

Q2 2023

ALIMENTATION COUCHE-TARD INC.
MANAGEMENT DISCUSSION & ANALYSIS
12 and 24-week periods ended October 9, 2022



Management Discussion and Analysis

The purpose of this Management Discussion and Analysis (“MD&A”) is, as required by regulators, to explain management’s point of view on the financial position and results of the operations of Alimentation Couche-Tard Inc. (“Couche-Tard”) as well as its performance during the second quarter of the fiscal year ending April 30, 2023. More specifically, it aims to let the reader better understand our development strategy, performance in relation to objectives, future expectations, and how we address risk and manage our financial resources. This MD&A also provides information to improve the reader’s understanding of Couche-Tard’s unaudited interim condensed consolidated financial statements and related notes. It should therefore be read in conjunction with those documents. By “we”, “our”, “us” and “the Corporation”, we refer collectively to Couche-Tard and its subsidiaries.

Except where otherwise indicated, all financial information reflected herein is expressed in United States dollars (“US dollars”) and determined on the basis of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). We also use measures in this MD&A that do not comply with IFRS as well as supplementary financial measures. The measures that do not comply with IFRS are described in the “Non-IFRS Measures” section of this MD&A and where such measures are presented, the reader is informed. Supplementary financial measures are described where such measures are presented. This MD&A should be read in conjunction with the audited annual consolidated financial statements and related notes included in our 2022 Annual Report and the unaudited interim condensed consolidated financial statements and related notes for the 12 and 24-week periods ended October 9, 2022, which, along with additional information relating to Couche-Tard, including the most recent Annual Information Form, are available on SEDAR at <https://www.sedar.com/> and on our website at <https://corpo.couche-tard.com/>.

Forward-Looking Statements

This MD&A includes certain statements that are “forward-looking statements” within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words “believe”, “could”, “should”, “intend”, “expect”, “estimate”, “assume”, and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at November 22, 2022, which are not guarantees of the future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard’s or the industry’s outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include sales of assets, monetization, mergers, acquisitions, other business combinations or transactions, asset write-downs, the effect of the COVID-19 pandemic on all aspects of our business and geographies or other charges announced or occurring after forward-looking statements are made.

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

The foregoing risks and uncertainties include the risks set forth under “Business Risks” in our 2022 Annual Report as well as other risks detailed from time to time in reports filed by Couche-Tard with securities regulators in Canada.

Our Business

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

As of October 9, 2022, our network comprised 9,295 convenience stores throughout North America, including 8,199 stores with road transportation fuel dispensing. Our North American network consists of 17 business units, including 14 in the United States covering 47 states and 3 in Canada covering all 10 provinces. Approximately 96,000 people are employed throughout our network and at our service offices in North America.

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, and the Baltics through 9 business units. As of October 9, 2022, our network comprised 2,702 stores, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel stations which only offer road transportation fuel. We also offer other products, including aviation fuel and energy for stationary engines. Including employees at branded franchise stores, approximately 22,000 people are employed in our retail network, terminals, and service offices across Europe. In Asia, our network comprised 370 company-operated convenience stores in Hong Kong SAR through 1 business unit, offering a strong on-the-go food offer as well as a variety of other merchandise items and services. Approximately 4,000 people are employed in our retail network and service offices in Asia.

Furthermore, under licensing agreements, more than 1,900 stores are operated under the Circle K banner in 13 other countries and territories (Cambodia, Egypt, Guam, Guatemala, Honduras, Indonesia, Jamaica, Macau, Mexico, New Zealand, Saudi Arabia, the United Arab Emirates and Vietnam), which brings the worldwide total network to more than 14,300 stores.

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

Value Creation

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

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

Exchange Rate Data

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

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

	12-week periods ended		24-week periods ended	
	October 9, 2022	October 10, 2021	October 9, 2022	October 10, 2021
Average for the period⁽¹⁾				
Canadian dollar	0.7626	0.7923	0.7702	0.8045
Norwegian krone	0.0999	0.1142	0.1015	0.1165
Swedish krone	0.0945	0.1154	0.0970	0.1171
Danish krone	0.1348	0.1581	0.1380	0.1600
Zloty	0.2114	0.2572	0.2181	0.2617
Euro	1.0031	1.1758	1.0267	1.1901
Ruble	Not applicable	0.0137	Not applicable	0.0136
Hong Kong dollar	0.1274	0.1285	0.1274	0.1287

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

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

Period end	As at October 9, 2022	As at April 24, 2022
Canadian dollar	0.7291	0.7888
Norwegian krone	0.0938	0.1124
Swedish krone	0.0902	0.1052
Danish krone	0.1317	0.1454
Zloty	0.2016	0.2334
Euro	0.9797	1.0817
Hong Kong dollar	0.1274	0.1275

As we use the US dollar as our reporting currency in our consolidated financial statements and in this document, unless indicated otherwise, results from our operations in other currencies are translated into US dollars using the average rate for the period. Unless otherwise indicated, variations and explanations regarding changes in the foreign exchange rate and the volatility of the Canadian dollar, European currencies, and Hong Kong dollar, which we discuss in the present document, are related to the translation into US dollars of our Canadian, European, Asian, and corporate operations' results ("foreign currency operations"). For the analysis of consolidated results, those variations are determined as being the difference between the corresponding period results in local currencies translated at the current period average exchange rate and the corresponding period results in local currencies translated at the corresponding period average exchange rate.

Overview of the Second Quarter of Fiscal 2023

Financial Results

Net earnings for the second quarter of fiscal 2023 amounted to \$810.4 million, representing \$0.79 per share on a diluted basis, compared with \$694.8 million for the corresponding quarter of fiscal 2022, representing \$0.65 per share on a diluted basis.

The results for the second quarter of fiscal 2023 and the second quarter of fiscal 2022 were affected by specific items disclosed in the "Non-IFRS measures" section of this MD&A. Excluding these items, adjusted net earnings¹ were approximately \$838.0 million (\$0.82 per share on a diluted basis¹) for the second quarter of fiscal 2023, compared with \$693.0 million (\$0.65 per share on a diluted basis¹) for the corresponding quarter of fiscal 2022, an increase of \$145.0 million, or 20.9%, explained by higher road transportation fuel gross profit¹ and by organic growth in the convenience activities, partly offset by higher expenses as well as by the net negative impact from the translation of our foreign currency operations into US dollars.

Changes in our Network during the Second Quarter of Fiscal 2023

Acquisition of Cape D'Or Holdings Limited, Barrington Terminals Limited and other related holding entities

On August 30, 2022, we closed the acquisition of all the issued and outstanding shares of Cape D'Or Holdings Limited, Barrington Terminals Limited, and other related holding entities which operate an independent convenience store and fuel network in Atlantic Canada under the Esso, Go! Store and Wilsons Gas Stops brands (collectively "Wilson's"). The Wilson's network comprises 79 company-owned and operated convenience retail and fuel locations, 2 company-owned and dealer-operated locations, 137 dealer-owned and operated locations, and a fuel terminal in Halifax, Canada. The transaction was settled for a consideration, subject to post-closing adjustments, of CA \$277.9 million (\$213.0 million), using available cash. In connection with obtaining the Competition Bureau (Canada) approval for the transaction, we entered into a consent agreement with the Commissioner of Competition to divest 34 company-owned and operated convenience retail and fuel locations, 1 company-owned and dealer-operated location, and 12 dealer-owned and operated locations in New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island, Canada. Since the acquisition date, the assets and liabilities related to the locations to be divested were classified as held for sale on the consolidated balance sheet and on August 30, 2022, we repaid all of Wilson's borrowings for an amount of \$52.6 million.

Single-site acquisitions

During the second quarter of fiscal 2023, we acquired one company-operated store, reaching a total of two company-operated stores since the beginning of fiscal 2023. We settled these transactions using our available cash.

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

Store construction

We completed the construction of 19 stores and the relocation or reconstruction of 4 stores, reaching a total of 53 stores since the beginning of fiscal 2023. As of October 9, 2022, another 73 stores were under construction and should open in the upcoming quarters.

Summary of changes in our store network

The following tables present certain information regarding changes in our store network over the 12 and 24-week periods ended October 9, 2022⁽¹⁾:

Type of site	12-week period ended October 9, 2022				Total
	Company-operated ⁽²⁾	CODO ⁽³⁾	DODO ⁽⁴⁾	Franchised and other affiliated ⁽⁵⁾	
Number of sites, beginning of period	9,796	369	698	1,294	12,157
Acquisitions	80	2	137	—	219
Openings / constructions / additions	19	—	5	13	37
Closures / disposals / withdrawals	(20)	(1)	(6)	(19)	(46)
Store conversions	4	(4)	—	—	—
Number of sites, end of period	9,879	366	834	1,288	12,367
Circle K branded sites under licensing agreements					1,935
Total network					14,302
Number of automated fuel stations included in the period-end figures ⁽⁶⁾	978	—	1	—	979

Type of site	24-week period ended October 9, 2022				Total
	Company-operated ⁽²⁾	CODO ⁽³⁾	DODO ⁽⁴⁾	Franchised and other affiliated ⁽⁵⁾	
Number of sites, beginning of period	9,808	370	713	1,275	12,166
Acquisitions	81	2	137	—	220
Openings / constructions / additions	42	2	6	37	87
Closures / disposals / withdrawals	(61)	(3)	(13)	(29)	(106)
Store conversions	9	(5)	(9)	5	—
Number of sites, end of period	9,879	366	834	1,288	12,367
Circle K branded sites under licensing agreements					1,935
Total network					14,302

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

Conversion of Class A Multiple-Voting shares into Common shares

On September 1, 2022, as a result of the adoption of a special resolution at Couche-Tard's Annual General and Special Meeting of Shareholders, all of our issued and outstanding Class A multiple-voting shares were converted into Common shares, a newly created class of shares having an unlimited number of shares carrying one vote per share. On September 6, 2022, the Common shares were listed on the Toronto Stock Exchange in substitution of all Class A multiple-voting shares under the symbol "ATD". Following the conversion, our Class A multiple-voting shares and Class B subordinate voting shares as well as their rights, privileges, restrictions and conditions were repealed.

Share Repurchase Program

On April 22, 2022, the Toronto Stock Exchange approved the renewal of our share repurchase program, which took effect on April 26, 2022. The renewed share repurchase program allows us to repurchase up to 79,703,614 shares, representing 10.0% of the shares comprising the public float as at April 20, 2022, and the share repurchase period will end no later than April 25, 2023. Following the conversion of the Class A multiple-voting shares into Common shares, the terms of the renewed share repurchase program were modified to allow us to repurchase Common shares. An automatic securities purchase plan, which was pre-cleared by the Toronto Stock Exchange upon approbation of the renewed share repurchase program, is also in place and could allow a designated broker to repurchase our shares on our behalf within parameters established by us.

During the second quarter and first half-year of fiscal 2023, we repurchased 4,796,500 and 15,736,900 shares for amounts of \$205.2 million and \$683.2 million, respectively, of which an amount of \$16.8 million is recorded in Accounts payable and accrued liabilities as at October 9, 2022 (\$56.7 million as at April 24, 2022, which was paid during the first half-year of fiscal 2023). Subsequent to the end of the quarter, 8,875,400 shares were repurchased for an amount of \$396.2 million. All shares repurchased under the share repurchase program were cancelled upon their repurchase.

Fire & Flower Holdings Corp. (“Fire & Flower”)

On October 9, 2022, as a result of a decrease in the market capitalization of Fire & Flower, an impairment loss of \$23.9 million was recorded to Depreciation, amortization and impairment to bring our investment of 35.2% in the associated company to its fair value.

Subsequent to the end of the quarter, we have entered into a loan agreement consisting of a secured loan of CA \$11.0 million (\$8.0 million) which was issued to Fire & Flower, bearing interest at an annual rate of 11.0% and maturing on December 31, 2023.

Dividends

During its November 22, 2022 meeting, the Board of Directors approved an increase in the quarterly dividend of CA 3.0¢ per share, bringing it to CA 14.0¢ per share, an increase of 27.3%.

During the same meeting, the Board of Directors declared a quarterly dividend of CA 14.0¢ per share for the second quarter of fiscal 2023 to shareholders on record as at December 1, 2022, and approved its payment effective December 15, 2022. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

Outstanding Shares and Stock Options

As at November 18, 2022, Couche-Tard had 1,008,402,055 Common shares issued and outstanding. In addition, as at the same date, Couche-Tard had 3,760,671 outstanding stock options for the purchase of Common shares.

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; and
- Available liquidities.

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

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

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

- Net interest-bearing debt/total capitalization.

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

Non-IFRS 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:

<i>(in millions of US dollars)</i>	12-week periods ended		24-week periods ended	
	October 9, 2022	October 10, 2021	October 9, 2022	October 10, 2021
Revenues	16,879.5	14,219.7	35,537.2	27,798.6
Cost of sales, excluding depreciation, amortization and impairment	14,019.3	11,631.5	29,794.2	22,610.4
Gross profit	2,860.2	2,588.2	5,743.0	5,188.2

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.

<i>(in millions of Canadian dollars, unless otherwise noted)</i>	12-week periods ended		24-week periods ended	
	October 9, 2022	October 10, 2021	October 9, 2022	October 10, 2021
Road transportation fuel revenues	1,906.0	1,600.0	4,042.5	2,994.2
Road transportation fuel cost of sales, excluding depreciation, amortization and impairment	1,742.2	1,453.9	3,708.5	2,714.8
Road transportation fuel gross profit	163.8	146.1	334.0	279.4
Total road transportation fuel volume sold	1,305.3	1,324.5	2,517.5	2,536.4
Road transportation fuel gross margin (CA cents per liter)	12.55	11.03	13.27	11.02

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. Please note that the description of this measure was modified to clarify its composition. 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:

<i>(in millions of US dollars, unless otherwise noted)</i>	12-week periods ended					
	October 9, 2022	October 10, 2021	Variation	October 10, 2021	October 11, 2020	Variation
Operating, selling, general and administrative expenses, as published	1,433.0	1,321.3	8.5%	1,321.3	1,171.1	12.8%
Adjusted for:						
Decrease (increase) from the net impact of foreign exchange translation	42.2	—	3.2%	(10.7)	—	(0.9%)
Increase from higher electronic payment fees, excluding acquisitions	(30.9)	—	(2.3%)	(22.0)	—	(1.9%)
Increase from incremental expenses related to acquisitions	(13.2)	—	(1.0%)	(26.1)	—	(2.2%)
Increase from changes in acquisition costs recognized to earnings	(3.4)	—	(0.3%)	(0.7)	—	(0.1%)
Normalized growth of expenses	1,427.7	1,321.3	8.1%	1,261.8	1,171.1	7.7%

<i>(in millions of US dollars, unless otherwise noted)</i>	24-week periods ended					
	October 9, 2022	October 10, 2021	Variation	October 10, 2021	October 11, 2020	Variation
Operating, selling, general and administrative expenses, as published	2,831.1	2,599.4	8.9%	2,599.4	2,319.7	12.1%
Adjusted for:						
Increase from higher electronic payment fees, excluding acquisitions	(77.5)	—	(3.0%)	(50.2)	—	(2.2%)
Decrease (increase) from the net impact of foreign exchange translation	73.9	—	2.8%	(50.3)	—	(2.2%)
Increase from incremental expenses related to acquisitions	(24.3)	—	(0.9%)	(51.2)	—	(2.2%)
(Increase) decrease from changes in acquisition costs recognized to earnings	(3.8)	—	(0.1%)	2.4	—	0.1%
Normalized growth of expenses	2,799.4	2,599.4	7.7%	2,450.1	2,319.7	5.6%

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

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

<i>(in millions of US dollars, unless otherwise noted)</i>	12-week periods ended			
	October 9, 2022	October 10, 2021	October 10, 2021	October 11, 2020
Merchandise and service revenues for Europe and other regions	550.9	580.4	580.4	394.6
Adjusted for:				
Service revenues	(38.9)	(41.0)	(41.0)	(36.1)
Net foreign exchange impact	—	(58.6)	—	1.5
Merchandise revenues for stores not meeting the definition of same-store	(21.8)	(17.4)	(17.9)	(10.1)
Same-store merchandise revenues from stores not included in our consolidated results, including the impact of store conversions	79.7	90.3	103.4	251.6
Total Same-store merchandise revenues for Europe and other regions	569.9	553.7	624.9	601.5
Growth of same-store merchandise revenues for Europe and other regions	2.9%		3.9%	

<i>(in millions of US dollars, unless otherwise noted)</i>	24-week periods ended			
	October 9, 2022	October 10, 2021	October 10, 2021	October 11, 2020
Merchandise and service revenues for Europe and other regions	1,088.0	1,141.8	1,141.8	737.8
Adjusted for:				
Service revenues	(78.7)	(85.8)	(85.8)	(69.8)
Net foreign exchange impact	—	(105.3)	—	37.2
Merchandise revenues for stores not meeting the definition of same-store	(40.9)	(35.2)	(26.6)	(23.7)
Same-store merchandise revenues from stores not included in our consolidated results, including the impact of store conversions	164.6	186.0	217.0	506.8
Total Same-store merchandise revenues for Europe and other regions	1,133.0	1,101.5	1,246.4	1,188.3
Growth of same-store merchandise revenues for Europe and other regions	2.9%		4.9%	

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. Please note that the description of adjusted EBITDA was modified to clarify its composition. 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:

<i>(in millions of US dollars)</i>	12-week periods ended		24-week periods ended	
	October 9, 2022	October 10, 2021	October 9, 2022	October 10, 2021
Net earnings	810.4	694.8	1,682.8	1,459.2
Add:				
Income taxes	227.3	187.5	471.9	393.8
Net financial expenses	58.1	67.3	125.2	141.6
Depreciation, amortization and impairment	353.9	325.7	673.1	640.0
EBITDA	1,449.7	1,275.3	2,953.0	2,634.6
Adjusted for:				
Acquisition costs	5.3	1.8	6.5	2.6
Adjusted EBITDA	1,455.0	1,277.1	2,959.5	2,637.2

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, 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. Please note that the description of this measure was modified to clarify its composition. 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:

<i>(in millions of US dollars, except per share amounts, or unless otherwise noted)</i>	12-week periods ended		24-week periods ended	
	October 9, 2022	October 10, 2021	October 9, 2022	October 10, 2021
Net earnings	810.4	694.8	1,682.8	1,459.2
Adjusted for:				
Impairment of our investment in Fire & Flower	23.9	—	23.9	—
Acquisition costs	5.3	1.8	6.5	2.6
Net foreign exchange gain	(1.5)	(4.9)	(0.5)	(13.5)
Tax impact of the items above and rounding	(0.1)	1.3	0.3	2.7
Adjusted net earnings	838.0	693.0	1,713.0	1,451.0
Weighted average number of shares - diluted (in millions)	1,022.8	1,072.5	1,025.0	1,073.4
Adjusted diluted net earnings per share	0.82	0.65	1.67	1.35

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

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

The table below presents the calculation of this performance measure:

<i>(in millions of US dollars, except ratio data)</i>	As at October 9, 2022	As at April 24, 2022
Current portion of long-term debt	1.3	1.4
Current portion of lease liabilities	414.8	425.4
Long-term debt	5,793.1	5,963.6
Lease liabilities	2,927.5	3,049.5
Interest-bearing debt	9,136.7	9,439.9
Less: Cash and cash equivalents	2,456.3	2,143.9
Net interest-bearing debt	6,680.4	7,296.0
Equity	12,793.9	12,437.6
Net interest-bearing debt	6,680.4	7,296.0
Total capitalization	19,474.3	19,733.6
Net interest-bearing debt to total capitalization ratio	0.34 : 1	0.37 : 1

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

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:

<i>(in millions of US dollars, except ratio data)</i>	52-week periods ended	
	October 9, 2022	April 24, 2022
Net interest-bearing debt	6,680.4	7,296.0
Adjusted EBITDA	5,588.3	5,266.1
Leverage ratio	1.20 : 1	1.39 : 1

Return on equity. This measure is used to assess 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:

<i>(in millions of US dollars, unless otherwise noted)</i>	52-week periods ended	
	October 9, 2022	April 24, 2022
Net earnings	2,906.9	2,683.3
Equity - Opening balance	12,866.1	12,180.9
Equity - Ending balance	12,793.9	12,437.6
Average equity	12,830.0	12,309.3
Return on equity	22.7%	21.8%

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

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

<i>(in millions of US dollars, unless otherwise noted)</i>	52-week periods ended	
	October 9, 2022	April 24, 2022
Net earnings	2,906.9	2,683.3
Add:		
Income taxes	812.4	734.3
Net financial expenses	264.6	281.0
EBIT	3,983.9	3,698.6
Capital employed - Opening balance ⁽¹⁾	24,623.3	23,971.5
Capital employed - Ending balance ⁽¹⁾	24,087.1	24,001.0
Average capital employed	24,355.2	23,986.3
Return on capital employed	16.4%	15.4%

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

<i>(in millions of US dollars)</i>	As at October 9, 2022	As at October 10, 2021	As at April 24, 2022	As at April 25, 2021
Total Assets	29,108.6	29,352.4	29,591.6	28,394.5
Less: Current liabilities	(5,437.6)	(5,137.9)	(6,017.4)	(5,949.7)
Add: Current portion of long-term debt	1.3	1.5	1.4	1,107.3
Add: Current portion of lease liabilities	414.8	407.3	425.4	419.4
Capital employed	24,087.1	24,623.3	24,001.0	23,971.5

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

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

<i>(in millions of US dollars)</i>	As at October 9, 2022	As at April 24, 2022
Cash and cash equivalents	2,456.3	2,143.9
Add: Unused portion of the term revolving unsecured operating credit facility	2,525.0	2,525.0
Less: Letters of credit reducing the amount that may be borrowed on the term revolving unsecured operating credit facility	(2.8)	(6.7)
Available liquidities	4,978.5	4,662.2

Summary Analysis of Consolidated Results for the Second Quarter and First Half-year of Fiscal 2023

The following table highlights certain information regarding our operations for the 12 and 24-week periods ended October 9, 2022 and October 10, 2021, and the results analysis in this section should be read in conjunction with this table. Europe and other regions include the results from our operations in Asia.

	12-week periods ended			24-week periods ended		
	October 9, 2022	October 10, 2021	Variation %	October 9, 2022	October 10, 2021	Variation %
<i>(in millions of US dollars, unless otherwise stated)</i>						
Statement of Operations Data:						
Merchandise and service revenues ⁽¹⁾ :						
United States	2,903.0	2,754.0	5.4	5,807.9	5,583.4	4.0
Europe and other regions	550.9	580.4	(5.1)	1,088.0	1,141.8	(4.7)
Canada	617.9	644.5	(4.1)	1,248.4	1,321.7	(5.5)
Total merchandise and service revenues	4,071.8	3,978.9	2.3	8,144.3	8,046.9	1.2
Road transportation fuel revenues:						
United States	8,236.0	6,654.8	23.8	17,917.4	13,118.5	36.6
Europe and other regions	2,837.5	2,154.9	31.7	5,813.4	3,948.5	47.2
Canada	1,453.1	1,267.7	14.6	3,114.9	2,405.6	29.5
Total road transportation fuel revenues	12,526.6	10,077.4	24.3	26,845.7	19,472.6	37.9
Other revenues ⁽²⁾ :						
United States	8.5	11.4	(25.4)	18.2	22.2	(18.0)
Europe and other regions	265.6	147.6	79.9	516.1	247.6	108.4
Canada	7.0	4.4	59.1	12.9	9.3	38.7
Total other revenues	281.1	163.4	72.0	547.2	279.1	96.1
Total revenues	16,879.5	14,219.7	18.7	35,537.2	27,798.6	27.8
Merchandise and service gross profit ⁽¹⁾⁽³⁾ :						
United States	987.5	932.1	5.9	1,972.8	1,899.8	3.8
Europe and other regions	211.1	222.8	(5.3)	419.8	438.2	(4.2)
Canada	205.0	208.3	(1.6)	413.9	427.3	(3.1)
Total merchandise and service gross profit	1,403.6	1,363.2	3.0	2,806.5	2,765.3	1.5
Road transportation fuel gross profit ⁽³⁾ :						
United States	1,058.0	791.7	33.6	2,089.4	1,596.5	30.9
Europe and other regions	241.8	278.0	(13.0)	522.5	524.7	(0.4)
Canada	124.9	115.7	8.0	257.3	223.7	15.0
Total road transportation fuel gross profit	1,424.7	1,185.4	20.2	2,869.2	2,344.9	22.4
Other revenues gross profit ⁽²⁾⁽³⁾ :						
United States	8.5	11.4	(25.4)	18.2	22.2	(18.0)
Europe and other regions	18.4	23.8	(22.7)	38.2	46.5	(17.8)
Canada	5.0	4.4	13.6	10.9	9.3	17.2
Total other revenues gross profit	31.9	39.6	(19.4)	67.3	78.0	(13.7)
Total gross profit⁽³⁾	2,860.2	2,588.2	10.5	5,743.0	5,188.2	10.7
Operating, selling, general and administrative expenses	1,433.0	1,321.3	8.5	2,831.1	2,599.4	8.9
(Gain) loss on disposal of property and equipment and other assets	(20.4)	3.2	(737.5)	(33.4)	(34.1)	(2.1)
Depreciation, amortization and impairment	353.9	325.7	8.7	673.1	640.0	5.2
Operating income	1,093.7	938.0	16.6	2,272.2	1,982.9	14.6
Net financial expenses	58.1	67.3	(13.7)	125.2	141.6	(11.6)
Net earnings	810.4	694.8	16.6	1,682.8	1,459.2	15.3
Per Share Data:						
Basic net earnings per share (dollars per share)	0.79	0.65	21.5	1.64	1.36	20.6
Diluted net earnings per share (dollars per share)	0.79	0.65	21.5	1.64	1.36	20.6
Adjusted diluted net earnings per share (dollars per share) ⁽³⁾	0.82	0.65	26.2	1.67	1.35	23.7

	12-week periods ended			24-week periods ended		
	October 9, 2022	October 10, 2021	Variation %	October 9, 2022	October 10, 2021	Variation %
<i>(in millions of US dollars, unless otherwise stated)</i>						
Other Operating Data:						
Merchandise and service gross margin ⁽¹⁾⁽³⁾ :						
Consolidated	34.5%	34.3%	0.2	34.5%	34.4%	0.1
United States	34.0%	33.8%	0.2	34.0%	34.0%	—
Europe and other regions	38.3%	38.4%	(0.1)	38.6%	38.4%	0.2
Canada	33.2%	32.3%	0.9	33.2%	32.3%	0.9
Growth of (decrease in) same-store merchandise revenues ⁽⁴⁾ :						
United States ⁽⁵⁾⁽⁶⁾	5.6%	1.4%		4.5%	0.6%	
Europe and other regions ⁽³⁾	2.9%	3.9%		2.9%	4.9%	
Canada ⁽⁵⁾⁽⁶⁾	(1.5%)	(2.1%)		(1.4%)	(6.1%)	
Road transportation fuel gross margin ⁽³⁾ :						
United States (cents per gallon)	49.16	36.39	35.1	49.08	36.57	34.2
Europe and other regions (cents per liter)	9.76	10.57	(7.7)	10.96	10.45	4.9
Canada (CA cents per liter)	12.55	11.03	13.8	13.27	11.02	20.4
Total volume of road transportation fuel sold:						
United States (millions of gallons)	2,152.2	2,175.7	(1.1)	4,257.2	4,365.3	(2.5)
Europe and other regions (millions of liters)	2,476.2	2,629.9	(5.8)	4,765.0	5,021.6	(5.1)
Canada (millions of liters)	1,305.3	1,324.5	(1.4)	2,517.5	2,536.4	(0.7)
Growth of (decrease in) same-store road transportation fuel volume ⁽⁵⁾ :						
United States	(1.9%)	3.3%		(3.0%)	7.4%	
Europe and other regions	(6.3%)	(0.3%)		(5.0%)	2.8%	
Canada	(6.5%)	2.8%		(3.2%)	6.3%	

(in millions of US dollars, unless otherwise stated)

	As at October 9, 2022	As at April 24, 2022	Variation \$
Balance Sheet Data:			
Total assets	29,108.6	29,591.6	(483.0)
Interest-bearing debt ⁽³⁾	9,136.7	9,439.9	(303.2)
Equity	12,793.9	12,437.6	356.3
Indebtedness Ratios⁽³⁾:			
Net interest-bearing debt/total capitalization	0.34 : 1	0.37 : 1	
Leverage ratio	1.20 : 1	1.39 : 1	
Returns⁽³⁾:			
Return on equity	22.7%	21.8%	
Return on capital employed	16.4%	15.4%	

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

Revenues

Our revenues were \$16.9 billion for the second quarter of fiscal 2023, up by \$2.7 billion, an increase of 18.7% compared with the corresponding quarter of fiscal 2022, mainly attributable to a higher average road transportation fuel and other fuel products selling price, the contribution from acquisitions, and organic growth of our convenience activities while being partly offset by lower fuel demand and the net negative impact of approximately \$523.0 million from the translation of our foreign currency operations into US dollars.

For the first half-year of fiscal 2023, our revenues increased by \$7.7 billion, or 27.8%, compared with the corresponding period of fiscal 2022, mainly attributable to similar factors as those of the second quarter.

Merchandise and service revenues

Total merchandise and service revenues for the second quarter of fiscal 2023 were \$4.1 billion, an increase of \$92.9 million compared with the corresponding quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$95.0 million. The remaining increase of approximately \$188.0 million, or 4.7%, is primarily attributable to organic growth, and to the contribution from acquisitions which amounted to approximately \$40.0 million, while being partly offset by the disposal of stores following the strategic review of our network. Same-store merchandise revenues increased by 5.6% in the United States driven by the success of our *Fresh Food, Fast* program, by 2.9% in Europe and other regions¹, and decreased by 1.5% in Canada. Same-store merchandise revenues in Canada were strongly impacted by increased competition of the illicit market in the cigarettes category compared with the corresponding quarter of fiscal 2022.

For the first half-year of fiscal 2023, the growth in merchandise and service revenues was \$97.4 million compared with the corresponding period of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$172.0 million. Same-store merchandise revenues increased by 4.5% in the United States, by 2.9% in Europe and other regions¹, and decreased by 1.4% in Canada.

Road transportation fuel revenues

Total road transportation fuel revenues for the second quarter of fiscal 2023 were \$12.5 billion, an increase of \$2.4 billion compared with the corresponding quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$407.0 million. The remaining increase of approximately \$2.9 billion, or 28.3%, is attributable to a higher average road transportation fuel selling price, which had a positive impact of approximately \$3.1 billion. Same-store road transportation fuel volumes decreased by 1.9% in the United States, by 6.3% in Europe and other regions, and by 6.5% in Canada. During the quarter, road transportation fuel demand remained unfavorably impacted by the high retail prices driven by the increase in crude oil costs compared with the corresponding quarter of fiscal 2022, the continued work from home trends, and the impact from our fuel rebranding activities.

For the first half-year of fiscal 2023, the road transportation fuel revenues increased by \$7.4 billion compared with the corresponding period of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$653.0 million. Same-store road transportation fuel volumes decreased by 3.0% in the United States, by 5.0% in Europe and other regions, and by 3.2% 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	3 rd	4 th	1 st	2 nd	Weighted average
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
52-week period ended October 10, 2021					
United States (US dollars per gallon)	2.16	2.72	2.97	3.08	2.70
Europe and other regions (US cents per liter)	65.84	79.29	79.09	86.29	77.13
Canada (CA cents per liter)	92.54	108.99	117.51	123.00	109.87

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 2023 were \$281.1 million, an increase of \$117.7 million compared with the corresponding quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$22.0 million. The remaining increase of approximately \$140.0 million, or 85.7%, is primarily driven by higher prices and higher demand on our other fuel products, which had a minimal impact on gross profit¹.

For the first half-year of fiscal 2023, total other revenues were \$547.2 million, an increase of \$268.1 million compared with the corresponding period of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$33.0 million. The remaining increase of approximately \$301.0 million, or 107.8%, is attributable to similar factors as those of the second quarter.

Gross profit¹

Our gross profit was \$2.9 billion for the second quarter of fiscal 2023, up by \$272.0 million or 10.5%, compared with the corresponding quarter of fiscal 2022, mainly attributable to higher road transportation fuel gross profits, improved merchandise and service gross margin, and organic growth in our convenience activities, while being partly offset by the net negative impact of the translation of our foreign currency operations into US dollars of approximately \$89.0 million.

For the first half-year of fiscal 2023, our gross profit increased by \$554.8 million, or 10.7%, compared with the first half-year of fiscal 2022, mainly attributable to similar factors as those of the second quarter.

Merchandise and service gross profit

In the second quarter of fiscal 2023, our merchandise and service gross profit was \$1.4 billion, an increase of \$40.4 million compared with the corresponding quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$38.0 million. The remaining increase of approximately \$78.0 million, or 5.7%, is primarily due to organic growth. Our gross margin¹ increased by 0.2% in the United States to 34.0%, and decreased by 0.1% in Europe and other regions to 38.3%. In Canada our gross margin¹ increased by 0.9% to 33.2% primarily due to a different product mix.

During the first half-year of fiscal 2023, our merchandise and service gross profit was \$2.8 billion, an increase of \$41.2 million compared with the first half-year of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$67.0 million. Our gross margin¹ remained stable in the United States at 34.0%, increased by 0.2% in Europe and other regions to 38.6%, and by 0.9% in Canada to 33.2%.

Road transportation fuel gross profit

In the second quarter of fiscal 2023, our road transportation fuel gross profit was \$1.4 billion, an increase of \$239.3 million compared with the corresponding quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$48.0 million. The remaining increase in our gross profit was approximately \$287.0 million, or 24.2%. In the United States, our road transportation fuel gross margin¹ was 49.16¢ per gallon, an increase of 12.77¢ per gallon, and in Canada, it was CA 12.55¢ per liter, an increase of CA 1.52¢ per liter. In Europe and other regions, our road transportation fuel gross margin¹ was US 9.76¢ per liter, a decrease of US 0.81¢ per liter driven by the impact of the translation of our foreign currency operations into US dollars. Fuel margins 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 2023, our road transportation fuel gross profit was \$2.9 billion, an increase of \$524.3 million compared with the first half-year of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$76.0 million. The road transportation fuel gross margin¹ was 49.08¢ per gallon in the United States, US 10.96¢ per liter in Europe and other regions, and CA 13.27¢ 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 margin¹ 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	3 rd	4 th	1 st	2 nd	Weighted average
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
52-week period ended October 10, 2021					
Before deduction of expenses related to electronic payment modes	31.86	35.25	37.58	37.68	35.40
Expenses related to electronic payment modes ⁽¹⁾	4.66	5.10	5.38	5.31	5.09
After deduction of expenses related to electronic payment modes	27.20	30.15	32.20	32.37	30.31

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

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

Other revenues gross profit

In the second quarter of fiscal 2023, other revenues gross profit was \$31.9 million, a decrease of \$7.7 million compared with the corresponding period of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$5.0 million.

During the first half-year of fiscal 2023, other revenues gross profit was \$67.3 million, a decrease of \$10.7 million compared with the corresponding period of fiscal 2022. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$8.0 million.

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

For the second quarter and first half-year of fiscal 2023, expenses increased by 8.5% and 8.9%, respectively, compared with the corresponding periods of fiscal 2022. Normalized growth of expenses¹ was 8.1% and 7.7%, respectively, as shown in the table below:

	12-week periods ended		24-week periods ended	
	October 9, 2022	October 10, 2021	October 9, 2022	October 10, 2021
Growth of expenses, as reported	8.5%	12.8%	8.9%	12.1%
Adjusted for:				
Decrease (increase) from the net impact of foreign exchange translation	3.2%	(0.9%)	2.8%	(2.2%)
Increase from higher electronic payment fees, excluding acquisitions	(2.3%)	(1.9%)	(3.0%)	(2.2%)
Increase from incremental expenses related to acquisitions	(1.0%)	(2.2%)	(0.9%)	(2.2%)
(Increase) decrease from changes in acquisition costs recognized to earnings	(0.3%)	(0.1%)	(0.1%)	0.1%
Normalized growth of expenses¹	8.1%	7.7%	7.7%	5.6%

We have continued to deploy strategic efforts in order to mitigate the impact of a higher inflation level and continued pressure on wages, which is demonstrated by our normalized growth of expenses¹ of 8.1%, below inflation despite the challenging market conditions, mainly driven by inflationary pressures, most notably on higher energy costs in our European operations, higher costs from rising minimum wages, as well as by incremental investments in our stores to support our strategic initiatives, partly offset by the impact of lower pressure in the employment market.

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 (“EBITDA¹”) and adjusted EBITDA¹

During the second quarter of fiscal 2023, EBITDA stood at \$1.4 billion, an increase of 13.7% compared with the corresponding quarter of fiscal 2022. Adjusted EBITDA for the second quarter of fiscal 2023 increased by \$177.9 million, or 13.9%, compared with the corresponding quarter of fiscal 2022, mainly due to higher road transportation fuel gross profit and organic growth in our convenience operations, partly offset by higher operating expenses. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$47.0 million.

During the first half-year of fiscal 2023, EBITDA stood at \$3.0 billion, an increase of 12.1% compared with the corresponding period of fiscal 2022. Adjusted EBITDA for the first half-year of fiscal 2023 increased by \$322.3 million, or 12.2%, compared with fiscal 2022, mainly attributable to similar factors as those of the second quarter.

Depreciation, amortization and impairment (“depreciation”)

For the second quarter of fiscal 2023, our depreciation expense increased by \$28.2 million compared with the second quarter of fiscal 2022. The translation of our foreign currency operations into US dollars had a net favorable impact of approximately \$13.0 million. The remaining increase of approximately \$41.0 million, or 12.6%, is mainly driven by the impact of the impairment on our investment in Fire & Flower of \$23.9 million, the replacement of equipment, the ongoing improvement of our network, and the impact from investments made through acquisitions.

For the first half-year of fiscal 2023, our depreciation expense increased by \$33.1 million compared with the first half-year of fiscal 2022. The translation of our foreign currency operations into US dollars had a net favorable impact of approximately \$23.0 million. The remaining increase of approximately \$56.0 million, or 8.8%, 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 2023 were \$58.1 million and \$125.2 million, respectively, a decrease of \$9.2 million and \$16.4 million compared with the corresponding periods of fiscal 2022. A portion of the decrease is explained by certain items that are not considered indicative of future trends, as shown in the table below:

<i>(in millions of US dollars)</i>	12-week periods ended			24-week periods ended		
	October 9, 2022	October 10, 2021	Variation	October 9, 2022	October 10, 2021	Variation
Net financial expenses, as reported	58.1	67.3	(9.2)	125.2	141.6	(16.4)
Explained by:						
Net foreign exchange gain	1.5	4.9	(3.4)	0.5	13.5	(13.0)
Change in fair value of financial instruments and amortization of deferred differences	0.1	(1.7)	1.8	1.0	(11.8)	12.8
Remaining variation	59.7	70.5	(10.8)	126.7	143.3	(16.6)

The remaining variations are mainly driven by higher interest revenue as well as by the reduction of long-term debt compared with the corresponding periods of fiscal 2022.

Income taxes

The income tax rate for the second quarter and first half-year of fiscal 2023 was 21.9% compared with 21.3% for the corresponding periods of fiscal 2022. The increase is mainly stemming from the impact of a different mix in our earnings across the various jurisdictions in which we operate.

Net earnings and adjusted net earnings¹

Net earnings for the second quarter of fiscal 2023 were \$810.4 million, compared with \$694.8 million for the second quarter of the previous fiscal year, an increase of \$115.6 million, or 16.6%. Diluted net earnings per share stood at \$0.79, compared with \$0.65 for the corresponding quarter of the previous fiscal year. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$34.0 million on net earnings of the second quarter of fiscal 2023.

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

Adjusted net earnings for the second quarter of fiscal 2023 were approximately \$838.0 million, compared with \$693.0 million for the second quarter of fiscal 2022, an increase of \$145.0 million, or 20.9%. Adjusted diluted net earnings per share were \$0.82 for the second quarter of fiscal 2023, compared with \$0.65 for the corresponding quarter of fiscal 2022, an increase of 26.2%.

For the first half-year of fiscal 2023, net earnings stood at \$1.7 billion, an increase of \$223.6 million, or 15.3%, compared with the first half-year of fiscal 2022. Diluted net earnings per share stood at \$1.64, compared with \$1.36 for the previous fiscal year. The translation of our foreign currency operations into US dollars had a net negative impact of approximately \$53.0 million on net earnings of the first half-year of fiscal 2023.

Adjusted net earnings for the first half-year of fiscal 2023 stood at \$1.7 billion, an increase of \$262.0 million, or 18.1%, compared with the first half-year of fiscal 2022. Adjusted diluted net earnings per share¹ were \$1.67 for the first half-year of fiscal 2023, compared with \$1.35 for the first half-year of fiscal 2022, an increase of 23.7%.

Financial Position as at October 9, 2022

As shown by our indebtedness ratios included in the “Summary Analysis of Consolidated Results for the Second Quarter and First Half-year of Fiscal 2023” section and our net cash provided by operating activities, our financial position remains healthy.

Our total consolidated assets amounted to \$29.1 billion as at October 9, 2022, a decrease of \$483.0 million over the balance as at April 24, 2022, primarily due to the net negative impact from the variation in exchange rates of the Canadian dollar and European currencies at the balance sheet date, partly offset by a higher cash balance as well as the acquisition of the Wilsons network.

For the 52-week periods ended October 9, 2022, and April 24, 2022, we recorded a return on capital employed¹ of 16.4% and 15.4%, respectively.

Significant balance sheet variations are explained as follows:

Property and equipment

Property and equipment decreased by \$348.0 million, from \$11.3 billion as at April 24, 2022, to \$10.9 billion as at October 9, 2022, mainly attributable to depreciation and the weakening of the Canadian and European currencies against the US dollar, which had an impact of approximately \$399.0 million, partly offset by the investments we made to our network.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased by \$667.9 million, from \$5.3 billion as at April 24, 2022, to \$4.6 billion as at October 9, 2022. The decrease is mainly attributable to lower road transportation fuel costs, payments of capital expenditures and expenses, as well as to the weakening of the Canadian and European currencies against the US dollar, which had an impact of approximately \$195.0 million.

Equity

Equity amounted to \$12.8 billion as at October 9, 2022, an increase of \$356.3 million over the balance as at April 24, 2022, reflecting net earnings for the first half-year of fiscal 2023, partly offset by the impact of the share repurchases, the dividends declared as well as the net other comprehensive loss. For the 52-week periods ended October 9, 2022, and April 24, 2022, we recorded a return on equity¹ of 22.7% and 21.8%, respectively.

Liquidity and Capital Resources

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

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

Our credit facility and United States commercial paper program are detailed as follows:

Term revolving unsecured operating credit facility, maturing in May 2027 (“operating credit facility”)

Credit agreement consisting of a revolving unsecured facility of a maximum amount of \$2.5 billion. As at October 9, 2022, our operating credit facility was not used, standby letters of credit in the amount of \$2.8 million were outstanding and we were in compliance with the restrictive covenants and ratios imposed by the credit agreement at that date. During the first half-year of fiscal 2023, the maturity of the operating credit facility was extended to May 2027.

United States commercial paper program

On May 9, 2022, we established a commercial paper program in the United States on a private placement basis. The commercial paper program allows us to issue, at our discretion, unsecured commercial paper notes with maturities not exceeding 397 days. The aggregate principal amount of unsecured commercial paper notes outstanding at any one time cannot exceed \$2.5 billion and our operating credit facility serves as a liquidity backstop for the repayment of the unsecured commercial paper notes. As at October 9, 2022, there were no outstanding unsecured commercial paper notes.

Available liquidities¹

As at October 9, 2022, a total of approximately \$2.5 billion was available under our operating credit facility. Thus, at the same date, we had access to \$5.0 billion through our available cash and our operating credit facility.

Selected Consolidated Cash Flow Information

<i>(in millions of US dollars)</i>	12-week periods ended			24-week periods ended		
	October 9, 2022	October 10, 2021	Variation	October 9, 2022	October 10, 2021	Variation
Operating activities						
Net cash provided by operating activities	1,159.1	918.6	240.5	2,267.8	2,131.2	136.6
Investing activities						
Purchase of property and equipment, intangible assets and other assets	(319.2)	(333.7)	14.5	(660.0)	(668.2)	8.2
Business acquisitions and contingent consideration paid	(209.7)	(126.0)	(83.7)	(210.3)	(151.0)	(59.3)
Proceeds from disposals of investments in equity instruments	124.5	—	124.5	124.5	—	124.5
Proceeds from disposal of property and equipment and other assets	65.1	34.8	30.3	79.5	86.4	(6.9)
Change in restricted cash	12.7	(7.5)	20.2	11.7	(13.2)	24.9
Purchase of equity instruments, other financial assets and investments in Fire & Flower	(4.6)	—	(4.6)	(28.1)	(7.9)	(20.2)
Investment in a joint venture	—	—	—	(30.1)	—	(30.1)
Net cash used in investing activities	(331.2)	(432.4)	101.2	(712.8)	(753.9)	41.1
Financing activities						
Share repurchases	(188.4)	(238.5)	50.1	(723.1)	(554.6)	(168.5)
Cash dividends paid	(171.6)	(147.2)	(24.4)	(171.6)	(147.2)	(24.4)
Principal elements of lease payments	(106.8)	(110.3)	3.5	(207.5)	(211.3)	3.8
Net payments on other debts	(52.5)	(59.9)	7.4	(52.8)	(77.6)	24.8
Repayment of senior unsecured notes	—	—	—	—	(994.3)	994.3
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs	—	—	—	—	990.1	(990.1)
Other financing activities	—	(0.4)	0.4	0.8	(3.3)	4.1
Net cash used in financing activities	(519.3)	(556.3)	37.0	(1,154.2)	(998.2)	(156.0)
Credit ratings						
S&P Global Ratings – Corporate and Senior unsecured notes credit ratings				BBB	BBB	
Moody’s – Corporate and Senior unsecured notes credit ratings				Baa2	Baa2	

Operating activities

During the second quarter of fiscal 2023, net cash from our operations reached \$1.2 billion, up \$240.5 million compared with the second quarter of fiscal 2022, mainly due to higher net earnings as well as lower working capital needs. During the first half-year of fiscal 2023, net cash from our operations reached \$2.3 billion, up \$136.6 million compared with the first half-year of fiscal 2022, also due to higher net earnings, partly offset by higher working capital needs.

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

Investing activities

During the second quarter of fiscal 2023 and the first half-year of fiscal 2023, Purchase of property and equipment, intangible assets and other assets, net of Proceeds from disposal of property and equipment and other assets amounted to \$254.1 million and \$580.5 million, respectively, and business acquisitions amounted to \$209.7 million and \$210.3 million, respectively. These investments were primarily for the replacement of equipment in some of our stores in order to enhance our offering of products and services, for the addition of new stores, for the ongoing improvement of our network, as well as for strategic initiatives and information technology. Moreover, during the second quarter of fiscal 2023, we disposed of equity instruments for total proceeds of \$124.5 million.

Financing activities

During the second quarter of fiscal 2023, we settled share repurchases for an amount of \$188.4 million, paid dividends in the amount of \$171.6 million, paid \$106.8 million on the principal elements of our lease liabilities and repaid a net amount of \$52.5 million on other debts. In the first half-year of fiscal 2023, we settled share repurchases for an amount of \$723.1 million, paid \$207.5 million on the principal elements of our lease liabilities, paid dividends in the amount of \$171.6 million and repaid a net amount of \$52.8 million on other debts.

Contractual Obligations and Commercial Commitments

There were no major changes to our contractual obligations and commercial commitments during the 24-week period ended October 9, 2022. For more information, please refer to our 2022 Annual Report.

Internal Controls over Financial Reporting

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We also maintain a system of disclosure controls and procedures designed to ensure, in all material respects, the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed with securities regulatory agencies is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to our management, including our President and Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As at October 9, 2022, our management, following its assessment, certifies the design and operating effectiveness of the Corporation's controls and procedures.

We undertake ongoing evaluations of the effectiveness of our internal controls over financial reporting and implement control enhancements, when appropriate. As at April 24, 2022, our management and our external auditors reported that these internal controls were effective.

Selected Quarterly Financial Information

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

<i>(in millions of US dollars, except per share data)</i>	24-week period ended October 9, 2022		52-week period ended April 24, 2022				Extract from 52-week period ended April 25, 2021	
	2 nd	1 st	4 th	3 rd	2 nd	1 st	4 th	3 rd
Quarter	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks
Revenues	16,879.5	18,657.7	16,434.9	18,576.4	14,219.7	13,578.9	12,237.4	13,157.5
Depreciation, amortization and impairment	353.9	319.2	449.4	456.3	325.7	314.3	344.9	418.7
Operating income	1,093.7	1,178.5	667.2	1,028.4	938.0	1,044.9	761.4	834.6
Share of earnings of joint ventures and associated companies	2.1	5.6	1.2	7.2	11.6	0.1	1.8	8.2
Net financial expenses	58.1	67.1	51.5	87.9	67.3	74.3	71.7	105.6
Net earnings	810.4	872.4	477.7	746.4	694.8	764.4	563.9	607.5
Net earnings per share								
Basic	\$0.79	\$0.85	\$0.46	\$0.70	\$0.65	\$0.71	\$0.52	\$0.55
Diluted	\$0.79	\$0.85	\$0.46	\$0.70	\$0.65	\$0.71	\$0.52	\$0.55

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

Outlook

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

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

November 22, 2022