(2.1)	**15,584.9**	17,917.4	(13.0)
Europe and other regions	**2,587.2**	2,837.5	(8.8)	**4,850.9**	5,813.4	(16.6)
Canada	**1,506.0**	1,453.1	3.6	**2,955.3**	3,114.9	(5.1)
Total road transportation fuel revenues	**12,155.9**	12,526.6	(3.0)	**23,391.1**	26,845.7	(12.9)
Other revenues[2]:						
United States	**9.5**	8.5	11.8	**17.7**	18.2	(2.7)
Europe and other regions	**138.4**	265.6	(47.9)	**233.5**	516.1	(54.8)
Canada	**8.0**	7.0	14.3	**16.9**	12.9	31.0
Total other revenues	**155.9**	281.1	(44.5)	**268.1**	547.2	(51.0)
Total revenues	**16,425.6**	16,879.5	(2.7)	**32,048.8**	35,537.2	(9.8)
Merchandise and service gross profit[1][3]:						
United States	**1,021.0**	987.5	3.4	**2,051.0**	1,972.8	4.0
Europe and other regions	**220.6**	211.1	4.5	**468.8**	419.8	11.7
Canada	**201.1**	205.0	(1.9)	**420.8**	413.9	1.7
Total merchandise and service gross profit	**1,442.7**	1,403.6	2.8	**2,940.6**	2,806.5	4.8
Road transportation fuel gross profit[3]:						
United States	**1,064.4**	1,058.0	0.6	**2,139.0**	2,089.4	2.4
Europe and other regions	**252.8**	241.8	4.5	**450.4**	522.5	(13.8)
Canada	**137.4**	124.9	10.0	**274.5**	257.3	6.7
Total road transportation fuel gross profit	**1,454.6**	1,424.7	2.1	**2,863.9**	2,869.2	(0.2)
Other revenues gross profit[2][3]:						
United States	**9.5**	8.5	11.8	**17.7**	18.2	(2.7)
Europe and other regions	**22.6**	18.4	22.8	**38.9**	38.2	1.8
Canada	**7.1**	5.0	42.0	**13.8**	10.9	26.6
Total other revenues gross profit	**39.2**	31.9	22.9	**70.4**	67.3	4.6
Total gross profit[3]	**2,936.5**	2,860.2	2.7	**5,874.9**	5,743.0	2.3
Operating, selling, general and administrative expenses	**1,468.3**	1,433.0	2.5	**2,907.4**	2,831.1	2.7
Loss (gain) on disposal of property and equipment and other assets	**0.2**	(20.4)	(101.0)	**(3.3)**	(33.4)	(90.1)
Depreciation, amortization and impairment	**369.6**	353.9	4.4	**730.1**	673.1	8.5
Operating income	**1,098.4**	1,093.7	0.4	**2,240.7**	2,272.2	(1.4)
Net financial expenses	**47.0**	58.1	(19.1)	**117.7**	125.2	(6.0)
Net earnings	**819.2**	810.4	1.1	**1,653.3**	1,682.8	(1.8)
Per Share Data:						
Basic net earnings per share (dollars per share)	**0.85**	0.79	7.6	**1.70**	1.64	3.7
Diluted net earnings per share (dollars per share)	**0.85**	0.79	7.6	**1.70**	1.64	3.7
Adjusted diluted net earnings per share (dollars per share)[3]	**0.82**	0.82	—	**1.67**	1.67	—

(in millions of US dollars, unless otherwise stated)	12-week periods ended October 15, 2023	October 9, 2022	Variation %	24-week periods ended October 15, 2023	October 9, 2022	Variation %
Other Operating Data:						
Merchandise and service gross margin(1)(3):						
Consolidated	**35.1%**	34.5%	0.6	**35.1%**	34.5%	0.6
United States	**34.8%**	34.0%	0.8	**34.5%**	34.0%	0.5
Europe and other regions	**38.6%**	38.3%	0.3	**39.3%**	38.6%	0.7
Canada	**33.2%**	33.2%	—	**33.5%**	33.2%	0.3
Growth of (decrease in) same-store merchandise revenues(4):						
United States(5)(6)	**(0.1%)**	5.6%		**1.0%**	4.5%	
Europe and other regions(3)	**(0.2%)**	2.9%		**1.3%**	2.9%	
Canada(5)(6)	**1.6%**	(1.5%)		**4.0%**	(1.4%)	
Road transportation fuel gross margin(3):						
United States (cents per gallon)	**49.56**	49.16	0.8	**49.81**	49.08	1.5
Europe and other regions (cents per liter)	**10.20**	9.76	4.5	**9.22**	10.96	(15.9)
Canada (CA cents per liter)	**13.63**	12.55	8.6	**13.44**	13.27	1.3
Total volume of road transportation fuel sold:						
United States (millions of gallons)	**2,147.5**	2,152.2	(0.2)	**4,294.4**	4,257.2	0.9
Europe and other regions (millions of liters)	**2,478.7**	2,476.2	0.1	**4,885.5**	4,765.0	2.5
Canada (millions of liters)	**1,360.3**	1,305.3	4.2	**2,742.5**	2,517.5	8.9
Growth of (decrease in) same-store road transportation fuel volumes(5):						
United States	**(1.5%)**	(1.9%)		**(0.4%)**	(3.0%)	
Europe and other regions	**(0.9%)**	(6.3%)		**(1.2%)**	(5.0%)	
Canada	**3.0%**	(6.5%)		**5.0%**	(3.2%)	

(in millions of US dollars, unless otherwise stated)	As at October 15, 2023	As at April 30, 2023	Variation $
Balance Sheet Data:			
Total assets	**30,397.6**	29,049.2	1,348.4
Interest-bearing debt(3)	**10,254.8**	9,465.9	788.9
Equity	**13,064.8**	12,564.5	500.3
Indebtedness Ratios(3):			
Net interest-bearing debt/total capitalization	**0.40 : 1**	0.41 : 1	
Leverage ratio	**1.52 : 1**	1.49 : 1	
Returns(3):			
Return on equity	**23.7%**	24.7%	
Return on capital employed	**17.0%**	17.5%	

(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 performance measures not defined by IFRS, as well as our capital management measure.

(4) This measure represents the growth of (decrease in) cumulative 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

Our revenues were $16.4 billion for the second quarter of fiscal 2024, down by $453.9 million, a decrease of 2.7% compared with the corresponding quarter of fiscal 2023, mainly attributable to a lower average road transportation fuel selling price, lower aviation fuel volume sold as a result of a change in business model as well as lower road transportation fuel demand, while being partly offset by the contribution from acquisitions and the net positive impact of approximately $102.0 million from the translation of our foreign currency operations into US dollars.

For the first half-year of fiscal 2024, our revenues decreased by $3.5 billion, or 9.8%, compared with the corresponding period of fiscal 2023, mainly attributable to a lower average road transportation fuel selling price, lower aviation fuel volume sold as well as the net negative impact of approximately $17.0 million from the translation of our foreign currency operations into US dollars, while being partly offset by the contribution from acquisitions and organic growth of our convenience activities.

Merchandise and service revenues

Total merchandise and service revenues for the second quarter of fiscal 2024 were $4.1 billion, an increase of $42.0 million compared with the corresponding quarter of fiscal 2023. The translation of our foreign currency operations into US dollars had a net positive impact of approximately $5.0 million. The remaining increase of approximately $37.0 million, or 0.9%, is primarily attributable to the contribution from acquisitions. Same-store merchandise revenues decreased by 0.1% in the United States and by 0.2% in Europe and other regions[1], driven by lower consumer disposable income, as well as the continued softness of our cigarette revenues from illicit competition and the impact of cross-border traffic in Hong Kong. Same-store merchandise revenues increased by 1.6% in Canada, driven by our diversified offer in the beverage category, as well as the continued growth of our *Fresh Food, Fast* program and private brands.

For the first half-year of fiscal 2024, the growth in merchandise and service revenues was $245.3 million compared with the corresponding period of fiscal 2023. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $20.0 million. Same-store merchandise revenues increased by 1.0% in the United States, by 1.3% in Europe and other regions[1], and by 4.0% in Canada.

Road transportation fuel revenues

Total road transportation fuel revenues for the second quarter of fiscal 2024 were $12.2 billion, a decrease of $370.7 million compared with the corresponding quarter of fiscal 2023. The translation of our foreign currency operations into US dollars had a net positive impact of approximately $79.0 million. The remaining decrease of approximately $450.0 million, or 3.6%, is attributable to a lower average road transportation fuel selling price, which had a negative impact of approximately $460.0 million. Same-store road transportation fuel volumes decreased by 1.5% in the United States, by 0.9% in Europe and other regions, and increased by 3.0% in Canada. During the quarter, road transportation fuel demand remained unfavorably impacted by challenging macroeconomic conditions, including high inflation.

For the first half-year of fiscal 2024, the road transportation fuel revenues decreased by $3.5 billion compared with the corresponding period of fiscal 2023. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $19.0 million. Same-store road transportation fuel volumes decreased by 0.4% in the United States, by 1.2% in Europe and other regions, and increased by 5.0% 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	3rd	4th	1st	2nd	Weighted average
53-week period ended October 15, 2023					
United States (US dollars per gallon)	3.50	3.52	3.52	3.76	3.57
Europe and other regions (US cents per liter)	113.55	109.77	98.02	108.87	107.97
Canada (CA cents per liter)	143.32	137.66	142.77	152.03	143.93
52-week period ended October 9, 2022					
United States (US dollars per gallon)	3.28	3.94	4.61	3.84	3.87
Europe and other regions (US cents per liter)	96.66	120.84	129.11	117.39	115.58
Canada (CA cents per liter)	129.39	150.30	179.15	149.55	150.46

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

Other revenues

Total other revenues for the second quarter of fiscal 2024 were $155.9 million, a decrease of $125.2 million compared with the corresponding quarter of fiscal 2023. The translation of our foreign currency operations into US dollars had a net positive impact of approximately $19.0 million. The remaining decrease of approximately $144.0 million, or 51.2%, is primarily driven by lower aviation fuel volume sold as a result of a change in business model, which had a minimal impact on gross profit[1].

For the first half-year of fiscal 2024, total other revenues were $268.1 million, a decrease of $279.1 million compared with the corresponding period of fiscal 2023. The translation of our foreign currency operations into US dollars had a net positive impact of approximately $20.0 million. The remaining decrease of approximately $299.0 million, or 54.6%, is attributable to lower aviation fuel volume sold, as well as lower prices on our other fuel products, which had a minimal impact on gross profit[1].

Gross profit[1]

Our gross profit was $2.9 billion for the second quarter of fiscal 2024, up by $76.3 million, or 2.7%, compared with the corresponding quarter of fiscal 2023, mainly attributable to the contribution of acquisitions, the increase in merchandise and service gross margin[1], the increase in road transportation fuel gross margin[1] as well as the net positive impact of the translation of our foreign currency operations into US dollars of approximately $6.0 million.

For the first half-year of fiscal 2024, our gross profit increased by $131.9 million, or 2.3%, compared with the first half-year of fiscal 2023, mainly attributable to the contribution of acquisitions and organic growth in our convenience activities, while being partly offset by lower road transportation fuel gross margins[1] in Europe and other regions and the net negative impact of the translation of our foreign currency operations into US dollars of approximately $10.0 million.

Merchandise and service gross profit

In the second quarter of fiscal 2024, our merchandise and service gross profit was $1.4 billion, an increase of $39.1 million compared with the corresponding quarter of fiscal 2023. The translation of our foreign currency operations into US dollars had a net positive impact of approximately $2.0 million. The remaining increase of approximately $37.0 million, or 2.6%, is primarily due to organic growth and the contribution of acquisitions, which amounted to approximately $26.0 million. Our merchandise and service gross margin[1] increased by 0.8% in the United States to 34.8%, impacted favorably by a change in product mix and the improvement of our *Fresh Food, Fast* program gross margin[1]. Merchandise and service gross margin[1] increased by 0.3% in Europe and other regions to 38.6%, and remained stable in Canada at 33.2%.

During the first half-year of fiscal 2024, our merchandise and service gross profit was $2.9 billion, an increase of $134.1 million compared with the first half-year of fiscal 2023. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $8.0 million. Our merchandise and service gross margin[1] in the United States increased by 0.5% to 34.5%, by 0.7% in Europe and other regions to 39.3%, and by 0.3% in Canada to 33.5%.

Road transportation fuel gross profit

In the second quarter of fiscal 2024, our road transportation fuel gross profit was $1.5 billion, an increase of $29.9 million compared with the corresponding quarter of fiscal 2023. The translation of our foreign currency operations into US dollars had a net positive impact of approximately $4.0 million. The remaining increase in our gross profit was approximately $26.0 million, or 1.8%. In the United States, our road transportation fuel gross margin[1] was 49.56¢ per gallon, an increase of 0.40¢ per gallon, in Europe and other regions, it was US 10.20¢ per liter, an increase of US 0.44¢ per liter, and in Canada, it was CA 13.63¢ per liter, an increase of CA 1.08¢ per liter. Fuel gross margins[1] remained healthy throughout our network, due to favorable market conditions and the continued work on the optimization of our supply chain.

During the first half-year of fiscal 2024, our road transportation fuel gross profit was $2.9 billion, a decrease of $5.3 million compared with the first half-year of fiscal 2023. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $2.0 million. The road transportation fuel gross margin[1] was 49.81¢ per gallon in the United States, US 9.22¢ per liter in Europe and other regions, and CA 13.44¢ per liter in Canada.

[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[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	3rd	4th	1st	2nd	Weighted average
53-week period ended October 15, 2023					
Before deduction of expenses related to electronic payment modes	48.39	46.43	51.26	51.15	49.22
Expenses related to electronic payment modes(1)	6.20	6.17	6.13	6.04	6.14
After deduction of expenses related to electronic payment modes	42.19	40.26	45.13	45.11	43.08
52-week period ended October 9, 2022					
Before deduction of expenses related to electronic payment modes	41.02	47.55	50.95	51.11	47.22
Expenses related to electronic payment modes(1)	5.74	6.61	7.21	6.53	6.47
After deduction of expenses related to electronic payment modes	35.28	40.94	43.74	44.58	40.75

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

The road transportation fuel gross margin[1] of our network in Europe and other regions and in Canada for the last eight quarters, were as follows:

Quarter	3rd	4th	1st	2nd	Weighted average
53-week period ended October 15, 2023					
Europe and other regions (US cents per liter)	8.01	10.60	8.21	10.20	9.18
Canada (CA cents per liter)	12.52	12.13	13.25	13.63	12.85
52-week period ended October 9, 2022					
Europe and other regions (US cents per liter)	10.83	7.51	12.26	9.76	10.08
Canada (CA cents per liter)	11.78	13.41	14.04	12.55	12.85

Generally, road transportation fuel margins can be volatile from one quarter to another but tend to be more stable over longer periods. In Europe and other regions, fuel margin volatility is impacted by a longer supply chain due to a more integrated model. In Europe and other regions and in Canada, expenses related to electronic payment modes are not as volatile as in the United States.

Other revenues gross profit

In the second quarter and first half-year of fiscal 2024, other revenues gross profit were $39.2 million and $70.4 million, an increase of $7.3 million and $3.1 million, respectively, compared with the corresponding periods of fiscal 2023. The translation of our foreign currency operations into US dollars had no significant impact on gross profit for the second quarter and first half-year of fiscal 2024.

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

For the second quarter and first half-year of fiscal 2024, expenses increased by 2.5% and 2.7%, respectively, compared with the corresponding periods of fiscal 2023. Normalized growth of expenses[1] was 1.5% and 2.6%, respectively, as shown in the table below:

	12-week periods ended		**24-week periods ended**	
	October 15, 2023	October 9, 2022	**October 15, 2023**	October 9, 2022
Growth of expenses, as reported	**2.5%**	8.5%	**2.7%**	8.9%
Adjusted for:				
Increase from incremental expenses related to acquisitions	**(1.6%)**	(1.0%)	**(1.6%)**	(0.9%)
Decrease (increase) from change in electronic payment fees, excluding acquisitions	**0.8%**	(2.3%)	**1.3%**	(3.0%)
(Increase) decrease from the net impact of foreign exchange translation	**(0.3%)**	3.2%	**0.2%**	2.8%
Decrease (increase) from changes in acquisition costs recognized to earnings	**0.1%**	(0.3%)	**—**	(0.1%)
Normalized growth of expenses[1]	**1.5%**	8.1%	**2.6%**	7.7%

Normalized growth of expenses[1] was mainly driven by the impact of costs from rising minimum wages, inflationary pressures, and incremental investments to support our strategic initiatives, while being partly offset by the continued strategic efforts to control our expenses, including labor efficiency in our stores. Our control of expenses is evidenced by our normalized growth of expenses[1] remaining lower than the average inflation observed throughout our network.

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

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

During the second quarter of fiscal 2024, EBITDA stood at $1.5 billion, an increase of $28.0 million, or 1.9%, compared with the corresponding quarter of fiscal 2023. Adjusted EBITDA for the second quarter of fiscal 2024 increased by $26.9 million, or 1.8%, compared with the corresponding quarter of fiscal 2023, mainly due to the contribution from acquisitions, organic growth in our convenience operations, as well as the translation of our foreign currency operations into US dollars, which had a net positive impact of approximately $2.0 million, partly offset by the impact of lower road transportation fuel volume sold.

During the first half-year of fiscal 2024, EBITDA stood at $3.0 billion, an increase of $36.4 million, or 1.2%, compared with the first half-year of fiscal 2023. Adjusted EBITDA for the first half-year of fiscal 2024 increased by $37.6 million, or 1.3%, compared with the first half-year of fiscal 2023, mainly attributable to organic growth in our convenience operations, as well as the contribution from acquisitions, partly offset by lower road transportation fuel gross margins[1] in Europe and other regions, as well as the translation of our foreign currency operations into US dollars, which had a net negative impact of approximately $4.0 million.

Depreciation, amortization and impairment ("depreciation")

For the second quarter of fiscal 2024, our depreciation expense increased by $15.7 million compared with the second quarter of fiscal 2023. The translation of our foreign currency operations into US dollars had no significant impact on depreciation. This increase is mainly driven by the replacement of equipment, the ongoing improvement of our network, as well as the impact from investments made through acquisitions, partly offset by the impact of the impairment on our investment in Fire & Flower Holdings Corp. of $23.9 million in the comparable quarter.

For the first half-year of fiscal 2024, our depreciation expense increased by $57.0 million compared with the first half-year of fiscal 2023. The translation of our foreign currency operations into US dollars had a net favorable impact of approximately $3.0 million. The remaining increase of approximately $60.0 million, or 8.9%, is mainly attributable to similar factors as those of the second quarter.

Net financial expenses

Net financial expenses for the second quarter and first half-year of fiscal 2024 were $47.0 million and $117.7 million, respectively, a decrease of $11.1 million and $7.5 million, respectively, compared with the corresponding periods of fiscal 2023. A portion of the variation is explained by certain items that are not considered indicative of future trends, as shown in the table below:

	12-week periods ended			**24-week periods ended**		
(in millions of US dollars)	**October 15, 2023**	October 9, 2022	Variation	**October 15, 2023**	October 9, 2022	Variation
Net financial expenses, as reported	**47.0**	58.1	(11.1)	**117.7**	125.2	(7.5)
Explained by:						
Reclassification adjustment of gain on forward starting interest rate swaps	**32.9**	—	32.9	**32.9**	—	32.9
Change in fair value of financial instruments and amortization of deferred differences	**(9.8)**	0.1	(9.9)	**(11.8)**	1.0	(12.8)
Net foreign exchange gain	**6.3**	1.5	4.8	**6.0**	0.5	5.5
Remaining variation	**76.4**	59.7	16.7	**144.8**	126.7	18.1

The remaining variation of the second quarter and first half-year of fiscal 2024 is mainly driven by higher interest on short-term and long-term debt and lease liabilities, partly offset by higher interest revenue.

Income taxes

The income tax rate for the second quarter and first half-year of fiscal 2024 was 22.8%, compared with 21.9% for the corresponding periods of fiscal 2023. The increase mainly stems from the impact of a different mix in our earnings across the various jurisdictions in which we operate.

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

Net earnings and adjusted net earnings[1]

Net earnings for the second quarter of fiscal 2024 were $819.2 million, compared with $810.4 million for the second quarter of fiscal 2023, an increase of $8.8 million, or 1.1%. Diluted net earnings per share stood at $0.85, compared with $0.79 for the corresponding quarter of the previous fiscal year. The translation of our foreign currency operations into US dollars had a net positive impact of approximately $2.0 million on net earnings of the second quarter of fiscal 2024.

Adjusted net earnings for the second quarter of fiscal 2024 were approximately $792.0 million, compared with $838.0 million for the second quarter of fiscal 2023, a decrease of $46.0 million, or 5.5%. Adjusted diluted net earnings per share[1] were $0.82 for the second quarter of fiscal 2024, unchanged compared with the corresponding quarter of fiscal 2023.

For the first half-year of fiscal 2024, net earnings stood at $1.7 billion, a decrease of $29.5 million, or 1.8%, compared with the first half-year of fiscal 2023. Diluted net earnings per share stood at $1.70, compared with $1.64 for the previous fiscal year. The translation of our foreign currency operations into US dollars had a net negative impact of approximately $1.0 million on net earnings of the first half-year of fiscal 2024.

Adjusted net earnings for the first half-year of fiscal 2024 stood at $1.6 billion, a decrease of $83.0 million, or 4.8%, compared with the first half-year of fiscal 2023. Adjusted diluted net earnings per share[1] were $1.67 for the first half-year of fiscal 2024, unchanged compared with the first half-year of fiscal 2023.

Dividends

During its November 28, 2023 meeting, the Board of Directors approved an increase in the quarterly dividend of CA 3.5¢ per share, bringing it to CA 17.5¢ per share, an increase of 25.0%.

During the same meeting, the Board of Directors declared a quarterly dividend of CA 17.5¢ per share for the second quarter of fiscal 2024 to shareholders on record as at December 7, 2023, and approved its payment effective December 21, 2023. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

[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 financial measures are used in our financial disclosures:

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

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, general and administrative expenses;
- Growth of same-store merchandise revenues for Europe and other regions;
- Adjusted diluted net earnings per share;
- Leverage ratio;
- 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 financial measures and ratios, as well as the capital management measure, 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, as per IFRS, to gross profit:

	12-week periods ended		**24-week periods ended**	
(in millions of US dollars)	**October 15, 2023**	October 9, 2022	**October 15, 2023**	October 9, 2022
Revenues	**16,425.6**	16,879.5	**32,048.8**	35,537.2
Cost of sales, excluding depreciation, amortization and impairment	**13,489.1**	14,019.3	**26,173.9**	29,794.2
Gross profit	**2,936.5**	2,860.2	**5,874.9**	5,743.0

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 are 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 are 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, as per IFRS, 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		24-week periods ended	
(in millions of Canadian dollars, unless otherwise noted)	**October 15, 2023**	October 9, 2022	**October 15, 2023**	October 9, 2022
Road transportation fuel revenues	**2,032.6**	1,906.0	**3,968.3**	4,042.5
Road transportation fuel cost of sales, excluding depreciation, amortization and impairment	**1,847.2**	1,742.2	**3,599.8**	3,708.5
Road transportation fuel gross profit	**185.4**	163.8	**368.5**	334.0
Total road transportation fuel volume sold (in millions of liters)	**1,360.3**	1,305.3	**2,742.5**	2,517.5
Road transportation fuel gross margin (CA cents per liter)	**13.63**	12.55	**13.44**	13.27

Normalized growth of operating, selling, general and administrative expenses ("normalized growth of expenses"). Normalized growth of expenses consists of the growth of Operating, selling, general and administrative expenses adjusted for the impact of the changes in our network, the impact from changes in accounting policies and adoption of accounting standards, the impact of more volatile items over which we have limited control including, but not limited to, the net impact of foreign exchange translation, electronic payment fees excluding acquisitions, and acquisition costs, as well as other specific items for which the impact on consolidated results is not deemed indicative of future trends. 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, general and administrative expenses to normalized growth of expenses:

	12-week periods ended					
(in millions of US dollars, unless otherwise noted)	**October 15, 2023**	**October 9, 2022**	Variation	October 9, 2022	October 10, 2021	Variation
Operating, selling, general and administrative expenses, as published	**1,468.3**	**1,433.0**	2.5%	1,433.0	1,321.3	8.5%
Adjusted for:						
Increase from incremental expenses related to acquisitions	**(22.3)**	**—**	(1.6%)	(13.2)	—	(1.0%)
Decrease (increase) from change in electronic payment fees, excluding acquisitions	**11.3**	**—**	0.8%	(30.9)	—	(2.3%)
(Increase) decrease from the net impact of foreign exchange translation	**(4.0)**	**—**	(0.3%)	42.2	—	3.2%
Decrease (increase) from changes in acquisition costs recognized to earnings	**1.1**	**—**	0.1%	(3.4)	—	(0.3%)
Normalized growth of expenses	**1,454.4**	**1,433.0**	1.5%	1,427.7	1,321.3	8.1%

	24-week periods ended					
(in millions of US dollars, unless otherwise noted)	**October 15, 2023**	**October 9, 2022**	Variation	October 9, 2022	October 10, 2021	Variation
Operating, selling, general and administrative expenses, as published	**2,907.4**	**2,831.1**	2.7%	2,831.1	2,599.4	8.9%
Adjusted for:						
Increase from incremental expenses related to acquisitions	**(46.2)**	**—**	(1.6%)	(24.3)	—	(0.9%)
Decrease (increase) from change in electronic payment fees, excluding acquisitions	**37.8**	**—**	1.3%	(77.5)	—	(3.0%)
Decrease from the net impact of foreign exchange translation	**6.0**	**—**	0.2%	73.9	—	2.8%
Increase from changes in acquisition costs recognized to earnings	**(1.2)**	**—**	—	(3.8)	—	(0.1%)
Normalized growth of expenses	**2,903.8**	**2,831.1**	2.6%	2,799.4	2,599.4	7.7%

Growth of same-store merchandise revenues for Europe and other regions. Same-store merchandise revenues represent cumulative 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, as well as CODO and DODO stores which 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, as per IFRS, to same-store merchandise revenues for Europe and other regions and the resulting percentage of growth:

	12-week periods ended			
(in millions of US dollars, unless otherwise noted)	**October 15, 2023**	**October 9, 2022**	October 9, 2022	October 10, 2021
Merchandise and service revenues for Europe and other regions	**570.9**	**550.9**	550.9	580.4
Adjusted for:				
Service revenues	**(42.9)**	**(38.9)**	(38.9)	(41.0)
Net foreign exchange impact	**—**	**17.8**	—	(58.6)
Merchandise revenues not meeting the definition of same-store	**(23.2)**	**(18.2)**	(21.8)	(17.4)
Same-store merchandise revenues from stores not included in our consolidated results, including the impact of store conversions	**81.0**	**75.6**	79.7	90.3
Total Same-store merchandise revenues for Europe and other regions	**585.8**	**587.2**	569.9	553.7
Growth of (decrease in) same-store merchandise revenues for Europe and other regions	**(0.2%)**		2.9%	

	24-week periods ended			
(in millions of US dollars, unless otherwise noted)	**October 15, 2023**	**October 9, 2022**	October 9, 2022	October 10, 2021
Merchandise and service revenues for Europe and other regions	**1,192.9**	**1,088.0**	1,088.0	1,141.8
Adjusted for:				
Service revenues	**(97.3)**	**(78.7)**	(78.7)	(85.8)
Net foreign exchange impact	**—**	**22.7**	—	(105.3)
Merchandise revenues not meeting the definition of same-store	**(41.7)**	**(29.9)**	(40.9)	(35.2)
Same-store merchandise revenues from stores not included in our consolidated results, including the impact of store conversions	**162.5**	**199.2**	164.6	186.0
Total Same-store merchandise revenues for Europe and other regions	**1,216.4**	**1,201.3**	1,133.0	1,101.5
Growth of same-store merchandise revenues for Europe and other regions	**1.3%**		2.9%	

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 the EBITDA adjusted for acquisition costs, the impact from changes in accounting policies and adoption of accounting standards, as well as 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		24-week periods ended	
(in millions of US dollars)	**October 15, 2023**	October 9, 2022	**October 15, 2023**	October 9, 2022
Net earnings	**819.2**	810.4	**1,653.3**	1,682.8
Add:				
Income taxes	**241.9**	227.3	**488.3**	471.9
Net financial expenses	**47.0**	58.1	**117.7**	125.2
Depreciation, amortization and impairment	**369.6**	353.9	**730.1**	673.1
EBITDA	**1,477.7**	1,449.7	**2,989.4**	2,953.0
Adjusted for:				
Acquisition costs	**4.2**	5.3	**7.7**	6.5
Adjusted EBITDA	**1,481.9**	1,455.0	**2,997.1**	2,959.5

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, the impact from changes in accounting policies and adoption of accounting standards, impairment on goodwill, investments in subsidiaries, joint ventures and associated companies, as well as other specific items for which the impact on consolidated results is not deemed indicative of future trends, such as the reclassification adjustment of gain on forward starting interest rate swaps. These measures are considered useful for evaluating the underlying performance of our operations on a comparable basis.

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

	12-week periods ended		24-week periods ended	
(in millions of US dollars, except per share amounts, or unless otherwise noted)	**October 15, 2023**	October 9, 2022	**October 15, 2023**	October 9, 2022
Net earnings	**819.2**	810.4	**1,653.3**	1,682.8
Adjusted for:				
Reclassification adjustment of gain on forward starting interest rate swaps	**(32.9)**	—	**(32.9)**	—
Net foreign exchange gain	**(6.3)**	(1.5)	**(6.0)**	(0.5)
Acquisition costs	**4.2**	5.3	**7.7**	6.5
Impairment of our investment in Fire & Flower	**2.0**	23.9	**2.0**	23.9
Tax impact of the items above and rounding	**5.8**	(0.1)	**5.9**	0.3
Adjusted net earnings	**792.0**	838.0	**1,630.0**	1,713.0
Weighted average number of shares - diluted (in millions)	**968.1**	1,022.8	**974.1**	1,025.0
Adjusted diluted net earnings per share	**0.82**	0.82	**1.67**	1.67

Interest-bearing debt. This measure represents the sum of the following balance sheet accounts: Short-term debt and 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 and is considered useful to assess our financial health, risk profile, and ability to meet our financing obligations. It also provides insights into how our financing obligations are structured in relation with our total capitalization.

The table below presents the calculation of this performance measure:

(in millions of US dollars, except ratio data)	**As at October 15, 2023**	As at April 30, 2023
Short-term debt and current portion of long-term debt	**823.4**	0.7
Current portion of lease liabilities	**431.2**	438.1
Long-term debt	**5,921.4**	5,888.3
Lease liabilities	**3,078.8**	3,138.8
Interest-bearing debt	**10,254.8**	9,465.9
Less: Cash and cash equivalents	**(1,404.7)**	(834.2)
Net interest-bearing debt	**8,850.1**	8,631.7
Equity	**13,064.8**	12,564.5
Net interest-bearing debt	**8,850.1**	8,631.7
Total capitalization	**21,914.9**	21,196.2
Net interest-bearing debt to total capitalization ratio	**0.40 : 1**	0.41 : 1

Leverage ratio. This measure represents a measure of financial condition considered useful to assess our financial leverage and our ability to cover our net financing obligations in relation to our adjusted EBITDA.

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:

	53-week periods ended	
(in millions of US dollars, except ratio data)	**October 15, 2023**	April 30, 2023
Net interest-bearing debt	**8,850.1**	8,631.7
Adjusted EBITDA	**5,813.1**	5,775.4
Leverage ratio	**1.52 : 1**	1.49 : 1

Return on equity. This measure is considered useful to assess the relationship between our profitability and our net assets and it also provides insights into how efficiently we are using our equity to generate returns for our shareholders. Average equity is calculated by taking the average of the opening and closing balance for the 53-week periods.

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

	53-week periods ended	
(in millions of US dollars, unless otherwise noted)	**October 15, 2023**	April 30, 2023
Net earnings	**3,061.4**	3,090.9
Equity - Opening balance	**12,793.9**	12,437.6
Equity - Ending balance	**13,064.8**	12,564.5
Average equity	**12,929.4**	12,501.1
Return on equity	**23.7%**	24.7%

Return on capital employed. This measure is considered useful as it provides insights into our ability to generate returns from the total amount of capital invested in our operations and it also helps in assessing our operational efficiency and capital allocation decisions. 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 short-term debt and 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 53-week periods.

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

	53-week periods ended	
(in millions of US dollars, unless otherwise noted)	**October 15, 2023**	April 30, 2023
Net earnings	**3,061.4**	3,090.9
Add:		
Income taxes	**854.6**	838.2
Net financial expenses	**299.2**	306.7
EBIT	**4,215.2**	4,235.8
Capital employed - Opening balance(1)	**24,087.1**	24,001.0
Capital employed - Ending balance(1)	**25,591.4**	24,323.0
Average capital employed	**24,839.3**	24,162.0
Return on capital employed	**17.0%**	17.5%

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

(in millions of US dollars)	**As at October 15, 2023**	As at October 9, 2022	As at April 30, 2023	As at April 24, 2022
Total Assets	**30,397.6**	29,108.6	29,049.2	29,591.6
Less: Current liabilities	**(6,060.8)**	(5,437.6)	(5,165.0)	(6,017.4)
Add: Short-term debt and current portion of long-term debt	**823.4**	1.3	0.7	1.4
Add: Current portion of lease liabilities	**431.2**	414.8	438.1	425.4
Capital employed	**25,591.4**	24,087.1	24,323.0	24,001.0

Profile

Couche-Tard is a global leader in convenience and mobility, operating in 25 countries and territories, with more than 14,400 stores, of which approximately 10,800 offer road transportation fuel. With its well-known Couche-Tard and Circle K banners, it is one of the largest independent convenience store operators in the United States and it is a leader in the convenience store industry and road transportation fuel retail in Canada, Scandinavia, the Baltics, as well as in Ireland. It also has an important presence in Poland and Hong Kong Special Administrative Region of the People's Republic of China. Approximately 128,000 people are employed throughout its network.

For more information on Alimentation Couche-Tard Inc., or to consult its audited annual Consolidated Financial Statements, unaudited interim condensed consolidated financial statements and Management Discussion and Analysis, please visit: https://corpo.couche-tard.com.

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Webcast on November 29, 2023 at 8:00 A.M. (EST)

Couche-Tard invites analysts known to the Corporation to ask their questions to its management on November 29, 2023, during the question and answer period of the webcast.

Financial Analysts, Investors, media and any individuals interested in listening to the webcast on Couche-Tard's results, which will take place online on November 29, 2023, at 8:00 A.M. (EST) can do so by either accessing the Corporation's website at https://corpo.couche-tard.com/ and by clicking in the "Investors/Events & Presentations" section or by using the following link https://emportal.ink/3FNRzCk to join the conference call without the assistance of an operator. An automated system will automatically return the call to grant you access to the conference call.

Another option could be to access the conference call through an operator by dialing 1-888-390-0549 or the international number 1-416-764-8682, followed by the access code 39933045#.

Rebroadcast: For individuals who will not be able to listen to the live webcast, a recording of the webcast will be available on the Corporation's website for a period of 90 days.