



ALIMENTATION COUCHE-TARD ANNOUNCES ITS RESULTS FOR ITS FIRST QUARTER OF FISCAL YEAR 2021

- Net earnings attributable to shareholders of the Corporation ("net earnings") were \$777.1 million or \$0.70 per diluted share for the first quarter of fiscal 2021 compared with \$538.8 million or \$0.48 per diluted share for the first quarter of fiscal 2020. Adjusted net earnings were approximately \$795.0 million¹ compared with \$548.0 million¹ for the first quarter of fiscal 2020. Adjusted net earnings per share on a diluted basis were \$0.71¹, representing an increase of 47.9% from \$0.48¹ for the corresponding quarter of last year.
- Due to the ongoing restrictive social measures in the various geographies in which the Corporation operates, the COVID-19 pandemic continued to have a meaningful impact on its financial results. On merchandise sales, it benefited from consolidated trips by consumers driving larger basket size. While on the fuel side, as revenues declined from lower demand and lower fuel prices, it was compensated by strong fuel margins.
- Total merchandise and service revenues of \$3.9 billion, an increase of 7.0%. Same-store merchandise revenues increased 7.7% in the U.S., 3.4% in Europe, and 19.9% in Canada.
- Merchandise and service gross margin increased 0.7% in the U.S. to 34.7%, while it decreased 0.9% in Europe to 40.6% and 1.2% in Canada to 31.7%, both negatively impacted by product mix.
- Same-store road transportation fuel volume decreased 21.2% in the U.S., 12.4% in Europe, and 25.6% in Canada.
- Road transportation fuel gross margin increased by 16.13¢ per gallon in the U.S. to 42.99¢ per gallon, by US 2.07¢ per liter in Europe to US 10.51¢ per liter, and by CA 2.89¢ per liter in Canada to CA 10.29¢ per liter.
- Normalized operating, selling, general and administrative expenses declined by 0.3% as rigorous cost control compensated for the additional COVID-19 related expenses.
- The Corporation's cash position is stronger than ever, with access to approximately \$5.8 billion through its available cash and revolving unsecured operating credit facility. Its leverage ratio² stood at 1.26 : 1, on a pro forma basis.
- Return on capital employed² stood at 16.4%, on a pro forma basis.

Laval, Québec, Canada – September 1, 2020 – For its first quarter ended July 19, 2020, Alimentation Couche-Tard Inc. ("Couche-Tard" or the "Corporation") (TSX: ATD.A) (TSX: ATD.B) announces net earnings attributable to shareholders of the Corporation of \$777.1 million, representing \$0.70 per share on a diluted basis. The results for the first quarter of fiscal 2021 were affected by a pre-tax net foreign exchange loss of \$18.4 million, as well as pre-tax acquisition costs of \$3.9 million. The results for the comparable quarter of fiscal 2020 were affected by a pre-tax net foreign exchange loss of \$6.5 million, an income tax expense of \$4.5 million (of which \$3.5 million is attributable to shareholders of the Corporation) following the first tranche of the December 2018 asset exchange agreement with CAPL, as well as pre-tax acquisition costs of \$0.2 million. Excluding these items, the adjusted net earnings were approximately \$795.0 million¹ or \$0.71¹ per share on a diluted basis for the first quarter of fiscal 2021, compared with \$548.0 million¹ or \$0.48¹ per share on a diluted basis for the first quarter of fiscal 2020, an increase of 47.9% in the adjusted net earnings per share on a diluted basis, driven by strong growth in merchandise and service and in road transportation fuel gross profit, as well as by good cost control. All financial information presented is in US dollars unless stated otherwise.

1 Please refer to the section "Net earnings attributable to shareholders of the Corporation ("net earnings") and adjusted net earnings attributable to shareholders of the Corporation ("adjusted net earnings")" of this press release for additional information on this performance measure.

2 Please refer to the section "Summary Analysis of Consolidated Results for the First Quarter of Fiscal 2021" of this press release for additional information on these performance measures not defined by IFRS.

"We had an exceptional first quarter, both financially and operationally, as we have seen an increase in shopping occasions and solid execution by our teams to take advantage of the changing consumer behaviors, this led to very strong same-store merchandise sales of 7.7% in the U.S., 19.9% in Canada, and 3.4% in Europe. This growth was due to the gradual reopening of the economies, and to continued strength in the average basket size driven by customer trip consolidation as customers relied more on the proximity and ease of shopping in our locations. Fuel margins remained healthy across the network, and fuel volumes have shown steady improvement since dropping to their low point in spring, especially in Europe where societies have returned to more normal behaviors," said Brian Hannasch, President and CEO of Alimentation Couche-Tard.

"This quarter, we pushed forward our *Fresh Food, Fast* program in the U.S., where we now have nearly 875 locations up and running, and are moving towards our goal of 1,500 stores this fall. The ease of preparation and notable quality of our products are leading to high customer satisfaction and to increased sales compared to our benchmark non-food stores. We also advanced in our innovation journey with the continued piloting and roll-out of frictionless options for delivery and payment, as well as with our dynamic pricing capabilities both at the fuel pumps and in our stores," concluded Brian Hannasch.

Claude Tessier, Chief Financial Officer said, "We delivered another solid quarter in the face of a challenging and unprecedented macroeconomic environment caused by the COVID-19 pandemic. Our first quarter performance once again demonstrated the resilience of our agile business model, both from a financial and an operational standpoint. Throughout the quarter, we remained focused on maximizing cash flows, by containing costs and reducing non-critical capital expenditures to best navigate the turbulence and emerge from the crisis in a position of strength. I am especially proud of our teams' execution, as we generated record free cash flow and exited the quarter with a healthy leverage ratio and liquidity of nearly \$5.8 billion through our available cash and undrawn operating credit facility. We stand ready to invest once again in our operations in support of our five-year growth plan, as the various economies in which we operate gradually ramp-up."

Significant Items of the First Quarter of Fiscal 2021

- Due to the ongoing restrictive social measures across the various geographies in which we operate, the COVID-19 pandemic has had a meaningful impact on our financial results, mostly driven by declining traffic throughout our network. The impact of lower traffic on the merchandise sales was however more than offset by an increase in the average basket size as consumers consolidated their purchases. From a fuel perspective, volumes generally improved throughout the quarter following the gradual pickup in overall economic activity and fuel margins remained healthy. Lastly, from an operating expense perspective, we have continued to invest in the health and safety of our employees and customers and have successfully gained the trust of our communities which recognize us as a safe shopping destination. These additional costs were fully offset by initiatives implemented across our network to reduce our controllable expenses.
- During the first quarter of fiscal 2021, we fully repaid the outstanding balance of \$1.5 billion borrowed on our operating credit D with available cash. On August 21, 2020, subsequent to the end of the first quarter of fiscal 2021, we fully repaid, at maturity, our CA \$300.0 million (\$227.1 million) Canadian-dollar-denominated senior unsecured notes issued on August 21, 2013.
- On April 28, 2020, we invested an additional amount of CA \$2.5 million (\$1.8 million) in Fire & Flower Holdings Corp. ("Fire & Flower"), which consisted of secured convertible debentures as well as common share purchase warrants. On July 23, 2020, subsequent to the end of the first quarter of fiscal 2021, amendments to our investments in Fire & Flower were announced, which mainly aimed at modifying the maturity and expiry dates of the financial instruments, as well as their respective conversion and exercise price to a lower strike price or to a market-based price. A commitment to exercise a portion of the common share purchase warrants, for an amount of CA \$19.0 million, no later than December 31, 2020, would take effect on the same date as the amendments become effective. As at September 1, 2020, these amendments are still subject to customary conditions precedent and regulatory approvals.

Changes in our Network

- During the first quarter of fiscal 2021, we closed the fifth transaction of the December 2018 asset exchange agreement with CrossAmerica Partners LP ("CAPL"). In this fifth transaction, we transferred 29 Circle K U.S. stores for a total value of approximately \$32.0 million. In exchange, CAPL transferred the real estate for 13 properties of an equivalent value. The remaining assets of this agreement are expected to be exchanged in the second half of calendar 2020.
- During the first quarter of fiscal 2021, we acquired one company-operated store.
- During the first quarter of fiscal 2021, we completed the construction of 16 stores and the relocation or reconstruction of 8 stores. As of July 19, 2020, another 23 stores were under construction and should open in the upcoming quarters.
- On August 24, 2020, subsequent to the end of the first quarter of fiscal 2021, we acquired 10 company-operated stores from Wadsworth Oil Company of Clanton, Inc., all located in Alabama, within the United States. We settled this transaction using our available cash and existing credit facilities.

Summary of changes in our store network during the first quarter of fiscal 2021

The following table presents certain information regarding changes in our store network over the 12-week period ended July 19, 2020:

| Type of site | 12-week period ended July 19, 2020 | | | | Total |
|--|------------------------------------|------------|------------|---------------------------------|---------------|
| | Company-operated | CODO | DODO | Franchised and other affiliated | |
| Number of sites, beginning of period | 9,691 | 453 | 689 | 1,291 | 12,124 |
| Acquisitions | 1 | — | — | 1 | 2 |
| Openings / constructions / additions | 16 | — | 7 | 13 | 36 |
| Closures / disposals / withdrawals | (56) | (30) | (26) | (62) | (174) |
| Store conversion | (5) | 12 | (8) | 1 | — |
| Number of sites, end of period | 9,647 | 435 | 662 | 1,244 | 11,988 |
| Circle K branded sites under licensing agreements | | | | | 2,335 |
| Total network | | | | | 14,323 |
| Number of automated fuel stations included in the period-end figures | 983 | — | 10 | — | 993 |

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:

| Average for period | 12-week periods ended | |
|--------------------|-----------------------|---------------|
| | July 19, 2020 | July 21, 2019 |
| Canadian dollar | 0.7289 | 0.7517 |
| Norwegian krone | 0.1027 | 0.1155 |
| Swedish krone | 0.1057 | 0.1055 |
| Danish krone | 0.1492 | 0.1505 |
| Zloty | 0.2481 | 0.2629 |
| Euro | 1.1124 | 1.1239 |
| Ruble | 0.0141 | 0.0156 |

Summary Analysis of Consolidated Results for the First Quarter of Fiscal 2021

The following table highlights certain information regarding our operations for the 12-week periods ended July 19, 2020, and July 21, 2019. CAPL refers to CrossAmerica Partners LP.

(in millions of US dollars, unless otherwise stated)

Statement of Operations Data:

| | 12-week periods ended | | |
|---|-----------------------|------------------|----------------|
| | July 19, 2020 | July 21, 2019 | Variation % |
| Merchandise and service revenues ⁽¹⁾ : | | | |
| United States | 2,851.4 | 2,657.8 | 7.3 |
| Europe | 343.2 | 353.1 | (2.8) |
| Canada | 663.2 | 575.6 | 15.2 |
| CAPL | — | 19.8 | (100.0) |
| Elimination of intercompany transactions with CAPL | — | (0.5) | (100.0) |
| Total merchandise and service revenues | 3,857.8 | 3,605.8 | 7.0 |
| Road transportation fuel revenues: | | | |
| United States | 3,906.0 | 6,801.5 | (42.6) |
| Europe | 1,182.4 | 1,919.8 | (38.4) |
| Canada | 677.0 | 1,201.4 | (43.6) |
| CAPL | — | 567.4 | (100.0) |
| Elimination of intercompany transactions with CAPL | — | (121.4) | (100.0) |
| Total road transportation fuel revenues | 5,765.4 | 10,368.7 | (44.4) |
| Other revenues ⁽²⁾ : | | | |
| United States | 7.5 | 6.9 | 8.7 |
| Europe | 75.2 | 155.1 | (51.5) |
| Canada | 3.9 | 4.8 | (18.8) |
| CAPL | — | 25.8 | (100.0) |
| Elimination of intercompany transactions with CAPL | — | (4.1) | (100.0) |
| Total other revenues | 86.6 | 188.5 | (54.1) |
| Total revenues | 9,709.8 | 14,163.0 | (31.4) |
| Merchandise and service gross profit ⁽¹⁾ : | | | |
| United States | 988.3 | 904.9 | 9.2 |
| Europe | 139.2 | 146.5 | (5.0) |
| Canada | 210.5 | 189.5 | 11.1 |
| CAPL | — | 4.6 | (100.0) |
| Elimination of intercompany transactions with CAPL | — | (0.5) | (100.0) |
| Total merchandise and service gross profit | 1,338.0 | 1,245.0 | 7.5 |
| Road transportation fuel gross profit: | | | |
| United States | 812.5 | 672.5 | 20.8 |
| Europe | 236.5 | 222.2 | 6.4 |
| Canada | 81.7 | 81.5 | 0.2 |
| CAPL | — | 23.1 | (100.0) |
| Total road transportation fuel gross profit | 1,130.7 | 999.3 | 13.1 |
| Other revenues gross profit ⁽²⁾ : | | | |
| United States | 7.5 | 6.9 | 8.7 |
| Europe | 30.9 | 31.3 | (1.3) |
| Canada | 3.9 | 4.8 | (18.8) |
| CAPL | — | 25.8 | (100.0) |
| Elimination of intercompany transactions with CAPL | — | (4.1) | (100.0) |
| Total other revenues gross profit | 42.3 | 64.7 | (34.6) |
| Total gross profit | 2,511.0 | 2,309.0 | 8.7 |
| Operating, selling, administrative and general expenses | | | |
| Excluding CAPL | 1,171.0 | 1,224.3 | (4.4) |
| CAPL | — | 20.2 | (100.0) |
| Elimination of intercompany transactions with CAPL | — | (4.4) | (100.0) |
| Total Operating, selling, administrative and general expenses | 1,171.0 | 1,240.1 | (5.6) |
| (Gain) loss on disposal of property and equipment and other assets | (8.8) | 10.1 | (187.1) |
| Depreciation, amortization and impairment | | | |
| Excluding CAPL | 289.5 | 284.2 | 1.9 |
| CAPL | — | 22.9 | (100.0) |
| Total depreciation, amortization and impairment | 289.5 | 307.1 | (5.7) |
| Operating income | 1,059.3 | 743.0 | 42.6 |
| Excluding CAPL | 1,059.3 | 743.0 | 42.6 |
| CAPL | — | 8.9 | (100.0) |
| Elimination of intercompany transactions with CAPL | — | (0.2) | (100.0) |
| Total operating income | 1,059.3 | 751.7 | 40.9 |
| Net financial expenses | 88.0 | 87.0 | 1.1 |
| Net earnings including non-controlling interests | 777.1 | 536.0 | 45.0 |
| Net loss attributable to non-controlling interests | — | 2.8 | (100.0) |
| Net earnings attributable to shareholders of the Corporation | 777.1 | 538.8 | 44.2 |
| Per Share Data: | | | |
| Basic net earnings per share (dollars per share) | 0.70 | 0.48 | 45.8 |
| Diluted net earnings per share (dollars per share) | 0.70 | 0.48 | 45.8 |
| Adjusted diluted net earnings per share (dollars per share) | 0.71 | 0.48 | 47.9 |

| | 12-week periods ended | | |
|---|-----------------------|---------------|-------------|
| | July 19, 2020 | July 21, 2019 | Variation % |
| <i>(in millions of US dollars, unless otherwise stated)</i> | | | |
| Other Operating Data – excluding CAPL: | | | |
| Merchandise and service gross margin ⁽¹⁾ : | | | |
| Consolidated | 34.7% | 34.6% | 0.1 |
| United States | 34.7% | 34.0% | 0.7 |
| Europe | 40.6% | 41.5% | (0.9) |
| Canada | 31.7% | 32.9% | (1.2) |
| Growth of same-store merchandise revenues ⁽³⁾ : | | | |
| United States ⁽⁴⁾ | 7.7% | 2.5% | |
| Europe | 3.4% | 0.7% | |
| Canada ⁽⁴⁾ | 19.9% | 0.3% | |
| Road transportation fuel gross margin: | | | |
| United States (cents per gallon) ⁽⁴⁾ | 42.99 | 26.86 | 60.1 |
| Europe (cents per liter) | 10.51 | 8.44 | 24.5 |
| Canada (CA cents per liter) ⁽⁴⁾ | 10.29 | 7.40 | 39.1 |
| Total volume of road transportation fuel sold: | | | |
| United States (millions of gallons) | 1,950.9 | 2,590.6 | (24.7) |
| Europe (millions of liters) | 2,250.5 | 2,633.6 | (14.5) |
| Canada (millions of liters) | 1,092.3 | 1,472.6 | (25.8) |
| Growth of (decrease in) same-store road transportation fuel volume: | | | |
| United States ⁽⁴⁾ | (21.2%) | 0.6% | |
| Europe ⁽⁴⁾ | (12.4%) | (1.6%) | |
| Canada ⁽⁴⁾ | (25.6%) | 0.4% | |

(in millions of US dollars, unless otherwise stated)

| | July 19, 2020 | April 26, 2020 | Variation \$ |
|--|---------------|----------------|--------------|
| Balance Sheet Data: | | | |
| Total assets | 26,275.7 | 25,679.5 | 596.2 |
| Interest-bearing debt ⁽⁵⁾ | 9,178.0 | 10,379.3 | (1,201.3) |
| Equity | 11,101.6 | 10,066.6 | 1,035.0 |
| Indebtedness Ratios⁽⁶⁾: | | | |
| Net interest-bearing debt/total capitalization ⁽⁵⁾⁽⁷⁾ | 0.35 : 1 | 0.40 : 1 | |
| Leverage ratio ⁽⁸⁾ | 1.26 : 1 | 1.54 : 1 | |
| Returns⁽⁶⁾: | | | |
| Return on equity ⁽⁹⁾ | 25.3% | 24.8% | |
| Return on capital employed ⁽¹⁰⁾ | 16.4% | 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.

(2) Includes revenues from the rental of assets and from the sale of aviation fuel and energy for stationary engines.

(3) Does not include services and other revenues (as described in footnotes 1 and 2 above). Growth in Canada and in Europe is calculated based on local currencies.

(4) For company-operated stores only.

(5) This measure is presented including the following balance sheet accounts: Current portion of long-term debt, Long-term debt, Current portion of lease liabilities, and Lease liabilities.

(6) Until November 2019, these measures are presented as if our investment in CAPL was reported using the equity method as we believe it allows a more relevant presentation of the underlying performance of the Corporation.

(7) This measure is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: interest-bearing debt, net of cash and cash equivalents and temporary investments divided by the addition of shareholders' equity and interest-bearing debt, net of cash and cash equivalents and temporary investments. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. We believe this measure is useful to investors and analysts.

(8) This measure is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: interest-bearing debt, net of cash and cash equivalents and temporary investments divided by EBITDA for the last 52 weeks (Earnings before Interest, Tax, Depreciation, Amortization and Impairment) adjusted for specific items. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. We believe this measure is useful to investors and analysts.

(9) This measure is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: net earnings for the last 52 weeks divided by average equity for the corresponding period. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. We believe this measure is useful to investors and analysts.

(10) This measure is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: earnings before income taxes and interests for the last 52 weeks divided by average capital employed for the corresponding period. Capital employed represents total assets less short-term liabilities not bearing interests. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. We believe this measure is useful to investors and analysts.

Revenues

Our revenues were \$9.7 billion for the first quarter of fiscal 2021, down by \$4.5 billion, a decrease of 31.4% compared with the corresponding quarter of fiscal 2020. This performance is mainly attributable to the negative impact of COVID-19 on fuel demand, to a lower average road transportation fuel selling price and to the disposal of our interests in CAPL which had an impact of approximately \$487.0 million, as well as to the net negative impact from the translation of revenues of our Canadian and European operations into US dollars, which had an impact of approximately \$165.0 million.

Merchandise and service revenues

Total merchandise and service revenues for the first quarter of fiscal 2021 were \$3.9 billion, an increase of \$252.0 million compared with the corresponding quarter of fiscal 2020. Excluding CAPL's revenues, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, merchandise and service revenues increased by approximately \$304.0 million or 8.5%. This increase is primarily attributable to growth in basket size, which more than offset continued softness in traffic. We saw strength across many categories, especially tobacco products, alcohol, packaged beverages and various grocery items. Same-store merchandise revenues increased by 7.7% in the United States, by 3.4% in Europe, and by 19.9% in Canada.

Road transportation fuel revenues

Total road transportation fuel revenues for the first quarter of fiscal 2021 were \$5.8 billion, a decrease of \$4.6 billion compared with the corresponding quarter of fiscal 2020. Excluding CAPL's revenues, as well as the net negative impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues decreased by approximately \$4.0 billion or 40.6%. This decrease is mostly attributable to the decrease on fuel demand in relation with the stay-at-home measures implemented due to the COVID-19 pandemic, as well as to a lower average road transportation fuel selling price which had a negative impact of approximately \$1.8 billion. Same-store road transportation fuel volume decreased in the United States by 21.2%, in Europe by 12.4%, and in Canada by 25.6%.

The following table shows the average selling price of road transportation fuel of our company-operated stores in our various markets for the last eight quarters, starting with the second quarter of the fiscal year ended April 28, 2019:

| Quarter | 2 nd | 3 rd | 4 th | 1 st | Weighted average |
|--|-----------------|-----------------|-----------------|-----------------|------------------|
| <u>52-week period ended July 19, 2020</u> | | | | | |
| United States (US dollars per gallon) – excluding CAPL | 2.55 | 2.51 | 2.21 | 2.04 | 2.36 |
| Europe (US cents per liter) | 70.86 | 73.92 | 60.95 | 56.89 | 66.83 |
| Canada (CA cents per liter) | 105.14 | 103.47 | 88.78 | 86.89 | 97.79 |
| <u>52-week period ended July 21, 2019</u> | | | | | |
| United States (US dollars per gallon) – excluding CAPL | 2.72 | 2.42 | 2.51 | 2.66 | 2.57 |
| Europe (US cents per liter) | 80.56 | 75.28 | 74.59 | 77.35 | 76.86 |
| Canada (CA cents per liter) | 115.22 | 97.59 | 103.45 | 111.16 | 106.23 |

Other revenues

Total other revenues for the first quarter of fiscal 2021 were \$86.6 million, a decrease of \$101.9 million compared with the corresponding quarter of fiscal 2020. Excluding CAPL's revenues, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, other revenues decreased by approximately \$75.0 million in the first quarter of fiscal 2021, mainly driven by lower aviation fuel revenues, which had a minimal impact on gross profit.

Gross profit

Our gross profit was \$2.5 billion for the first quarter of fiscal 2021, up by \$202.0 million, or 8.7% compared with the corresponding quarter of fiscal 2020, mainly attributable to higher road transportation fuel gross margins and organic growth, partly offset by the negative impact of COVID-19 on fuel demand, by the disposal of our interests in CAPL, which had an impact of approximately \$49.0 million, and by the net negative impact from the translation of our Canadian and European operations into US dollars, which had an impact of approximately \$27.0 million.

Merchandise and service gross profit

In the first quarter of fiscal 2021, our merchandise and service gross profit was \$1.3 billion, an increase of \$93.0 million compared with the corresponding quarter of fiscal 2020. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, merchandise and service gross profit increased by approximately \$109.0 million or 8.8%, mainly attributable to strong organic growth, despite lower traffic in our network due to COVID-19. Our gross margin increased by 0.7% in the United States to 34.7%, mainly due to strong service revenues, and to an accelerated recognition of deferred credits. Excluding this accelerated recognition, our gross margin would have been stable compared to the corresponding quarter of last year. In Europe and in Canada, the gross margin decreased by 0.9% to 40.6%, and by 1.2% to 31.7%, respectively, both negatively impacted by a shift in product mix towards lower margin categories.

Road transportation fuel gross profit

In the first quarter of fiscal 2021, our road transportation fuel gross profit was \$1.1 billion, an increase of \$131.4 million compared with the corresponding quarter of fiscal 2020. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, our first quarter road transportation fuel gross profit increased by approximately \$168.0 million or 17.2%. Our road transportation fuel gross margin was strong at 42.99¢ per gallon in the United States, an increase of 16.13¢ per gallon, mainly driven by a decline in fuel products costs. In Europe, road transportation fuel margin was US 10.51¢ per liter, an increase of US 2.07¢ per liter, and in Canada, it was CA 10.29¢ per liter, an increase of CA 2.89¢ per liter, driven by changes in the competitive landscape and improved supply conditions.

The road transportation fuel gross margin of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, starting with the second quarter of the fiscal year ended April 28, 2019, were as follows:

(US cents per gallon)

| Quarter | 2 nd | 3 rd | 4 th | 1 st | Weighted average |
|--|-----------------|-----------------|-----------------|-----------------|------------------|
| 52-week period ended July 19, 2020 | | | | | |
| Before deduction of expenses related to electronic payment modes | 28.29 | 27.04 | 46.88 | 42.99 | 34.72 |
| Expenses related to electronic payment modes | 4.63 | 4.54 | 4.97 | 4.88 | 4.72 |
| After deduction of expenses related to electronic payment modes | 23.66 | 22.50 | 41.91 | 38.11 | 30.00 |
| 52-week period ended July 21, 2019 | | | | | |
| Before deduction of expenses related to electronic payment modes | 21.88 | 29.42 | 18.51 | 26.86 | 24.53 |
| Expenses related to electronic payment modes | 4.55 | 4.31 | 4.40 | 4.70 | 4.48 |
| After deduction of expenses related to electronic payment modes | 17.33 | 25.11 | 14.11 | 22.16 | 20.05 |

Generally, during normal economic cycles, road transportation fuel margins in the United States can be volatile from one quarter to another but have historically trended higher over longer periods. The historical trends for Europe and Canada are similar, while the margin volatility and expenses related to electronic payment modes are not as significant.

Other revenues gross profit

In the first quarter of fiscal 2021, other revenues gross profit was \$42.3 million, a decrease of \$22.4 million compared with the corresponding quarter of fiscal 2020. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, other revenues gross profit increased by approximately \$1.0 million in the first quarter of fiscal 2021.

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

For the first quarter of fiscal 2021, expenses decreased by 5.6%, compared with the corresponding quarter of fiscal 2020. If we exclude certain items that are not considered indicative of future trends, expenses decreased by 0.3%.

| | 12-week period ended July 19, 2020 |
|--|---------------------------------------|
| Total variance, as reported | (5.6%) |
| Adjusted for: | |
| Decrease from lower electronic payment fees, excluding acquisitions | 2.4% |
| Decrease from the disposal of our interests in CAPL | 1.6% |
| Decrease from the net impact of foreign exchange translation | 1.2% |
| Impact from the December 2018 asset exchange agreement with CAPL, net of electronic payment fees | 0.6% |
| Acquisition costs recognized to earnings of fiscal 2021 | (0.3%) |
| Increase from incremental expenses related to acquisitions | (0.2%) |
| Remaining variance | (0.3%) |

Decrease in expenses was driven by, amongst other items, cost and labor efficiencies, as well as by various measures enacted to streamline and minimize our controllable expenses. These items were partly offset by COVID-19 related expenses, normal inflation, higher labor costs from minimum wage increases in certain regions and incremental investments in our stores to support our strategic initiatives. COVID-19 related expenses 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 following the end of the appreciation pay premium, additional cleaning and sanitizing supplies, as well as masks and gloves for our employees. We continue to rigorously focus on controlling costs throughout our organization, while ensuring we maintain the quality of service we offer to our customers.

Earnings before interest, taxes, depreciation, amortization and impairment (EBITDA) and adjusted EBITDA

During the first quarter of fiscal 2021, EBITDA increased from \$1.1 billion to \$1.4 billion, an increase of 27.4% compared with the same quarter last year. Excluding the specific items shown in the table below, the adjusted EBITDA for the first quarter of fiscal 2021 increased by \$320.4 million or 30.8% compared with the corresponding period of the previous fiscal year, mainly from higher road transportation fuel gross margins and organic growth, partly offset by the negative impact of COVID-19 on our traffic, as well as from the net negative impact from the translation of our Canadian and European operations into US dollars. The variation in exchange rates had a net negative impact of approximately \$12.0 million.

It should be noted that EBITDA and adjusted EBITDA are not performance measures defined by IFRS, but we, as well as investors and analysts, consider that those performance measures facilitate the evaluation of our ongoing operations and our ability to generate cash flows to fund our cash requirements, including our capital expenditures program and payment of dividends. Note that our definition of these measures may differ from the one used by other public corporations.

| (in millions of US dollars) | 12-week periods ended | |
|---|-----------------------|----------------|
| | July 19, 2020 | July 21, 2019 |
| Net earnings including non-controlling interests, as reported | 777.1 | 536.0 |
| Add: | | |
| Income taxes | 202.7 | 135.3 |
| Net financial expenses | 88.0 | 87.0 |
| Depreciation, amortization and impairment | 289.5 | 307.1 |
| EBITDA | 1,357.3 | 1,065.4 |
| Adjusted for: | | |
| Acquisition costs | 3.9 | 0.2 |
| EBITDA attributable to non-controlling interests | — | (24.8) |
| Adjusted EBITDA | 1,361.2 | 1,040.8 |

Depreciation, amortization and impairment (“depreciation”)

For the first quarter of fiscal 2021, our depreciation expense decreased by \$17.6 million. Excluding CAPL’s results, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, the depreciation expense increased by approximately \$10.0 million for the first quarter of fiscal 2021. This increase is mainly driven by the replacement of equipment and the ongoing improvement of our network.

Net financial expenses

Net financial expenses for the first quarter of fiscal 2021 were \$88.0 million, an increase of \$1.0 million compared with the first quarter of fiscal 2020. Excluding the items shown in the table below, net financial expenses increased by \$0.4 million.

| (in millions of US dollars) | 12-week periods ended | |
|--|-----------------------|---------------|
| | July 19, 2020 | July 21, 2019 |
| Net financial expenses, as reported | 88.0 | 87.0 |
| Adjusted for: | | |
| Net foreign exchange loss | (18.4) | (6.5) |
| CAPL’s financial expenses | — | (11.3) |
| Net financial expenses excluding items above | 69.6 | 69.2 |

Income taxes

The income tax rate for the first quarter of fiscal 2021 was 20.7% compared with 20.2% for the corresponding quarter of fiscal 2020. The income tax rate for the first quarter of fiscal 2020 includes an income tax expense of \$4.5 million from the re-evaluation of the deferred tax assets and liabilities following the first tranche of the December 2018 asset exchange agreement with CAPL. The increase in the income tax rate, excluding the item shown in the table below, is stemming from the impact of a different mix in our earnings across the various jurisdictions in which we operate.

| | 12-week periods ended | |
|--|-----------------------|---------------|
| | July 19, 2020 | July 21, 2019 |
| Income tax rate, as reported | 20.7% | 20.2% |
| Adjusted for: | | |
| Income tax expense following the first tranche of the December 2018 asset exchange agreement with CAPL | — | (0.7%) |
| Income tax rate excluding the item above | 20.7% | 19.5% |

Net earnings attributable to shareholders of the Corporation (“net earnings”) and adjusted net earnings attributable to shareholders of the Corporation (“adjusted net earnings”)

Net earnings for the first quarter of fiscal 2021 were \$777.1 million, compared with \$538.8 million for the first quarter of the previous fiscal year, an increase of \$238.3 million or 44.2%. Diluted net earnings per share stood at \$0.70, compared with \$0.48 for the corresponding quarter of the previous fiscal year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net negative impact of approximately \$8.0 million on net earnings of the first quarter of fiscal 2021.

Excluding the items shown in the table below from net earnings of the first quarter of fiscal 2021 and fiscal 2020, adjusted net earnings for the first quarter of fiscal 2021 were approximately \$795.0 million, compared with \$548.0 million for the first quarter of fiscal 2020, an increase of \$247.0 million or 45.1%. Adjusted diluted net earnings per share were \$0.71 for the first quarter of fiscal 2021 compared with \$0.48 for the corresponding period of fiscal 2020, an increase of 47.9%.

The table below reconciles reported net earnings to adjusted net earnings:

| (in millions of US dollars) | 12-week periods ended | |
|--|-----------------------|---------------|
| | July 19, 2020 | July 21, 2019 |
| Net earnings attributable to shareholders of the Corporation, as reported | 777.1 | 538.8 |
| Adjusted for: | | |
| Net foreign exchange loss | 18.4 | 6.5 |
| Acquisition costs | 3.9 | 0.2 |
| Income tax expense following the first tranche of the December 2018 asset exchange agreement with CAPL | — | 3.5 |
| Tax impact of the items above and rounding | (4.4) | (1.0) |
| Adjusted net earnings attributable to shareholders of the Corporation | 795.0 | 548.0 |

It should be noted that adjusted net earnings and adjusted diluted net earnings are not performance measures defined by IFRS, but we, as well as investors and analysts, consider these measures useful for evaluating the underlying performance of our operations on a comparable basis. Note that our definition of these measures may differ from the one used by other public corporations.

Dividends

During its September 1, 2020 meeting, the Board of Directors declared a quarterly dividend of CA 7.0¢ per share for the first quarter of fiscal 2021 to shareholders on record as at September 11, 2020, and approved its payment for September 25, 2020. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

Profile

Couche-Tard is the leader in the Canadian convenience store industry. In the United States, it is the largest independent convenience store operator in terms of the number of company-operated stores. In Europe, Couche-Tard is 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 has an important presence in Poland.

As of July 19, 2020, Couche-Tard's network comprised 9,274 convenience stores throughout North America, including 8,088 stores with road transportation fuel dispensing. Its North American network consists of 18 business units, including 14 in the United States covering 47 states and 4 in Canada covering all 10 provinces. Approximately 109,000 people are employed throughout its network and at its service offices in North America.

In Europe, Couche-Tard operates a broad retail network across Scandinavia, Ireland, Poland, the Baltics and Russia through 10 business units. As of July 19, 2020, Couche-Tard's network comprised 2,714 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. Couche-Tard also offers other products, including aviation fuel and energy for stationary engines. Including employees at branded franchise stores, approximately 22,000 people work in its retail network, terminals and service offices across Europe.

In addition, under licensing agreements, close to 2,350 stores are operated under the Circle K banner in 15 other countries and territories (Cambodia, Egypt, Guam, Guatemala, Honduras, Hong Kong, Indonesia, Jamaica, Macau, Mexico, Mongolia, New Zealand, Saudi Arabia, the United Arab Emirates and Vietnam), which brings the worldwide total network to close to 14,350 stores.

For more information on Alimentation Couche-Tard Inc. or to consult its Unaudited Interim Condensed Consolidated Financial Statements and Management Discussion and Analysis, please visit: <https://corpo.couche-tard.com>.

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The statements set forth in this press release, which describes Couche-Tard's objectives, projections, estimates, expectations or forecasts, may constitute forward-looking statements within the meaning of securities legislation. Positive or negative verbs such as "believe", "can", "shall", "intend", "expect", "estimate", "assume" and other related expressions are used to identify such statements. Couche-Tard would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results, or the measures it adopts, could differ materially from those indicated in or underlying these statements, or could have an impact on the degree of realization of a particular projection. Major factors that may lead to a material difference between Couche-Tard's actual results and the projections or expectations set forth in the forward-looking statements include the effects of the integration of acquired businesses and the ability to achieve projected synergies, uncertainty related to the duration and severity of the current COVID-19 pandemic, fluctuations in margins on motor fuel sales, competition in the convenience store and retail motor fuel industries, exchange rate variations, and such other risks as described in detail from time to time in the reports filed by Couche-Tard with securities authorities in Canada and the United States. Unless otherwise required by applicable securities laws, Couche-Tard disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking information in this release is based on information available as of the date of the release.

Webcast on September 2, 2020, at 8:00 A.M. (EDT)

Couche-Tard invites analysts known to the Corporation to send their two questions to its management before 7:00 P.M. (EDT) on September 1, 2020, at investor.relations@couche-tard.com.

Financial analysts, investors, media and any individuals interested in listening to the webcast on Couche-Tard's results which will take place online on September 2, 2020, at 8:00 A.M. (EDT) can do so by either accessing the Corporation's website at <https://corpo.couche-tard.com> and by clicking in the "Investor Relations/Corporate presentations" section or by dialing 1-866-865-3087 or 1-647-427-7450, followed by the access code 5278666#.

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.