ALIMENTATION COUCHE-TARD ANNOUNCES ITS RESULTS FOR ITS FIRST QUARTER OF FISCAL YEAR 2022

- Net earnings were $764.4 million, or $0.71 per diluted share for the first quarter of fiscal 2022 compared with $777.1 million, or $0.70 per diluted share for the first quarter of fiscal 2021. Adjusted net earnings[1] were approximately $758.0 million compared with $795.0 million for the first quarter of fiscal 2021. Adjusted diluted net earnings per share[1] were $0.71, unchanged compared with the corresponding quarter of last year.
- As we compare against a quarter fully impacted by the COVID-19 pandemic, results varied by region as the pandemic and social restrictive measures were at different levels year-over-year. Merchandise categories most impacted by COVID-19, such as food, continue to show a positive trend and, on a 2-year basis, convenience activities performed well in our global network. Fuel margins continue to be higher than pre-pandemic levels, while fuel volumes continue to be challenged by work from home trends and changes in local restrictions.
- Total merchandise and service revenues of $4.1 billion, an increase of 5.4%. Same-store merchandise revenues decreased 0.2% in the United States and 9.6% in Canada, and increased 5.9% in Europe and other regions. On a 2-year basis, same-store merchandise revenues increased at a compound annual growth rate of 3.7% in the United States, 4.9% in Europe, and 4.2% in Canada.
- Merchandise and service gross margin decreased 0.1% in the United States to 34.2%, and 2.2% in Europe and other regions to 38.4%, which was impacted by the integration of Circle K Hong Kong. Gross margin in Canada increased 1.2% to 32.3%, due to favorable changes in product mix.
- Same-store road transportation fuel volume increased 11.8% in the United States, 6.3% in Europe and other regions, and 10.4% in Canada, due to higher fuel demand compared to the corresponding quarter. On a 2-year basis, same-store road transportation fuel volume decreased at a compound annual growth rate of 6.1% in the United States, 3.3% in Europe, and 9.4% in Canada, still impacted by work from home trends.
- Road transportation fuel gross margin of 36.75¢ per gallon in the United States, a decrease of 4.55¢ per gallon, and US 10.32¢ per liter in Europe and other regions, a decrease of US 0.19¢ per liter, due to the unusually high fuel margins of the comparable quarter. In Canada, it increased by CA 0.67¢ per liter to CA 10.92¢ per liter. Fuel margins remained healthy, driven by favorable market conditions, procurement initiatives and fuel rebranding.
- Looking at gross profit[1] on a 2-year basis provides additional insight given the volatility in the various key measures of our business. Excluding the impact of CAPL and Circle K Hong Kong, merchandise and service, as well as road transportation fuel gross profit, are higher by 10.9% and 19.4%, respectively, compared with the pre-pandemic first quarter of fiscal 2020.
- Successful issuance of $1.0 billion of US-dollar-denominated senior unsecured notes, including an inaugural tranche of Green Bonds totaling $350.0 million.
- The Corporation implemented a share repurchase program which allows it to repurchase up to 4.0% of the public float of its Class B subordinate voting shares. Under this program, shares for an amount of $299.2 million were repurchased.

Laval, Québec, Canada – August 31, 2021 – For its first quarter ended July 18, 2021, Alimentation Couche-Tard Inc. ("Couche-Tard" or the "Corporation") (TSX: ATD.A) (TSX: ATD.B) announces net earnings of $764.4 million, representing $0.71 per share on a diluted basis. The results for the first quarter of fiscal 2022 were affected by a pre-tax net foreign exchange gain of $8.6 million, as well as pre-tax acquisition costs of $0.8 million. The results for the comparable 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. Excluding these items, the adjusted net earnings[1] were approximately $758.0 million for the first quarter of fiscal 2022, compared with $795.0 million for the first quarter of fiscal 2021, a decrease of $37.0 million, or 4.7%, driven by lower road transportation fuel margins in the United States and higher operating expenses, partly offset by higher fuel demand and the net positive impact from the translation of its Canadian and European operations into US dollars. The adjusted diluted net earnings per share[1] stood at $0.71, stable compared with the corresponding quarter of fiscal 2021. All financial information presented is in US dollars unless stated otherwise.

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

“I am pleased to report that across our global network, we had solid first quarter results, both in convenience and fuel, even when compared to a very strong quarter last year. Same-store sales were especially good in Europe, and across all our regions, we have seen positive growth in food as the ease and the quality of our offer are clearly resonating with our customers. While remaining impacted by COVID-19 traffic patterns, fuel volumes improved and we continued to achieve healthy margins as well as expanded our global fuel business in terms of procurement capabilities, pricing analytics, and the Circle K fuel rebranding efforts, where results continued to be encouraging. No doubt, as the pandemic continues to present operational and supply chain challenges to the business, I remain incredibly proud and grateful for the care and commitment to the business shown by our team members, customers, and partners”, said Brian Hannasch, President and Chief Executive Officer of Alimentation Couche-Tard.

“This quarter, we made notable developments in our ambition to grow the network. On the acquisition front, we entered into a definitive agreement to purchase Wilsons Gas Stops and Go! Stores that has a network of 226 company-operated and dealer locations and a fuel terminal in Atlantic Canada. We also are moving forward with a binding agreement to acquire 35 sites in the United States, predominately in Oregon and Washington, currently operated under the Porter’s brand. In both cases, we look forward to welcoming strong sites with experienced team members into the Couche-Tard family. On the organic front, we added 30 new store builds or razed and rebuilds to our portfolio, which support our growth platforms and brand promise. Additionally, we expanded our *Fresh Food, Fast* program globally, adding nearly 500 stores, which brings the total count to over 2,000 stores. Growing the size and scale of the network is essential to our strategic goals and we remain disciplined in creating value for our shareholders”, concluded Brian Hannasch.

Claude Tessier, Chief Financial Officer, added: “In light of a strong quarter last year, we delivered solid quarterly results for the first quarter of fiscal 2022. We saw good performance across most areas of the organization, especially when looking at the results across the past two years. On the operating cost side, we implemented important measures in the prior year to control our expenses with the uncertainties around the COVID-19 pandemic. We therefore saw an increase in our expenses this quarter also due to normal inflation, a somewhat volatile labor market and investment in strategic initiatives. For the 2-year period, our normalized expenses grew at a compound annual growth rate of only 1.2%, continuing to reflect our cost discipline. We exited the quarter in a strong financial position with a cash balance of approximately $3.4 billion and a leverage ratio of 1.23. In addition, we repurchased close to $300.0 million of our shares during the quarter, continuing to provide value to our shareholders.”

Significant Items of the First Quarter of Fiscal 2022

- As we compare against a quarter fully impacted by the COVID-19 pandemic, results varied by region as the pandemic and social restrictive measures were at different levels year-over-year. Merchandise categories most impacted by COVID-19, such as food, continue to show a positive trend and, on a 2-year basis, convenience activities performed well in our global network. Fuel margins continue to be higher than pre-pandemic levels, while fuel volumes continue to be challenged by work from home trends and changes in local restrictions.

  Looking at gross profit[1] on a 2-year basis provides additional insight given the volatility in the various key measures of our business. Excluding the impact of CAPL and Circle K Hong Kong, merchandise and service, as well as road transportation fuel gross profit, are higher by 10.9% and 19.4%, respectively, compared with the pre-pandemic first quarter of fiscal 2020.

- We exercised common share warrants in Fire & Flower Holdings Corp. (“Fire & Flower”) for cash consideration of CA $9.8 million ($7.9 million), which increased our ownership interests to approximately 22.4%.

- On April 21, 2021, the Toronto Stock Exchange approved the implementation of a share repurchase program, which took effect on April 26, 2021. The program allows us to repurchase up to 4.0% of the public float of our Class B subordinate voting shares. During the first quarter of fiscal 2022, we repurchased 8,471,000 Class B subordinate voting shares, for an amount of $299.2 million.

- On May 13, 2021, we issued US-dollar-denominated senior unsecured notes totaling $1.0 billion, consisting of a $650.0 million tranche with a coupon of 3.439% and maturing in 2041, as well as a $350.0 million Green Bonds tranche with a coupon of 3.625% and maturing in 2051. An amount equal to the net proceeds of the Green Bonds will be used to finance or refinance new or existing environmentally friendly projects and community initiatives, which furthers our commitment for a more responsible future. The net proceeds from the $650.0 million issuance, as well as cash on hand, were used to fully repay, on May 14, 2021, our $1.0 billion US-dollar-denominated senior unsecured notes that were set to mature on July 26, 2022. The repayment included an early redemption premium of $27.7 million.

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

Changes in our Network during the First Quarter of Fiscal 2022

- We completed the sale of 48 sites located in Oklahoma, within the United States, to Casey's General Stores Inc. for cash consideration of $40.3 million. The transaction resulted in a gain of $13.6 million.
- On July 30, 2021, subsequent to the end of the quarter, we entered into a binding agreement in connection with the acquisition of Cape D'Or Holdings Limited, Barrington Terminals Limited and other related holding entities, which operate an independent convenience store and fuel network in Atlantic Canada under the Esso, Go! Store and Wilsons Gas Stops brands ("Wilsons"). The Wilsons network comprises 79 company-operated convenience retail and fuel locations, 147 dealer locations, and a fuel terminal in Halifax, Canada. The transaction is expected to close in the first half of calendar year 2022 and is subject to customary closing conditions and regulatory approvals, including those under the *Competition Act* (Canada).
- On August 24, 2021, subsequent to the end of the quarter, we entered into a binding agreement to acquire, through a single transaction, 35 company-operated stores predominately located in Oregon and Western Washington, within the United States. This transaction is expected to close during the second quarter of fiscal 2022.
- We completed the construction of 16 stores and the relocation or reconstruction of 14 stores. As of July 18, 2021, another 57 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 July 18, 2021:

	12-week period ended July 18, 2021				
Type of site	**Company-operated**	**CODO**	**DODO**	**Franchised and other affiliated**	**Total**
Number of sites, beginning of period	9,976	398	697	1,257	12,328
Openings / constructions / additions	16	—	4	14	34
Closures / disposals / withdrawals	(89)	—	(9)	(9)	(107)
Store conversion	3	(1)	(3)	1	—
Number of sites, end of period	**9,906**	**397**	**689**	**1,263**	**12,255**
Circle K branded sites under licensing agreements					1,913
Total network					**14,168**
Number of automated fuel stations included in the period-end figures	978	—	9	—	987

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	
	July 18, 2021	July 19, 2020
Average for the period		
Canadian dollar	**0.8167**	0.7289
Norwegian krone	**0.1188**	0.1027
Swedish krone	**0.1187**	0.1057
Danish krone	**0.1620**	0.1492
Zloty	**0.2662**	0.2481
Euro	**1.2044**	1.1124
Ruble	**0.0136**	0.0141
Hong Kong dollar	**0.1288**	—

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

The following table highlights certain information regarding our operations for the 12-week periods ended July 18, 2021, and July 19, 2020. Europe and other regions include the results from our operations in Asia.

	12-week periods ended		
(in millions of US dollars, unless otherwise stated)	**July 18, 2021**	July 19, 2020 Adjusted(3)	Variation %
Statement of Operations Data:			
Merchandise and service revenues(1):			
United States	**2,829.4**	2,851.4	(0.8)
Europe and other regions	**561.4**	343.2	63.6
Canada	**677.2**	663.2	2.1
Total merchandise and service revenues	**4,068.0**	3,857.8	5.4
Road transportation fuel revenues:			
United States	**6,463.7**	3,906.0	65.5
Europe and other regions	**1,793.6**	1,182.4	51.7
Canada	**1,137.9**	677.0	68.1
Total road transportation fuel revenues	**9,395.2**	5,765.4	63.0
Other revenues(2):			
United States	**10.8**	7.5	44.0
Europe and other regions	**100.0**	75.2	33.0
Canada	**4.9**	3.9	25.6
Total other revenues	**115.7**	86.6	33.6
Total revenues	**13,578.9**	9,709.8	39.8
Merchandise and service gross profit(1)(4):			
United States	**967.7**	976.8	(0.9)
Europe and other regions	**215.4**	139.2	54.7
Canada	**219.0**	206.3	6.2
Total merchandise and service gross profit	**1,402.1**	1,322.3	6.0
Road transportation fuel gross profit(4):			
United States	**804.8**	805.8	(0.1)
Europe and other regions	**246.7**	236.5	4.3
Canada	**108.0**	81.7	32.2
Total road transportation fuel gross profit	**1,159.5**	1,124.0	3.2
Other revenues gross profit(2)(4):			
United States	**10.8**	7.5	44.0
Europe and other regions	**22.7**	30.9	(26.5)
Canada	**4.9**	3.9	25.6
Total other revenues gross profit	**38.4**	42.3	(9.2)
Total gross profit(4)	**2,600.0**	2,488.6	4.5
Operating, selling, administrative and general expenses	**1,278.1**	1,148.6	11.3
Gain on disposal of property and equipment and other assets	**(37.3)**	(8.8)	323.9
Depreciation, amortization and impairment	**314.3**	289.5	8.6
Operating income	**1,044.9**	1,059.3	(1.4)
Net financial expenses	**74.3**	88.0	(15.6)
Net earnings	**764.4**	777.1	(1.6)
Per Share Data:			
Basic net earnings per share (dollars per share)	**0.71**	0.70	1.4
Diluted net earnings per share (dollars per share)	**0.71**	0.70	1.4
Adjusted diluted net earnings per share (dollars per share)(4)	**0.71**	0.71	—

(in millions of US dollars, unless otherwise stated)	**12-week periods ended** **July 18, 2021**	July 19, 2020 Adjusted[3]	Variation %
Other Operating Data:			
Merchandise and service gross margin[1]:			
Consolidated	**34.5%**	34.3%	0.2
United States	**34.2%**	34.3%	(0.1)
Europe and other regions	**38.4%**	40.6%	(2.2)
Canada	**32.3%**	31.1%	1.2
Growth of (decrease in) same-store merchandise revenues[5]:			
United States[6]	**(0.2%)**	7.7%	
Europe and other regions[7]	**5.9%**	3.4%	
Canada[6]	**(9.6%)**	19.9%	
Road transportation fuel gross margin:			
United States (cents per gallon)	**36.75**	41.30	(11.0)
Europe and other regions (cents per liter)	**10.32**	10.51	(1.8)
Canada (CA cents per liter)	**10.92**	10.25	6.5
Total volume of road transportation fuel sold:			
United States (millions of gallons)	**2,189.6**	1,950.9	12.2
Europe and other regions (millions of liters)	**2,391.7**	2,250.5	6.3
Canada (millions of liters)	**1,211.9**	1,092.3	10.9
Growth of (decrease in) same-store road transportation fuel volume[6]:			
United States	**11.8%**	(21.2%)	
Europe and other regions	**6.3%**	(12.4%)	
Canada	**10.4%**	(25.6%)	

(in millions of US dollars, unless otherwise stated)	**As at July 18, 2021**	**As at April 25, 2021**	Variation $
Balance Sheet Data:			
Total assets	**29,137.3**	28,394.5	742.8
Interest-bearing debt[8]	**9,595.9**	9,602.0	(6.1)
Equity	**12,461.7**	12,180.9	280.8
Indebtedness Ratios[4]:			
Net interest-bearing debt/total capitalization[8]	**0.33 : 1**	0.35 : 1	
Leverage ratio	**1.23 : 1**	1.32 : 1	
Returns[4]:			
Return on equity	**22.9%**	24.3%	
Return on capital employed	**15.8%**	15.9%	

(1) Includes revenues derived from franchise fees, royalties, suppliers' rebates on some purchases made by franchisees and licensees, as well as from wholesale of merchandise. Franchise fees from international licensed stores are presented in the United States.
(2) Includes revenues from the rental of assets and from the sale of aviation fuel and energy for stationary engines.
(3) Please refer to the section "Change in Classification of Internal Logistics Costs" of our Management Discussion and Analysis for the 12-week period ended July 18, 2021 for additional information on changes affecting the comparative period.
(4) Please refer to the section "Non-IFRS measures" for additional information on these performance measures not defined by IFRS.
(5) Does not include services and other revenues (as described in footnotes 1 and 2 above). Growth in Canada and in Europe and other regions is calculated based on local currencies.
(6) For company-operated stores only.
(7) Includes the growth of same-store merchandise revenues of Circle K Hong Kong starting December 21, 2020.
(8) This measure is presented including the following balance sheet accounts: Current portion of long-term debt, Long-term debt, Current portion of lease liabilities, and Lease liabilities.

Revenues

Our revenues were $13.6 billion for the first quarter of fiscal 2022, up by $3.9 billion, an increase of 39.8% compared with the corresponding quarter of fiscal 2021. This performance is mainly attributable to a higher average road transportation fuel selling price, higher fuel demand, as well as the net positive impact from the translation of revenues of our Canadian and European operations into US dollars, which had an impact of approximately $347.0 million.

Merchandise and service revenues

Total merchandise and service revenues for the first quarter of fiscal 2022 were $4.1 billion, an increase of $210.2 million compared with the corresponding quarter of fiscal 2021. Excluding the net positive impact from the translation of revenues our Canadian and European operations into US dollars, merchandise and service revenues increased by approximately $92.0 million, or 2.4%. This increase is primarily attributable to the contribution from acquisitions, which amounted to approximately $154.0 million, partly offset by a decline in same-store merchandise revenues in North America. Same-store merchandise revenues decreased by 0.2% in the United States and 9.6% in Canada as they compared against a very strong quarter last year. In Europe and other regions, same-store merchandise revenues increased by 5.9%. On a 2-year basis, same-store merchandise revenues increased at a solid compound annual growth rate of 3.7% in the United States, 4.9% in Europe and 4.2% in Canada.

Road transportation fuel revenues

Total road transportation fuel revenues for the first quarter of fiscal 2022 were $9.4 billion, an increase of $3.6 billion compared with the corresponding quarter of fiscal 2021. Excluding the net positive impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues increased by approximately $3.4 billion, or 59.2%. This increase is mostly attributable to a higher average road transportation fuel selling price which had a positive impact of approximately $2.8 billion, as well as to higher fuel demand. Same-store road transportation fuel volume increased by 11.8% in the United States, 6.3% in Europe and other regions, and 10.4% in Canada. On a 2-year basis, same-store road transportation fuel volume decreased at a compound annual growth rate of 6.1% in the United States, 3.3% in Europe and 9.4% in Canada. Fuel volumes are still generally under pressure across our network, with continued work from home trends, as well as evolving restrictive social measures.

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 26, 2020:

Quarter	2nd	3rd	4th	1st	Weighted average
52-week period ended July 18, 2021					
United States (US dollars per gallon)	2.14	2.16	2.72	2.97	2.48
Europe and other regions (US cents per liter)	63.19	65.84	79.29	79.09	71.42
Canada (CA cents per liter)	92.00	92.54	108.99	117.51	101.90
52-week period ended July 19, 2020					
United States (US dollars per gallon)	2.55	2.51	2.21	2.04	2.36
Europe and other regions (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

Other revenues

Total other revenues for the first quarter of fiscal 2022 were $115.7 million, an increase of $29.1 million compared with the corresponding quarter of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, other revenues increased by approximately $20.0 million in the first quarter of fiscal 2022, mainly driven by higher prices on our other fuel products.

Gross profit[1]

Our gross profit was $2.6 billion for the first quarter of fiscal 2022, up by $111.4 million, or 4.5% compared with the corresponding quarter of fiscal 2021, mainly attributable to higher fuel demand and the net positive impact from the translation of our Canadian and European operations into US dollars, which had an impact of approximately $81.0 million, partly offset by lower road transportation fuel gross margins in the United States.

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

Merchandise and service gross profit

In the first quarter of fiscal 2022, our merchandise and service gross profit was $1.4 billion, an increase of $79.8 million compared with the corresponding quarter of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, merchandise and service gross profit increased by approximately $39.0 million, or 2.9%, mainly attributable to the contribution from acquisitions, which amounted to approximately $45.0 million. Our gross margin decreased by 0.1% in the United States to 34.2%. Excluding the accelerated recognition of deferred credits in the prior quarter, our gross margin in the United States would have increased by 0.8%, favorably impacted by changes in product mix and pricing initiatives. Our gross margin decreased by 2.2% in Europe and other regions to 38.4%, mainly due to the integration of Circle K Hong Kong, which has a different product mix from our European operations. Excluding Circle K Hong Kong, our gross margin in Europe and other regions would have been 41.8%, impacted by favorable changes in product mix. In Canada, our gross margin increased by 1.2% to 32.3%, also impacted by favorable changes in product mix.

Road transportation fuel gross profit

In the first quarter of fiscal 2022, our road transportation fuel gross profit was $1.2 billion, an increase of $35.5 million compared with the corresponding quarter of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, our first quarter road transportation fuel gross profit decreased by approximately $1.0 million, or 0.1%. Our road transportation fuel gross margin was 36.75¢ per gallon in the United States, a decrease of 4.55¢ per gallon, and US 10.32¢ per liter in Europe and other regions, a decrease of US 0.19¢ per liter, mainly driven by unusually higher margins in the comparative quarter. In Canada, it was CA 10.92¢ per liter, an increase of CA 0.67¢ per liter. Fuel margins remained healthy, driven by favorable market conditions, procurement initiatives and fuel rebranding.

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 26, 2020, were as follows:

(US cents per gallon)

Quarter	2nd	3rd	4th	1st	Weighted average
52-week period ended July 18, 2021					
Before deduction of expenses related to electronic payment modes	37.48	31.86	35.25	37.58	35.34
Expenses related to electronic payment modes	4.79	4.66	5.10	5.38	4.96
After deduction of expenses related to electronic payment modes	32.69	27.20	30.15	32.20	30.38
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

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

Other revenues gross profit

In the first quarter of fiscal 2022, other revenues gross profit was $38.4 million, a decrease of $3.9 million compared with the corresponding quarter of fiscal 2021. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, other revenues gross profit decreased by approximately $7.0 million in the first quarter of fiscal 2022, mainly driven by lower margins on our other fuel products.

Operating, selling, administrative and general expenses ("expenses")

For the first quarter of fiscal 2022, expenses increased by 11.3%, compared with the corresponding period of fiscal 2021. If we exclude certain items that are not considered indicative of future trends, expenses increased by 3.5%.

	12-week period ended July 18, 2021
Total variance, as reported	**11.3%**
Adjusted for:	
Increase from the net impact of foreign exchange translation	**(3.4%)**
Increase from higher electronic payment fees, excluding acquisitions	**(2.4%)**
Increase from incremental expenses related to acquisitions	**(2.2%)**
Acquisition costs recognized to earnings of fiscal 2021	**0.3%**
Acquisition costs recognized to earnings of fiscal 2022	**(0.1%)**
Remaining variance	**3.5%**

The increase of expenses in the first quarter was driven by increased level of marketing activities and other discretionary expenses, which were significantly reduced in the prior year quarter due to the beginning of the pandemic, as well as by normal inflation, higher labor costs from minimum wage increases and pressure from low unemployment rates in certain regions and incremental investments in our stores to support our strategic initiatives. This increase was partly offset by lower COVID-19 related expenses compared to the corresponding quarter of the previous fiscal year. On a 2-year basis, we maintained our strong cost discipline, as demonstrated by a compound annual growth rate of only 1.2% in the normalized expenses.

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

During the first quarter of fiscal 2022, EBITDA stood at $1.4 billion, an increase of 0.1% compared with the same quarter last year. Adjusted EBITDA for the first quarter of fiscal 2022 decreased by $1.1 million, or 0.1%, compared with the corresponding quarter of the previous fiscal year, mainly due to lower road transportation fuel gross margins in the United States, and higher operating expenses, partly offset by higher fuel demand, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, which amounted to approximately $41.0 million.

Depreciation, amortization and impairment ("depreciation")

For the first quarter of fiscal 2022, our depreciation expense increased by $24.8 million, compared with the first quarter of fiscal 2021. Excluding the net impact from the translation of our Canadian and European operations into US dollars, the depreciation expense increased by approximately $14.0 million for the first quarter of fiscal 2022. This increase is mainly driven by the impact from investments made through acquisitions, the replacement of equipment, as well as the ongoing improvement to our network.

Net financial expenses

Net financial expenses for the first quarter of fiscal 2022 were $74.3 million, a decrease of $13.7 million compared with the first quarter of fiscal 2021. Excluding the items shown in the table below, net financial expenses increased by $0.3 million.

	12-week periods ended	
(in millions of US dollars)	**July 18, 2021**	July 19, 2020
Net financial expenses, as reported	**74.3**	88.0
Adjusted for:		
Change in fair value of derivative financial instruments in Fire & Flower and amortization of deferred differences	**(10.1)**	2.9
Net foreign exchange gain (loss)	**8.6**	(18.4)
Net financial expenses excluding items above	**72.8**	72.5

Income taxes

The income tax rate for the first quarter of fiscal 2022 was 21.3% compared with 20.7% for the corresponding quarter of fiscal 2021. The increase in the income tax rate is mainly driven by a lesser use of unrecognized capital losses compared with the corresponding quarter of fiscal 2021.

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

Net earnings and adjusted net earnings[1]

Net earnings for the first quarter of fiscal 2022 were $764.4 million, compared with $777.1 million for the first quarter of the previous fiscal year, a decrease of $12.7 million, or 1.6%. Diluted net earnings per share stood at $0.71, compared with $0.70 for the corresponding quarter of the previous fiscal year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net positive impact of approximately $30.0 million on net earnings of the first quarter of fiscal 2022.

Adjusted net earnings for the first quarter of fiscal 2022 were approximately $758.0 million, compared with $795.0 million for the first quarter of fiscal 2021, a decrease of $37.0 million, or 4.7%. Adjusted diluted net earnings per share[1] were $0.71 for the first quarter of fiscal 2022, unchanged compared with the corresponding quarter of fiscal 2021.

Dividends

During its August 31, 2021 meeting, the Board of Directors declared a quarterly dividend of CA 8.75¢ per share for the first quarter of fiscal 2022 to shareholders on record as at September 9, 2021, and approved its payment effective September 23, 2021. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

Non-IFRS Measures

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

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

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

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

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

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

	12-week periods ended	
(in millions of US dollars)	**July 18, 2021**	July 19, 2020 Adjusted(1)
Revenues	**13,578.9**	9,709.8
Cost of sales, excluding depreciation, amortization and impairment	**10,978.9**	7,221.2
Gross profit	**2,600.0**	2,488.6

(1) Please refer to the section "Change in Classification of Internal Logistics Costs" of the Management Discussion and Analysis for the 12-week period ended July 18, 2021 for additional information on changes affecting the comparative period.

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

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

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

	12-week periods ended	
(in millions of US dollars)	**July 18, 2021**	July 19, 2020
Net earnings, as reported	**764.4**	777.1
Add:		
Income taxes	**206.3**	202.7
Net financial expenses	**74.3**	88.0
Depreciation, amortization and impairment	**314.3**	289.5
EBITDA	**1,359.3**	1,357.3
Adjusted for:		
Acquisition costs	**0.8**	3.9
Adjusted EBITDA	**1,360.1**	1,361.2

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

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

	12-week periods ended	
(in millions of US dollars, except per share amounts)	**July 18, 2021**	July 19, 2020
Net earnings, as reported	**764.4**	777.1
Adjusted for:		
Net foreign exchange (gain) loss	**(8.6)**	18.4
Acquisition costs	**0.8**	3.9
Tax impact of the items above and rounding	**1.4**	(4.4)
Adjusted net earnings	**758.0**	795.0
Weighted average number of shares - diluted (in millions)	**1,074.4**	1,114.2
Adjusted diluted net earnings per share	**0.71**	0.71

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

The table below presents the calculation of this performance measure:

(in millions of US dollars)	**As at July 18, 2021**	As at April 25, 2021
Current portion of long-term debt and current portion of lease liabilities	**469.3**	1,526.7
Long-term debt and lease liabilities	**9,126.6**	8,075.3
Less: Cash and cash equivalents, including restricted cash	**3,452.3**	3,019.2
Net interest-bearing debt	**6,143.6**	6,582.8
Equity	**12,461.7**	12,180.9
Net interest-bearing debt	**6,143.6**	6,582.8
Total capitalization	**18,605.3**	18,763.7
Net interest-bearing debt to total capitalization ratio	**0.33 : 1**	0.35 : 1

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

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

	52-week periods ended	
(in millions of US dollars)	**July 18, 2021**	April 25, 2021
Net interest-bearing debt	**6,143.6**	6,582.8
Adjusted EBITDA	**5,003.7**	5,004.8
Leverage ratio	**1.23 : 1**	1.32 : 1

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

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

	52-week periods ended	
(in millions of US dollars)	**July 18, 2021**	April 25, 2021
Net earnings	**2,692.8**	2,705.5
Average equity	**11,781.7**	11,123.8
Return on equity	**22.9%**	24.3%

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

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

	52-week periods ended	
(in millions of US dollars)	**July 18, 2021**	April 25, 2021
Net earnings	**2,692.8**	2,705.5
Add:		
Income taxes	**657.2**	653.6
Financial expenses	**328.8**	342.5
EBIT	**3,678.8**	3,701.6
Average capital employed	**23,332.3**	23,252.3
Return on capital employed	**15.8%**	15.9%

Profile

Couche-Tard is a global leader in convenience and fuel retail, operating in 26 countries and territories, with close to 14,200 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 operator 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 SAR. Approximately 124,000 people are employed throughout its network.

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

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Webcast on September 1, 2021, 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 August 31, 2021, 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 1, 2021, 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 "Investors/Events & Presentations" section or by dialing 1-888-390-0549 or 1-416-764-8682, followed by the access code 12857083#.

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.