Fiscal Year 2021

ALIMENTATION COUCHE-TARD INC.
MANAGEMENT DISCUSSION & ANALYSIS
52-week period ended April 25, 2021

Management Discussion and Analysis

The purpose of this Management Discussion and Analysis ("MD&A") is, as required by regulators, to explain management's point of view on the financial position and results of the operations of Alimentation Couche-Tard Inc. ("Couche-Tard") as well as its performance during the fiscal year ended April 25, 2021. 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 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, these measures are described in the section "Non-IFRS Measures" of this MD&A and where such measures are presented, the reader is informed. This MD&A should be read in conjunction with the audited annual consolidated financial statements and notes thereto included in our 2021 Annual Report, which, along with additional information relating to Couche-Tard, including the most recent Annual Information Form, is available on SEDAR at https://www.sedar.com/ and on our website at https://corpo.couche-tard.com/.

Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe", "could", "should", "intend", "expect", "estimate", "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at June 29, 2021, 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 the effect of sales of assets, monetization, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made. Additionally, we are uncertain of the duration and impacts of the current COVID-19 pandemic on our business. We are actively monitoring the effect of the COVID-19 pandemic on all aspects of our business and geographies, including how it impacts our people, our customers, our suppliers, our business partners and distribution channels.

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 2021 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 the largest independent convenience store operator in terms of the number of company-operated stores. In Europe, we are a leader in convenience store and road transportation fuel retail in the Scandinavian countries (Norway, Sweden and Denmark), in the Baltic countries (Estonia, Latvia and Lithuania), as well as in Ireland, and have an important presence in Poland. In Asia, we operate a network of company-operated convenience stores in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong SAR") with an enviable local position.

As of April 25, 2021, our network comprised 9,261 convenience stores throughout North America, including 8,103 stores with road transportation fuel dispensing. Our North American network consists of 18 business units, including 14 in the United States covering 47 states and 4 in Canada covering all 10 provinces. Approximately 98,000 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, the Baltics and Russia through 10 business units. As of April 25, 2021, our network comprised 2,725 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 work in our retail network, terminals and service offices across Europe. In Asia, our network comprised 342 company-operated convenience stores in Hong Kong SAR, offering a strong on-the-go food offer as well as a variety of other merchandise items and services. Approximately 4,000 people are employed in our retail network and service offices in Asia.

Furthermore, under licensing agreements, close to 1,900 stores are operated under the Circle K banner in 14 other countries and territories (Cambodia, Egypt, Guam, Guatemala, Honduras, Indonesia, Jamaica, Macau, Mexico, Mongolia, New Zealand, Saudi Arabia, the United Arab Emirates and Vietnam), which brings the worldwide total network to more than 14,200 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 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 uses our global experience to enhance our operational expertise and continually invests in our people and our stores.

Value Creation

In the United States, the convenience store sector is fragmented and in a consolidation phase. We are participating in this process through our acquisitions, market share gains when competitors close sites, and by improving our offering. In Europe and Canada, the convenience store sector is often dominated by a few major players, including integrated oil companies. Some of these integrated oil companies are in the process of selling, or are expected to sell, their retail assets. We intend to study investment opportunities that might come to us through this process. In Asia, our recent acquisition in Hong Kong SAR provides us with another platform to grow our business. 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 for our Corporation and its shareholders, 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, the contribution from organic growth has played an important role in the growth of our net earnings. Highlights have included the ongoing improvements we have made to our offer, including fresh products, to our supply terms and to our efficiency and our ability to adapt quickly to changes. All these elements, in addition to our strong balance sheet, have contributed to the growth in our net earnings and to value creation for our shareholders and other stakeholders. We intend to continue in this direction.

Exchange Rate Data

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

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

	12-week periods ended		52-week periods ended		
	April 25, 2021	April 26, 2020	**April 25, 2021**	April 26, 2020	April 28, 2019
Average for the period(1)					
Canadian dollar	**0.7930**	0.7275	**0.7630**	0.7494	0.7595
Norwegian krone	**0.1178**	0.1005	**0.1110**	0.1096	0.1195
Swedish krone	**0.1181**	0.1016	**0.1141**	0.1038	0.1108
Danish krone	**0.1611**	0.1467	**0.1577**	0.1485	0.1542
Zloty	**0.2631**	0.2485	**0.2610**	0.2568	0.2675
Euro	**1.1979**	1.0953	**1.1742**	1.1087	1.1499
Ruble	**0.0133**	0.0141	**0.0135**	0.0153	0.0153
Hong Kong dollar(2)	**0.1288**	—	**0.1289**	—	—

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

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

	As at April 25, 2021	As at April 26, 2020
Period end		
Canadian dollar	**0.8011**	0.7118
Norwegian krone	**0.1201**	0.0941
Swedish krone	**0.1190**	0.0993
Danish krone	**0.1623**	0.1448
Zloty	**0.2645**	0.2385
Euro	**1.2066**	1.0800
Ruble	**0.0134**	0.0134
Hong Kong dollar	**0.1288**	—

As we use the US dollar as our reporting currency in our consolidated financial statements and in this document, unless indicated otherwise, results from our operations in other currencies are translated into US dollars using the average rate for the period. Unless otherwise indicated, variances 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 therefore related to the translation into US dollars of our Canadian, European, Asian and corporate operations' results.

Fiscal 2021 Overview

Financial Results

Net earnings attributable to shareholders of the Corporation ("net earnings") amounted to $2.7 billion for fiscal 2021, compared with 2.4 billion for fiscal 2020. Diluted net earnings per share stood at $2.44, compared with $2.09 for the previous year.

The results for fiscal 2021 and fiscal 2020 were affected by specific items disclosed in the Non-IFRS measures section of this MD&A. Excluding these items, adjusted net earnings[1] were approximately $2.7 billion ($2.45 per share on a diluted basis[1]) for fiscal 2021, compared with $2.2 billion ($1.97 per share on a diluted basis[1]) for fiscal 2020, an increase of $500.0 million, or 22.6%, driven by higher road transportation fuel margins, organic growth on our convenience activities and disciplined cost control, partly offset by the negative impact of COVID-19 on fuel demand.

Changes in our Network during Fiscal Year 2021

Asset exchange agreement with CrossAmerica Partners LP ("CAPL")

On December 17, 2018, we entered into an asset exchange agreement with CAPL which aimed at exchanging 192 Circle K U.S. stores against the real estate property held by CAPL for 56 U.S. company-operated stores leased and operated by Couche-Tard pursuant to a master lease that CAPL had previously purchased jointly with or from CST Brands Inc., and 17 company-operated stores owned and operated by CAPL in the U.S. Upper Midwest (the "December 2018 asset exchange agreement"). The aggregate value of this agreement totaled approximately $184.0 million.

During fiscal 2021, we closed the fifth and sixth transactions of the December 2018 asset exchange agreement, which completed the asset exchange. In these transactions, we transferred 53 Circle K U.S. stores for a total value of approximately $52.0 million. In exchange, CAPL transferred the real estate for 17 properties of an equivalent value. These two transactions resulted in a gain of $10.9 million.

Strategic divestiture of sites

On March 22, 2021, we reached an agreement to sell 49 sites located in Oklahoma, within the United States, to Casey's General Stores Inc. for cash consideration of approximately $39.0 million. The transaction closed subsequent to the end of the fiscal year. As at April 25, 2021, all of these sites were classified as held for sale.

Also, on March 22, 2021, we announced our intention to sell certain sites across 25 states in the United States and 6 provinces in Canada. We expect that these sites will be sold to various buyers during fiscal year 2022. The decision to dispose of these sites was based on the outcome of a strategic review of our network. As at April 25, 2021, 264 sites in the United States and 37 sites in Canada were classified as held for sale.

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

Acquisition of Convenience Retail Asia (BVI) Limited ("Circle K HK")

On December 21, 2020, we acquired all the issued and outstanding shares of Convenience Retail Asia (BVI) Limited ("Circle K HK"), for a total cash consideration of HK $2.9 billion ($380.1 million). As of the closing of the transaction, Circle K HK operated a network of Circle K convenience stores, with 341 company-operated stores in Hong Kong SAR and 32 franchised stores in Macau, offering a strong on-the-go food offer as well as a variety of other merchandise items and services. We settled this transaction using our available cash and existing credit facilities. This acquisition represents a significant milestone as it provides us with a platform in Asia from which to launch our regional growth ambitions. Starting December 21, 2020, Circle K HK results, balance sheet and cash flows are included in our consolidated financial statements.

Other business acquisitions

During fiscal 2021, we acquired 26 company-operated stores through various transactions. We settled these transactions using our available cash and existing credit facilities.

Store construction

During fiscal 2021, we completed the construction of 65 stores and the relocation or reconstruction of 30 stores. As of April 25, 2021, another 48 stores were under construction and should open in the upcoming quarters.

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

The following table presents certain information regarding changes in our store network over the 12-week period ended April 25, 2021(1):

	12-week period ended April 25, 2021				
Type of site	**Company-operated(2)**	**CODO(3)**	**DODO(4)**	**Franchised and other affiliated(5)**	**Total**
Number of sites, beginning of period	9,978	402	693	1,250	12,323
Acquisitions	2	—	—	3	5
Openings / constructions / additions	23	—	7	22	52
Closures / disposals / withdrawals	(28)	(2)	(3)	(19)	(52)
Store conversion	1	(2)	—	1	—
Number of sites, end of period	**9,976**	**398**	**697**	**1,257**	**12,328**
Circle K branded sites under licensing agreements					1,894
Total network					**14,222**
Number of automated fuel stations included in the period-end figures(6)	981	—	10	—	991

The following table presents certain information regarding changes in our store network over the 52-week period ended April 25, 2021(1):

	52-week period ended April 25, 2021				
Type of site	**Company-operated(2)**	**CODO(3)**	**DODO(4)**	**Franchised and other affiliated(5)**	**Total**
Number of sites, beginning of period	9,691	453	689	1,291	12,124
Acquisitions	367	—	1	12	380
Openings / constructions / additions	65	1	32	74	172
Closures / disposals / withdrawals	(143)	(39)	(43)	(123)	(348)
Store conversion	(4)	(17)	18	3	—
Number of sites, end of period	**9,976**	**398**	**697**	**1,257**	**12,328**
Circle K branded sites under licensing agreements					1,894
Total network					**14,222**

(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.

COVID-19 Pandemic

During fiscal 2021, the COVID-19 pandemic has had a meaningful impact on our financial results, traffic declined throughout our network due to restrictive social measures and work from home trends as the pandemic situation evolved in the various geographies in which we operate. However, consolidation of trips, new shopping options and adapted product offerings enabled us to generate merchandise sales growth. From a fuel perspective, while volumes have been challenged by work from home trends and evolving local restrictions, fuel margins remained healthy despite a persistent rise in product costs during the year. From an operating expense perspective, while we promoted and supported the wellness of our employees and customers throughout the year, initiatives implemented across our network to reduce our controllable expenses had a favorable impact.

Fire & Flower

On April 28, 2020, we invested an additional amount of CA $2.5 million ($1.8 million) in Fire & Flower Holdings Corp. (“Fire & Flower”), a leading independent cannabis retailer listed on the Toronto Stock Exchange and based in Alberta, Canada. This investment is composed of secured convertible debentures as well as additional common share purchase warrants.

On September 17, 2020, the terms and conditions of our investments in Fire & Flower in the form of convertible debentures and common share purchase warrants were amended mainly to modify the maturity and expiry dates of the financial instruments, as well as their respective conversion and exercise price to a lower strike price or to a market-based price. We assessed that the impact of the amendments on our potential voting rights, along with our already existing voting rights, provided us with significant influence over Fire & Flower, which is therefore considered to be an associated company. From that date onwards, our existing ownership interest in Fire & Flower has been accounted for using the equity method.

During fiscal 2021, we exercised common share purchase warrants for a total amount of CA $19.0 million ($14.6 million). In addition, a principal amount of CA $26.1 million ($20.3 million) of convertible debentures were converted into common shares of Fire & Flower, which increased our ownership interests to approximately 20.0%. These conversions stemmed from the realization of certain events, which allowed Fire & Flower to require us to convert a portion of the debentures at conversion prices of CA $0.50 per share or CA $0.75 per share, according to the different debentures converted.

Disposal of High Value Properties

During fiscal 2021, we disposed of two properties located in Toronto, Canada, for total cash consideration of $86.2 million and recognized a gain on disposal of $67.5 million.

Debt Repayments

During fiscal 2021, we fully repaid the outstanding balance of $1.5 billion borrowed on our operating credit facility D with available cash.

On August 21, 2020, we fully repaid, at maturity, our CA $300.0 million ($227.1 million) Canadian-dollar-denominated senior unsecured notes issued on August 21, 2013.

Share Repurchase Program

On November 24, 2020, the Toronto Stock Exchange approved the renewal of our share repurchase program which allowed us to repurchase up to 4.0% of the public float of our Class B subordinate voting shares. During fiscal 2021, we repurchased 33,336,141 Class B subordinate voting shares and these repurchases were settled for a net amount of $1.1 billion. All shares repurchased were cancelled and the program terminated early as the authorized share repurchase limit was reached.

On April 21, 2021, the Toronto Stock Exchange approved the implementation of a new share repurchase program (“New Program”), which took effect on April 26, 2021. The New Program allows us to repurchase up to 4.0% of the public float of our Class B subordinate voting shares. An automatic securities purchase plan, which was pre-cleared by the Toronto Stock Exchange, is also in place and could allow a designated broker to repurchase shares on our behalf within parameters established by us. Subsequent to the end of fiscal year 2021, we repurchased 8,471,000 Class B subordinate voting shares under the New Program, for a net amount of $299.2 million.

Interest Rates Locks

During fiscal 2021, we entered into interest rate locks with the following terms:

Notional amount (in millions)	Interest lock term	Rate	Maturity date
$500.0	From 20 to 30 years	From 2.232% to 2.356%	May 14, 2021

The instruments allowed us to hedge the variability of our interest payments on the anticipated issuance of US-dollar-denominated senior unsecured notes due to changes in the US Treasury rates. These instruments were designated as a cash flow hedge of our interest rate risk and as a result, for fiscal 2021, a loss of $7.9 million was recognized in Other comprehensive loss to reflect the fluctuation in the interest rate locks' fair value.

On May 10, 2021, prior to their maturity and subsequent to the end of fiscal 2021, we settled all of our interest rate locks with a payment of $2.9 million, which will be amortized over the term of the related US-dollar-denominated senior unsecured notes issued on May 13, 2021, as an adjustment to the related interest expense.

Subsequent Event

Issuance of Senior Unsecured Notes

On May 13, 2021, subsequent to the end of fiscal 2021, we issued US-dollar-denominated senior unsecured notes totaling $1.0 billion, consisting of the following:

	Principal amount (in millions)	Maturity	Coupon rate	Effective rate	Interest payment dates
May 13, 2021 issuance	$650.0	May 13, 2041	3.439%	3,503%	May 13th and November 13th
May 13, 2021 Green Bonds issuance	$350.0	May 13, 2051	3.625%	3,686%	May 13th and November 13th

A portion of these US-dollar-denominated senior unsecured notes was subject to interest rate locks in anticipation of their issuance.

An amount equal to the net proceeds of the Green Bonds will be used to finance or refinance our new or existing environmentally friendly projects and community initiatives, which further our commitment for a more responsible future. The remaining proceeds, as well as cash on hand, were used to fully repay, before its term, our $1.0 billion US-dollar-denominated senior unsecured notes that were set to mature on July 26, 2022. Following the delivery of a redemption notice on April 14, 2021, we recognized to earnings of fiscal 2021 an expense of $29.1 million, which includes an early redemption premium of $27.7 million.

Dividends

During its June 29, 2021 meeting, the Board of Directors declared a quarterly dividend of CA 8.75¢ per share for the fourth quarter of fiscal 2021 to shareholders on record as at July 8, 2021, and approved its payment effective July 22, 2021. This is an eligible dividend within the meaning of the *Income Tax Act* (Canada).

For fiscal 2021, the Board of Directors declared total dividends of CA 33.25¢ per share, an increase of 25.5% compared with fiscal 2020.

Outstanding Shares and Stock Options

As at June 25, 2021, Couche-Tard had 253,803,100 Class A multiple-voting shares and 817,338,471 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 3,552,399 outstanding stock options for the purchase of Class B subordinate voting shares.

Change in Classification of Internal Logistics Costs

During the fiscal year ended April 25, 2021, we changed the classification of internal logistics costs, which were previously included in Operating, selling, administrative and general expenses, and are now included in Cost of sales, excluding depreciation, amortization and impairment in the consolidated statements of earnings. This classification change is to better reflect all of our supply chain's costs required to bring our products to their point of sale. This classification change was applied retroactively, and the comparative figures for the fiscal years ended April 26, 2020 and April 28, 2019 were adjusted to reflect this change, which had no impact on net earnings and net earnings per share.

Furthermore, we changed the calculation of the key performance indicator used for road transportation fuel gross margin for North America. The road transportation fuel gross margin for the United States and Canada regions now considers all of our fuel activities, including those of our wholesale and franchise business, which usually have lower margins than company-operated stores. As disclosed, this key performance indicator already included all fuel activities for Europe and other regions.

The table below shows, for the impacted line items only, the previously published figures, the adjustments stemming from these changes and the adjusted figures:

	52-week period ended April 26, 2020			52-week period ended April 28, 2019		
(in millions of US dollars, unless otherwise noted)	**Published**	**Adjustments**	**Adjusted**	**Published**	**Adjustments**	**Adjusted**
Statement of Operations Data:						
Merchandise and service gross profit[1]:						
United States	3,686.7	(45.5)	3,641.2	3,646.3	(43.6)	3,602.7
Canada	750.9	(17.7)	733.2	729.7	(20.3)	709.4
Total merchandise and service gross profit	**5,031.2**	**(63.2)**	**4,968.0**	**5,006.0**	**(63.9)**	**4,942.1**
Road transportation fuel gross profit[1]:						
United States	3,131.3	(28.0)	3,103.3	2,471.5	(14.1)	2,457.4
Total road transportation fuel gross profit	**4,465.0**	**(28.0)**	**4,437.0**	**3,949.0**	**(14.1)**	**3,934.9**
Total gross profit[1]	**9,734.7**	**(91.2)**	**9,643.5**	**9,194.9**	**(78.0)**	**9,116.9**
Operating, selling, administrative and general expenses (excluding CAPL)	5,280.9	(91.2)	5,189.7	5,595.3	(78.0)	5,517.3
Total Operating, selling, administrative and general expenses	**5,318.5**	**(91.2)**	**5,227.3**	**5,656.6**	**(78.0)**	**5,578.6**
Other Operating Data - excluding CAPL:						
Merchandise and service gross margin:						
Consolidated	34.3%	(0.4%)	33.9%	34.6%	(0.5%)	34.1%
United States	33.8%	(0.5%)	33.3%	33.8%	(0.4%)	33.4%
Canada	32.6%	(0.8%)	31.8%	33.6%	(0.9%)	32.7%
Road transportation fuel gross margin:						
United States (cents per gallon)	31.19	(1.57)	29.62	23.60	(1.22)	22.38
Canada (CA cents per liter)	7.91	(0.03)	7.88	8.38	(0.04)	8.34

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

The tables below show, for the impacted line items only, the previously published figures, the adjustments stemming from these changes and the adjusted figures for the first three quarters of fiscal 2021, as well as for the fourth quarter of fiscal 2020:

	16-week period ended January 31, 2021			12-week period ended October 11, 2020		
(in millions of US dollars, unless otherwise noted)	**Published**	**Adjustments**	**Adjusted**	**Published**	**Adjustments**	**Adjusted**
Statement of Operations Data:						
Merchandise and service gross profit[(1)]:						
United States	1,081.2	(14.3)	1,066.9	931.5	(11.2)	920.3
Canada	229.9	(5.9)	224.0	205.1	(4.4)	200.7
Total merchandise and service gross profit	**1,519.2**	**(20.2)**	**1,499.0**	**1,295.2**	**(15.6)**	**1,279.6**
Road transportation fuel gross profit[(1)]:						
United States	828.1	(15.4)	812.7	767.4	(7.7)	759.7
Total road transportation fuel gross profit	**1,282.1**	**(15.4)**	**1,266.7**	**1,147.9**	**(7.7)**	**1,140.2**
Total gross profit[(1)]	**2,865.7**	**(35.6)**	**2,830.1**	**2,485.4**	**(23.3)**	**2,462.1**
Operating, selling, administrative and general expenses (excluding CAPL)	1,617.8	(35.6)	1,582.2	1,194.4	(23.3)	1,171.1
Total Operating, selling, administrative and general expenses	**1,617.8**	**(35.6)**	**1,582.2**	**1,194.4**	**(23.3)**	**1,171.1**
Other Operating Data - excluding CAPL:						
Merchandise and service gross margin:						
Consolidated	33.5%	(0.4%)	33.1%	34.4%	(0.4%)	34.0%
United States	33.0%	(0.4%)	32.6%	34.0%	(0.4%)	33.6%
Canada	32.2%	(0.8%)	31.4%	32.6%	(0.7%)	31.9%
Road transportation fuel gross margin:						
United States (cents per gallon)	31.86	(1.10)	30.76	37.48	(1.27)	36.21
Canada (CA cents per liter)	10.36	(0.03)	10.33	10.05	(0.04)	10.01

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

	12-week period ended July 19, 2020			12-week period ended April 26, 2020		
(in millions of US dollars, unless otherwise noted)	**Published**	**Adjustments**	**Adjusted**	**Published**	**Adjustments**	**Adjusted**
Statement of Operations Data:						
Merchandise and service gross profit[(1)]:						
United States	988.3	(11.5)	976.8	802.3	(11.6)	790.7
Canada	210.5	(4.2)	206.3	154.9	(3.6)	151.3
Total merchandise and service gross profit	**1,338.0**	**(15.7)**	**1,322.3**	**1,084.2**	**(15.2)**	**1,069.0**
Road transportation fuel gross profit[(1)]:						
United States	812.5	(6.7)	805.8	903.5	(7.8)	895.7
Total road transportation fuel gross profit	**1,130.7**	**(6.7)**	**1,124.0**	**1,173.1**	**(7.8)**	**1,165.3**
Total gross profit[(1)]	**2,511.0**	**(22.4)**	**2,488.6**	**2,290.5**	**(23.0)**	**2,267.5**
Operating, selling, administrative and general expenses (excluding CAPL)	1,171.0	(22.4)	1,148.6	1,232.8	(23.0)	1,209.8
Total Operating, selling, administrative and general expenses	**1,171.0**	**(22.4)**	**1,148.6**	**1,232.8**	**(23.0)**	**1,209.8**
Other Operating Data - excluding CAPL:						
Merchandise and service gross margin:						
Consolidated	34.7%	(0.4%)	34.3%	33.5%	(0.4%)	33.1%
United States	34.7%	(0.4%)	34.3%	33.0%	(0.5%)	32.5%
Canada	31.7%	(0.6%)	31.1%	31.8%	(0.7%)	31.1%
Road transportation fuel gross margin:						
United States (cents per gallon)	42.99	(1.69)	41.30	46.88	(1.95)	44.93
Canada (CA cents per liter)	10.29	(0.04)	10.25	8.40	(0.04)	8.36

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

Statements of Earnings Categories

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

Service revenues also include franchise and license fees, which are recognized in revenues over the period of the agreement, initial franchise fees for which a portion is recognized when the franchise store opens and the remaining portion is deferred and recognized over the estimated term of the related agreement, as well as commissions from agents, and royalties from franchisees and licensees, which are recognized periodically based on sales reported by agents, and franchise and license operators. We also generate license fees revenues derived from the underlying sale of cannabis products through licensed stores in Ontario, Canada.

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

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

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

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

Key performance indicators used by management, which can be found under “Summary Analysis of Consolidated Results of Fiscal 2021 - Other Operating Data”, are merchandise and service gross margin, growth of same-store merchandise revenues, road transportation fuel gross margin and growth of same-store road transportation fuel volume, return on equity and return on capital employed.

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 attributable to shareholders of the Corporation ("adjusted net earnings") and adjusted diluted net earnings attributable to shareholders of the Corporation per share ("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. Until November 2019, CAPL's impact was considered as if it was reported using the equity method as we believe it allowed a more relevant presentation of the underlying performance of the Corporation.

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

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

	12-week periods ended		**52-week periods ended**		
	April 25, 2021	April 26, 2020	**April 25, 2021**	April 26, 2020	April 28, 2019
(in millions of US dollars)		Adjusted(1)		Adjusted(1)	Adjusted(1)
Revenues	**12,237.4**	9,687.2	**45,760.1**	54,132.4	59,117.6
Cost of sales, excluding depreciation, amortization and impairment	**9,902.9**	7,419.7	**35,644.8**	44,488.9	50,000.7
Gross profit	**2,334.5**	2,267.5	**10,115.3**	9,643.5	9,116.9

(1) Please refer to the section *"Change in Classification of Internal Logistics Costs"* for additional information on changes affecting the comparative periods.

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. This performance measure, for the 52-week period ended April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16.

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

	12-week periods ended		**52-week periods ended**		
(in millions of US dollars)	**April 25, 2021**	April 26, 2020	**April 25, 2021**	April 26, 2020	April 28, 2019
Net earnings including non-controlling interests, as reported	**563.9**	578.3	**2,705.5**	2,357.6	1,821.3
Add:					
Income taxes	**127.6**	145.4	**653.6**	545.9	370.9
Net financial expenses	**71.7**	53.2	**342.5**	284.5	320.1
Depreciation, amortization and impairment	**344.9**	307.4	**1,358.9**	1,336.8	1,070.7
EBITDA	**1,108.1**	1,084.3	**5,060.5**	4,524.8	3,583.0
Adjusted for:					
Gain on disposal of properties	**(26.6)**	—	**(67.5)**	—	—
Acquisition costs	**1.5**	2.9	**11.8**	6.7	2.2
Net gain on the disposal of a portion of the Corporation's U.S. wholesale fuel business	**—**	(41.0)	**—**	(41.0)	—
EBITDA attributable to non-controlling interests	**—**	(2.0)	**—**	(66.6)	(77.5)
Net gain on the disposal of the Corporation's interests in CAPL	**—**	—	**—**	(61.5)	—
Restructuring costs attributable to shareholders of the Corporation(1)	**—**	—	**—**	—	10.5
Compensatory payment to CAPL for divestiture of assets, net of non-controlling interests	**—**	—	**—**	—	5.0
Gain on the disposal of the marine fuel business	**—**	—	**—**	—	(3.2)
Adjusted EBITDA, as previously reported	**1,083.0**	1,044.2	**5,004.8**	4,362.4	3,520.0
Estimated pro forma impact from transition to IFRS 16 attributable to shareholders of the Corporation	—	—	—	—	381.0
Adjusted EBITDA	**1,083.0**	1,044.2	**5,004.8**	4,362.4	3,901.0

(1) This measure for the 52-week period ended April 28, 2019 is adjusted for restructuring costs. Starting April 29, 2019, this measure has been updated to remove the adjustment for the restructuring costs.

Adjusted net earnings and adjusted diluted net earnings per share. Adjusted net earnings represents net earnings attributable to shareholders of the Corporation 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. This performance measure, for the 52-week period ended April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16.

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

	12-week periods ended		**52-week periods ended**		
(in millions of US dollars, except per share amounts)	**April 25, 2021**	April 26, 2020	**April 25, 2021**	April 26, 2020	April 28, 2019
Net earnings attributable to shareholders of the Corporation, as reported	**563.9**	576.3	**2,705.5**	2,353.6	1,833.9
Adjusted for:					
Impact of the redemption notice of senior unsecured notes	**29.1**	—	**29.1**	—	—
Gain on disposal of properties	**(26.6)**	—	**(67.5)**	—	—
Acquisition costs	**1.5**	2.9	**11.8**	6.7	—
Net foreign exchange loss (gain)	**1.1**	(22.8)	**44.9**	(33.5)	2.2
Net gain on the disposal of a portion of the Corporation's U.S. wholesale fuel business	**—**	(41.0)	**—**	(41.0)	(5.3)
Release of deferred tax asset valuation allowance	**—**	(4.6)	**—**	(33.6)	—
Net gain on the disposal of the Corporation's interests in CAPL	**—**	—	**—**	(61.5)	—
Income tax expense following the December 2018 asset exchange agreement with CAPL	**—**	—	**—**	2.7	—
Impairment charge on CAPL's goodwill	**—**	—	**—**	—	55.0
Restructuring costs attributable to shareholders of the Corporation(1)	**—**	—	**—**	—	10.5
Tax benefit stemming from the decrease of the statutory income tax rate in Sweden	**—**	—	**—**	—	(6.2)
Compensatory payment to CAPL for divestiture of assets, net of non-controlling interests	**—**	—	**—**	—	5.0
Gain on the disposal of the marine fuel business	**—**	—	**—**	—	(3.2)
Tax impact of the items above and rounding	**(5.0)**	9.2	**(7.8)**	22.6	(17.9)
Adjusted net earnings attributable to shareholders of the Corporation, as previously reported	**564.0**	520.0	**2,716.0**	2,216.0	1,874.0
Estimated pro forma impact from transition to IFRS 16	**—**	—	**—**	—	(28.0)
Adjusted net earnings attributable to shareholders of the Corporation	**564.0**	520.0	**2,716.0**	2,216.0	1,846.0
Weighted average number of shares - diluted (in millions)	**1,086.5**	1,118.2	**1,106.7**	1,124.5	1,130.1
Adjusted diluted net earnings per share	**0.52**	0.47	**2.45**	1.97	1.63

(1) This measure for the 52-week period ended April 28, 2019 is adjusted for restructuring costs. Starting April 29, 2019, this measure has been updated to remove the adjustment for the restructuring costs.

Net interest-bearing debt/total capitalization. This measure represents a measure of financial condition that is especially used in financial circles. For the purpose of this calculation, until November 2019, CAPL's long-term debt was excluded as it was a non-recourse debt to the Corporation and our investment in CAPL was considered as if it was reported using the equity method as we believe it allowed a more relevant presentation of the underlying performance of the Corporation. This performance measure, for the 52-week period ended April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16.

The table below presents the calculation of this performance measure:

(in millions of US dollars)	**As at April 25, 2021**	As at April 26, 2020	As at April 28, 2019
Current portion of long-term debt and current-portion of lease liabilities	**1,526.7**	597.8	1,635.7
Long-term debt and lease liabilities	**8,075.3**	9,781.5	7,243.6
Less: Cash and cash equivalents, including restricted cash	**3,019.2**	3,649.5	736.6
Net interest-bearing debt	**6,582.8**	6,729.8	8,142.7
Shareholders' equity	**12,180.9**	10,066.6	8,923.2
Net interest-bearing debt	**6,582.8**	6,729.8	8,142.7
Total capitalization	**18,763.7**	16,796.4	17,065.9
Net interest-bearing debt to total capitalization ratio	**0.35: 1**	0.40: 1	0.48: 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. For the purpose of this calculation, until November 2019, CAPL's long-term debt was excluded as it was a non-recourse debt to the Corporation and our investment in CAPL was reported using the equity method as we believe its allows a more relevant presentation of the underlying performance of the Corporation. This performance measure, for the 52-week period ended April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16.

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

	52-week periods ended		
(in millions of US dollars)	**April 25, 2021**	April 26, 2020	April 28, 2019
Net interest-bearing debt	**6,582.8**	6,729.8	8,142.7
Adjusted EBITDA	**5,004.8**	4,362.4	3,520.0
Pro forma adjustments	**—**	—	381.0
Adjusted EBITDA, adjusted for pro forma	**5,004.8**	4,362.4	3,901.0
Leverage ratio	**1.32 : 1**	1.54 : 1	2.09 : 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. This performance measure, for the 52-week period ended April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16.

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)	**April 25, 2021**	April 26, 2020	April 28, 2019
Net earnings including non-controlling interests, as reported	**2,705.5**	2,357.6	1,821.3
Net (earnings) loss attributable to non-controlling interests	**—**	(4.0)	12.6
Pro forma adjustments	**—**	—	(28.0)
Net earnings attributable to shareholders of the Corporation, adjusted for pro forma	**2,705.5**	2,353.6	1,805.9
Average equity attributable to shareholders of the Corporation	**11,123.8**	9,490.2	8,241.8
Return on equity	**24.3 %**	24.8 %	21.9 %

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 reported period. For the 52-week periods ended April 26, 2020 and April 28, 2019, this performance measure is adjusted to reflect our investment in CAPL as if it was reported using the equity method, as well for the estimated pro forma impact of IFRS 16.

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

	52-week periods ended		
(in millions of US dollars)	**April 25, 2021**	April 26, 2020	April 28, 2019
Net earnings including non-controlling interests, as reported	**2,705.5**	2,357.6	1,821.3
Add:			
Income taxes	**653.6**	545.9	370.9
Financial expenses	**342.5**	284.5	320.1
EBIT attributable to non-controlling interests	**—**	(24.6)	(8.1)
Pro forma adjustments	**—**	—	33.0
EBIT, adjusted for pro forma	**3,701.6**	3,163.4	2,537.2
Average capital employed	**23,252.3**	20,434.7	18,675.8
Pro forma adjustments	**—**	690.1	1,475.0
Average capital employed, adjusted for pro forma	**23,252.3**	21,124.8	20,150.8
Return on capital employed	**15.9%**	15.0%	12.6%

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

The following table highlights certain information regarding our operations for the 12-week periods ended April 25, 2021, and April 26, 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)	**April 25, 2021**	April 26, 2020, Adjusted(2)	Variation %
Revenues	**12,237.4**	9,687.2	26.3
Operating income	**761.4**	769.6	(1.1)
Net earnings attributable to shareholders of the Corporation	**563.9**	576.3	(2.2)
Selected Operating Data:			
Merchandise and service gross margin(1):			
Consolidated(2)	**32.6%**	33.1%	(0.5)
United States(2)	**31.8%**	32.5%	(0.7)
Europe and other regions	**38.1%**	40.6%	(2.5)
Canada(2)	**31.0%**	31.1%	(0.1)
Growth of (decrease in) same-store merchandise revenues(3):			
United States(4)	**8.1%**	(0.5%)	
Europe and other regions(5)	**9.7%**	(6.5%)	
Canada(4)	**1.6%**	4.7%	
Road transportation fuel gross margin:			
United States (cents per gallon)(2)	**34.45**	44.93	(23.3)
Europe and other regions (cents per liter)	**10.85**	8.67	25.1
Canada (CA cents per liter)(2)	**10.92**	8.36	30.6
Growth of (decrease in) same-store road transportation fuel volume(4):			
United States	**5.4%**	(18.3%)	
Europe and other regions	**3.6%**	(13.4%)	
Canada	**4.9%**	(23.5%)	

(1) Includes revenues derived from franchise fees, royalties, suppliers' rebates on some purchases made by franchisees and licensees, as well as from wholesale of merchandise. Franchise fees from international licensed stores are presented in the United States.
(2) Please refer to the section *"Change in Classification of Internal Logistics Costs"* for additional information on changes affecting the comparative periods.
(3) Does not include services and other revenues (as described in footnote 1 above). Growth in Canada and in Europe and other regions is calculated based on local currencies.
(4) For company-operated stores only.
(5) Includes the growth of same-store merchandise revenues of Circle K HK starting December 21, 2020.

Revenues

Our revenues were $12.2 billion for the fourth quarter of fiscal 2021, up by $2.6 billion, an increase of 26.3% compared with the corresponding quarter of fiscal 2020, mainly attributable to a higher average road transportation fuel selling price, the net positive impact from the translation of revenues of our Canadian and European operations into US dollars, which had an impact of approximately $309.0 million, to higher fuel demand and to organic growth on merchandise and service sales.

Merchandise and service revenues

Total merchandise and service revenues for the fourth quarter of fiscal 2021 were $3.7 billion, an increase of $491.1 million compared with the corresponding quarter of fiscal 2020. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, merchandise and service revenues increased by approximately $411.0 million, or 12.7%. This increase is primarily attributable to organic growth on merchandise and service sales, as well as the contribution from acquisitions, which amounted to approximately $165.0 million. Same-store merchandise revenues increased by 8.1% in the United States, by 9.7% in Europe and other regions, and by 1.6% in Canada.

Road transportation fuel revenues

Total road transportation fuel revenues for the fourth quarter of fiscal 2021 were $8.4 billion, an increase of $2.0 billion compared with the corresponding quarter of fiscal 2020. 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 $1.8 billion, or 28.6%. This increase is mostly attributable to a higher average road transportation fuel selling price, which had a positive impact of approximately $1.5 billion, as well as to higher fuel demand. Same-store road transportation fuel volume increased in the United States by 5.4%, in Europe and other regions by 3.6%, and in Canada by 4.9%, however fuel demand continues to be impacted by the restrictive social measures and continued work for home trends in the various geographies in which we operate.

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 first quarter of the fiscal year ended April 26, 2020:

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

Other revenues

Total other revenues for the fourth quarter of fiscal 2021 were $162.7 million, an increase of $33.6 million compared with the corresponding period of fiscal 2020. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, other revenues increased by approximately $21.0 million in the fourth quarter of fiscal 2021, primarily driven by higher demand and higher prices on our other fuel products.

Gross profit[1]

Our gross profit was $2.3 billion for the fourth quarter of fiscal 2021, up by $67.0 million, or 3.0%, compared with the corresponding quarter of fiscal 2020, mainly attributable to organic growth on merchandise and service sales and higher fuel demand, the net positive impact from the translation of our Canadian and European operations into US dollars, which had an impact of approximately $65.0 million, as well as to the contribution from acquisitions, partly offset by lower road transportation fuel gross margins in the United States.

Merchandise and service gross profit

In the fourth quarter of fiscal 2021, our merchandise and service gross profit was $1.2 billion, an increase of $145.2 million compared with the corresponding quarter of fiscal 2020. 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 $117.0 million, or 10.9%. The contribution from acquisitions amounted to approximately $44.0 million. Our gross margin decreased by 0.7% in the United States to 31.8% and by 0.1% in Canada to 31.0%, mainly due to inventory adjustments of $26.4 million and $3.2 million, respectively, mostly related to a net realizable value provision on personal protective equipment. Excluding inventory adjustments, gross margin in the U.S. and Canada would have been 32.8% and 31.6%, respectively, favorably impacted by changes in product mix. Our gross margin decreased by 2.5% in Europe and other regions to 38.1%, mainly due to the integration of Circle K Hong Kong, which has a different product mix than our European operations. Excluding Circle K Hong Kong, our gross margin in Europe and other regions would have been 42.8%, impacted by favorable changes in product mix.

Road transportation fuel gross profit

In the fourth quarter of fiscal 2021, our road transportation fuel gross profit was $1.1 billion, a decrease of $89.7 million compared with the corresponding quarter of fiscal 2020. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, our road transportation fuel gross profit decreased by approximately $122.0 million, or 10.4%. In the United States, our road transportation fuel gross margin was 34.45¢ per gallon, a decrease of 10.48¢ per gallon, mainly driven by unusually high margins in the comparative quarter due to the sharp decline in crude oil prices last year. In Europe and other regions, it was US 10.85¢ per liter, an increase of US 2.18¢ per liter, and in Canada, it was CA 10.92¢ per liter, an increase of CA 2.56¢ per liter. Fuel margins remained healthy, from favorable market conditions and improved underlying product costs, driven by fuel rebranding and procurement initiatives.

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

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

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

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

Other revenues gross profit

In the fourth quarter of fiscal 2021, other revenues gross profit was $44.7 million, an increase of $11.5 million compared with the corresponding period of fiscal 2020. Excluding the net positive impact from the translation of our Canadian and European operations into US dollars, other revenues gross profit increased by approximately $7.0 million in the fourth quarter of fiscal 2021, mainly driven by higher margins on our other fuel products, partly offset by a decrease in rental income.

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

For the fourth quarter of fiscal 2021, expenses increased by 3.1%, compared with the corresponding period of fiscal 2020. If we exclude certain items that are not considered indicative of future trends, expenses decreased by 2.9%.

	12-week period ended April 25, 2021
Total variance, as reported	**3.1%**
Adjusted for:	
Increase from the net impact of foreign exchange translation	**(3.3%)**
Increase from incremental expenses related to acquisitions	**(2.2%)**
Increase from higher electronic payment fees, excluding acquisitions	**(0.9%)**
Impact from the December 2018 asset exchange agreement with CAPL, net of electronic payment fees	**0.3%**
Acquisition costs recognized to earnings of fiscal 2020	**0.2%**
Acquisition costs recognized to earnings of fiscal 2021	**(0.1%)**
Remaining variance	**(2.9%)**

Decrease of expenses of the fourth quarter was driven by government grants of $41.0 million, cost and labor efficiencies, a lower level of COVID-19 related expenses, as well as rigorous work and activities initiated to streamline and minimize our controllable expenses, partly offset by normal inflation, higher labor costs from minimum wages increases and pressure from low unemployment rates in certain regions and incremental investments in our stores to support our strategic initiatives. COVID-19 related expenses of the fourth quarter of fiscal 2021 include *Thank You* bonuses in Canada, additional cleaning and sanitizing supplies, masks and gloves for our employees, as well as donations of personal protective equipment to the communities around our stores.

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

During the fourth quarter of fiscal 2021, EBITDA stood at $1.1 billion, an increase of 2.2% compared with the same quarter last year. Adjusted EBITDA for the fourth quarter of fiscal 2021 increased by $38.8 million, or 3.7%, compared with the corresponding quarter of the previous fiscal year, mainly due to organic growth of our convenience activities, higher fuel demand, lower operating expenses, the net positive impact from the translation of our Canadian and European operations into US dollars, which had a net positive impact of approximately $25.0 million, as well as the contribution from acquisitions, 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 these performance measures not defined by IFRS.

Depreciation, amortization and impairment (“depreciation”)

For the fourth quarter of fiscal 2021, our depreciation expense increased by $37.5 million compared with the fourth quarter of fiscal 2020. Excluding the net negative impact from the translation of our Canadian and European operations into US dollars, the depreciation expense increased by approximately $26.0 million, mainly driven by the impact from investments made through acquisitions, the replacement of equipment, as well as the ongoing improvement of our network.

Net financial expenses

Net financial expenses for the fourth quarter of fiscal 2021 were $71.7 million, an increase of $18.5 million compared with the fourth quarter of fiscal 2020. Excluding the items shown in the table below, net financial expenses for the fourth quarter of fiscal 2021 increased by $0.4 million compared with the fourth quarter of fiscal 2020.

	12-week periods ended	
(in millions of US dollars)	**April 25, 2021**	April 26, 2020
Net financial expenses, as reported	**71.7**	53.2
Adjusted for:		
Impact of the redemption notice of senior unsecured notes	**(29.1)**	—
Change in fair value of derivative financial instruments in Fire & Flower and amortization of deferred differences	**21.0**	(0.8)
Impact from conversion of a portion of our convertible debentures in Fire & Flower	**13.1**	—
Net foreign exchange (loss) gain	**(1.1)**	22.8
Net financial expenses excluding items above	**75.6**	75.2

Income taxes

The income tax rate for the fourth quarter of fiscal 2021 was 18.5% compared with 20.1% for the corresponding period of fiscal 2020. Excluding the item shown in the table below, the income tax rate for the fourth quarter of fiscal 2020 would have been 20.7%. The decrease for the fourth quarter of fiscal 2021 is mainly stemming from the impact of a different mix in our earnings across the various jurisdictions in which we operate, as well as from gains taxable at a lower income tax rate.

	12-week periods ended	
	April 25, 2021	April 26, 2020
Income tax rate, as reported	**18.5%**	20.1%
Adjusted for:		
Release of deferred tax asset valuation allowance	**—**	0.6%
Net income tax rate excluding items above	**18.5%**	20.7%

Net earnings attributable to shareholders of the Corporation (“net earnings”) and adjusted net earnings attributable to shareholders of the Corporation (“adjusted net earnings[1]”)

Net earnings for the fourth quarter of fiscal 2021 were $563.9 million, compared with $576.3 million for the fourth quarter of the previous fiscal year, a decrease of $12.4 million, or 2.2%. Diluted net earnings per share stood at $0.52, unchanged compared with 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 $14.0 million on net earnings of the fourth quarter of fiscal 2021.

Adjusted net earnings for the fourth quarter of fiscal 2021 were approximately $564.0 million, compared with $520.0 million for the fourth quarter of fiscal 2020, an increase of $44.0 million, or 8.5%. Adjusted diluted net earnings per share[1] were $0.52 for the fourth quarter of fiscal 2021, compared with $0.47 for the corresponding quarter of fiscal 2020, an increase of 10.6%.

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

Summary Analysis of Consolidated Results for Fiscal 2021

The following table highlights certain information regarding our operations for the 52-week periods ended April 25, 2021, April 26, 2020, and April 28, 2019. Europe and other regions include the results from our operations in Asia. CAPL refers to CrossAmerica Partners LP.

	52-week periods ended		
(in millions of US dollars, unless otherwise stated)	**April 25, 2021**	April 26, 2020, Adjusted[3]	April 28, 2019, Adjusted[3]
Statement of Operations Data:			
Merchandise and service revenues[1]:			
United States	**11,489.9**	10,918.4	10,781.8
Europe and other regions	**1,830.8**	1,416.3	1,457.8
Canada	**2,552.3**	2,302.7	2,172.7
CAPL	**—**	29.6	95.8
Elimination of intercompany transactions with CAPL	**—**	*(0.8)*	*(2.7)*
Total merchandise and service revenues	**15,873.0**	14,666.2	14,505.4
Road transportation fuel revenues:			
United States	**19,594.7**	25,724.8	28,195.6
Europe and other regions	**6,295.3**	7,481.1	8,380.7
Canada	**3,515.3**	4,415.7	4,957.9
CAPL	**—**	1,365.7	2,211.8
Elimination of intercompany transactions with CAPL	**—**	*(288.0)*	*(444.7)*
Total road transportation fuel revenues	**29,405.3**	38,699.3	43,301.3
Other revenues[2]:			
United States	**44.3**	36.9	21.8
Europe and other regions	**419.3**	652.0	1,220.7
Canada	**18.2**	21.3	24.5
CAPL	**—**	65.6	61.2
Elimination of intercompany transactions with CAPL	**—**	*(8.9)*	*(17.3)*
Total other revenues	**481.8**	766.9	1,310.9
Total revenues	**45,760.1**	54,132.4	59,117.6
Merchandise and service gross profit[1][4]:			
United States	**3,798.7**	3,641.2	3,602.7
Europe and other regions	**716.2**	587.6	609.0
Canada	**800.2**	733.2	709.4
CAPL	**—**	6.8	23.3
Elimination of intercompany transactions with CAPL	**—**	*(0.8)*	*(2.3)*
Total merchandise and service gross profit	**5,315.1**	4,968.0	4,942.1
Road transportation fuel gross profit[4]:			
United States	**3,095.2**	3,103.3	2,457.4
Europe and other regions	**1,119.7**	932.0	981.1
Canada	**391.6**	344.2	392.8
CAPL	**—**	57.5	103.6
Total road transportation fuel gross profit	**4,606.5**	4,437.0	3,934.9
Other revenues gross profit[2][4]:			
United States	**44.2**	36.9	21.8
Europe and other regions	**131.2**	123.6	149.7
Canada	**18.3**	21.2	24.5
CAPL	**—**	65.7	61.2
Elimination of intercompany transactions with CAPL	**—**	*(8.9)*	*(17.3)*
Total other revenues gross profit	**193.7**	238.5	239.9
Total gross profit[4]	**10,115.3**	9,643.5	9,116.9
Operating, selling, administrative and general expenses			
Excluding CAPL[10]	**5,148.6**	5,189.7	5,517.3
CAPL	**—**	46.8	80.5
Elimination of intercompany transactions with CAPL	**—**	*(9.2)*	*(19.2)*
Total operating, selling, administrative and general expenses	**5,148.6**	5,227.3	5,578.6
Gain on disposal of property and equipment and other assets	**(67.8)**	(83.1)	(21.3)
Depreciation, amortization and impairment			
Excluding CAPL	**1,358.9**	1,282.9	927.2
CAPL	**—**	53.9	143.5
Total depreciation, amortization and impairment	**1,358.9**	1,336.8	1,070.7
Operating income			
Excluding CAPL	**3,675.6**	3,137.7	2,534.0
CAPL	**—**	25.3	(44.7)
Elimination of intercompany transactions with CAPL	**—**	*(0.5)*	*(0.4)*
Total operating income	**3,675.6**	3,162.5	2,488.9
Net financial expenses	**342.5**	284.5	320.1
Net earnings including non-controlling interests	**2,705.5**	2,357.6	1,821.3
Net (earnings) loss attributable to non-controlling interests	**—**	(4.0)	12.6
Net earnings attributable to shareholders of the Corporation	**2,705.5**	2,353.6	1,833.9
Per Share Data:			
Basic net earnings per share (dollars per share)	**2.45**	2.10	1.62
Diluted net earnings per share (dollars per share)	**2.44**	2.09	1.62
Adjusted diluted net earnings per share (dollars per share)[4][10]	**2.45**	1.97	1.63
Cash dividend per share declared for fiscal year ended (CA cents per share)	**33.25**	26.50	22.50

(in millions of US dollars, unless otherwise stated)	52-week periods ended April 25, 2021	April 26, 2020, Adjusted[3]	April 28, 2019, Adjusted[3]
Other Operating Data – excluding CAPL:			
Merchandise and service gross margin[1]:			
Consolidated[3]	**33.5%**	33.9%	34.1%
United States[3]	**33.1%**	33.3%	33.4%
Europe and other regions	**39.1%**	41.5%	41.8%
Canada[3]	**31.4%**	31.8%	32.7%
Growth of same-store merchandise revenues[5]:			
United States[6]	**5.6%**	2.1%	4.1%
Europe and other regions[7]	**6.1%**	0.1%	4.8%
Canada[6]	**9.5%**	2.8%	5.2%
Road transportation fuel gross margin:			
United States (cents per gallon)[3]	**35.28**	29.62	22.38
Europe and other regions (cents per liter)	**10.99**	8.48	8.61
Canada (CA cents per liter)[3]	**10.36**	7.88	8.34
Total volume of road transportation fuel sold:			
United States (millions of gallons)	**8,772.8**	10,476.1	10,979.5
Europe and other regions (millions of liters)	**10,191.8**	10,990.3	11,391.2
Canada (millions of liters)	**4,952.6**	5,815.6	6,198.9
(Decrease in) growth of same-store road transportation fuel volume[6]:			
United States	**(12.9%)**	(3.9%)	0.7%
Europe and other regions	**(6.4%)**	(3.9%)	(0.9%)
Canada	**(14.9%)**	(6.0%)	(1.6%)

(in millions of US dollars, unless otherwise stated)	**As at April 25, 2021**	As at April 26, 2020	As at April 28, 2019
Balance Sheet Data[8]:			
Total assets (including $1.1 billion for CAPL as at April 28, 2019)	**28,394.5**	25,679.5	25,033.0
Interest-bearing debt (including $696.0 million for CAPL as at April 28, 2019)[9]	**9,602.0**	10,379.3	9,575.3
Equity attributable to shareholders of the Corporation	**12,180.9**	10,066.6	8,913.7
Indebtedness Ratios[4]:			
Net interest-bearing debt/total capitalization[9]	**0.35 : 1**	0.40 : 1	0.48 : 1
Leverage ratio[10]	**1.32 : 1**	1.54 : 1	2.09 : 1
Returns[4]:			
Return on equity	**24.3%**	24.8%	21.9%
Return on capital employed	**15.9%**	15.0%	12.6%

(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, energy for stationary engines and marine fuel (until November 30, 2018).
(3) Please refer to the section *"*Change in Classification of Internal Logistics Costs*"* for additional information on changes affecting the comparative periods.
(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 HK starting December 21, 2020.
(8) The balance sheet data as at April 28, 2019, has been adjusted for the estimated pro forma impact of IFRS 16. The previous total assets reported was $22,607.7 million, the interest-bearing debt was $6,951.4 million and the equity attributable to shareholders of the Corporation was $8,923.2 million for the 52-week period ended April, 28, 2019.
(9) 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.
(10) Figures of Adjusted EBITDA, Adjusted net earnings, as well as Adjusted diluted net earnings per share as at April 26, 2020 (refer to footnote 4 above), have been updated to remove the adjustment for the restructuring costs. This adjustment had no impact on the leverage ratio as at April 26, 2020. In addition, Operating, selling, administrative and general expenses excluding CAPL for the 52-week periods ended April 26, 2020 and April 28, 2019 now include the restructuring costs that were previously presented on a distinct line.

Revenues

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

Merchandise and service revenues

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

Road transportation fuel revenues

For fiscal 2021, the road transportation fuel revenues decreased by $9.3 billion compared with fiscal 2020. Excluding CAPL's revenues, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, road transportation fuel revenues decreased by approximately $8.7 billion, or 23.1%. This decrease is mostly attributable to the negative impact of COVID-19 on fuel demand, a lower average road transportation fuel selling price, which had a negative impact of approximately $3.3 billion, as well as to the disposal of a portion of our U.S. wholesale fuel business in fiscal 2020. Same-store road transportation fuel volume decreased by 12.9% in the United States, by 6.4% in Europe and other regions, and by 14.9% 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, starting with the first quarter of the fiscal year ended April 26, 2020:

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

Other revenues

Total other revenues for fiscal 2021 were $481.8 million, a decrease of $285.1 million compared with fiscal 2020. Excluding CAPL's revenues, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, other revenues decreased by approximately $266.0 million in fiscal 2021, primarily driven by lower demand and lower prices on our other fuel products.

Gross profit[1]

For fiscal 2021, our gross profit increased by $471.8 million, or 4.9%, compared with fiscal 2020, mainly attributable to higher road transportation fuel gross margins, organic growth of our convenience activities, the net positive impact from the translation of our Canadian and European operations into US dollars, which had an impact of approximately $112.0 million, partly offset by the negative impact of COVID-19 on fuel demand and the disposal of our interests in CAPL, which had an impact of approximately $120.0 million.

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

Merchandise and service gross profit

During fiscal 2021, our merchandise and service gross profit was $5.3 billion, an increase of $347.1 million compared with fiscal 2020. Excluding CAPL's gross profit, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, merchandise and service gross profit increased by approximately $305.0 million, or 6.2%. This increase is mostly attributable to organic growth, despite lower traffic in our network due to the COVID-19 pandemic. The contribution from acquisitions amounted to approximately $75.0 million. Our gross margin decreased by 0.2% in the United States to 33.1% and by 0.4% in Canada to 31.4%, mainly due to a change in our product mix driven by the COVID-19 pandemic, as well as to inventory adjustments of $36.6 million in the United States and $3.2 million in Canada, mostly related to a net realizable value provision on personal protective equipment. Our gross margin decreased by 2.4% in Europe and other regions to 39.1%, mainly due to a change in our product mix towards lower margin categories as well as the integration of Circle K HK, which has a different product mix than our European operations. Excluding Circle K HK, our gross margin in Europe and other regions would have been 40.9%.

Road transportation fuel gross profit

During fiscal 2021, our road transportation fuel gross profit was $4.6 billion, an increase of $169.5 million compared with fiscal 2020. Excluding CAPL's gross profit, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, road transportation fuel gross profit increased by approximately $172.0 million, or 3.9%. The road transportation fuel gross margin was 35.28¢ per gallon in the United States, an increase of 5.66¢ per gallon, in Europe and other regions, it was US 10.99¢ per liter, an increase of 2.51¢ per liter, and in Canada, it was CA 10.36¢ per liter, an increase of CA 2.48¢ per liter. Growth in road transportation fuel gross margins were driven by volatility of fuel product costs, changes in competitive landscape, and procurement initiatives.

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 first quarter of the fiscal year ended April 26, 2020, were as follows:

(US cents per gallon)

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

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

Other revenues gross profit

During fiscal 2021, other revenues gross profit was $193.7 million, a decrease of $44.8 million compared with fiscal 2020. Excluding CAPL's gross profit, as well as the net positive impact from the translation of our Canadian and European operations into US dollars, other revenues gross profit increased by approximately $3.0 million in fiscal 2021, mainly driven by higher margins on our other fuel products, partly offset by a decrease in rental income.

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

For fiscal 2021, expenses decreased by 1.5% compared with fiscal 2020. If we exclude certain items that are not considered indicative of future trends, expenses decreased by 1.2%.

	52-week period ended April 25, 2021
Total variance, as reported	**(1.5%)**
Adjusted for:	
Decrease from lower electronic payment fees, excluding acquisitions	**1.3%**
Increase from the net impact of foreign exchange translation	**(1.3%)**
Decrease from the disposal of our interests in CAPL	**0.9%**
Increase from incremental expenses related to acquisitions	**(0.9%)**
Impact from the December 2018 asset exchange agreement with CAPL, net of electronic payment fees	**0.4%**
Acquisition costs recognized to earnings of fiscal 2021	**(0.2%)**
Acquisition costs recognized to earnings of fiscal 2020	**0.1%**
Remaining variance	**(1.2%)**

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

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

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

Depreciation, amortization and impairment ("depreciation")

For fiscal 2021, our depreciation expense increased by $22.1 million compared with fiscal 2020. Excluding CAPL's results, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, the depreciation expense increased by approximately $59.0 million for fiscal 2021, mainly driven by the impact from investments made through acquisitions, the replacement of equipment, as well as the ongoing improvement of our network.

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

Net financial expenses

Net financial expenses for fiscal 2021 were $342.5 million, an increase of $58.0 million compared with fiscal 2020. Excluding the items shown in the table below, net financial expenses for fiscal 2021 increased by $19.9 million compared with fiscal 2020, driven by higher average cost of debt.

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

Income taxes

For fiscal 2021, the income tax rate was 19.5% compared with 18.8% for fiscal 2020. Excluding the items shown in the table below, the income tax rate would have been 19.9% for fiscal 2020, the decrease stemming from the impact of a different mix in our earnings across the various jurisdictions in which we operate, as well as from gains taxable at a lower income tax rate.

	52-week periods ended	
	April 25, 2021	April 26, 2020
Income tax rate, as reported	**19.5%**	18.8%
Adjusted for:		
Release of deferred tax asset valuation allowance	**—**	1.2%
Income tax expense following the December 2018 asset exchange agreement with CAPL	**—**	(0.1%)
Net income tax rate excluding items above	**19.5%**	19.9%

Net earnings attributable to shareholders of the Corporation ("net earnings") and adjusted net earnings attributable to shareholders of the Corporation ("adjusted net earnings[1]")

For fiscal 2021, net earnings were $2.7 billion, compared with $2.4 billion for fiscal 2020, an increase of $351.9 million, or 15.0%. Diluted net earnings per share stood at $2.44, compared with $2.09 for the previous fiscal year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net positive impact of approximately $28.0 million on net earnings of fiscal 2021.

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

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

Financial Position as at April 25, 2021

As shown by our indebtedness ratios included in the “Summary Analysis of Consolidated Results of Fiscal 2021” section and our net cash provided by operating activities, our financial position remains healthy.

Our total consolidated assets amounted to $28.4 billion as at April 25, 2021, an increase of $2.7 billion over the balance as at April 26, 2020, primarily due to the net positive impact of the variation in exchange rates at the balance sheet date, as well as from the acquisition of Circle K HK.

During the 52-week periods ended April 25, 2021 and April 26, 2020, we recorded a return on capital employed[1] of 15.9% and 15.0%, respectively.

Significant balance sheet variations are explained as follows:

Accounts receivable

Accounts receivable increased by $515.7 million, from $1.3 billion as at April 26, 2020, to $1.8 billion as at April 25, 2021. The increase stems mainly from a higher selling price for road transportation fuel during the last weeks of the fiscal year, organic growth, as well as from the net positive impact of approximately $128.0 million from the variation in exchange rates at the balance sheet date.

Inventories

Inventories increased by $530.2 million, from $1.2 billion as at April 26, 2020, to $1.8 billion as at April 25, 2021. The increase stems mainly from higher road transportation fuel cost, higher quantities on hand for both road transportation fuel and merchandise as well as from the positive net impact of approximately $54.0 million from the variation in exchange rates at the balance sheet date.

Assets held for sale

Assets held for sale increased by $271.1 million, from $64.0 million as at April 26, 2020, to $335.1 million as at April 25, 2021. The increase steams mainly from our decision to dispose of certain sites across 25 states in the United States and 6 provinces in Canada based on a strategic review of our network.

Property and equipment

Property and equipment increased by $733.6 million, from $10.1 billion as at April 26, 2020, to $10.9 billion as at April 25, 2021, mainly as a result of the investments we made to our network, as well as the net positive impact of approximately $519.0 million from the variation in exchange rates at the balance sheet date, partly offset by the depreciation, amortization and impairment expense, as well as by the reclassification of some property and equipment as assets held for sale.

Right-of-use assets

Right-of-use assets increased by $555.2 million, from $2.5 billion as at April 26, 2020, to $3.1 billion as at April 25, 2021. The increase stems mainly from the exercise of renewal options, the revision of lease terms, the increase of our internal transportation fleet, the acquisition of Circle K HK, as well as from the net positive impact of approximately $168.0 million from the variation in exchange rates at the balance sheet date, partly offset by the depreciation, amortization and impairment expense.

Goodwill

Goodwill increased by $440.5 million, from $5.5 billion as at April 26, 2020, to $5.9 billion as at April 25, 2021, mainly as a result of the acquisition of Circle K HK, and the positive net impact of approximately $182.0 million from the variation in exchange rates at the balance sheet date.

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

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by $1.2 billion, from $2.8 billion as at April 26, 2020, to $4.0 billion as at April 25, 2021. The increase results mainly from higher cost for road transportation fuel purchases, the higher level of fuel purchases in response to higher demand at the end of fiscal 2021 compared with the end of fiscal 2020, as well as from the net impact of the strengthening of the Canadian and European currencies against the US dollar, which was approximately $211.0 million.

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

Long-term debt and current portion of long-term debt decreased by $1.3 billion, from $7.7 billion as at April 26, 2020, to $6.4 billion as at April 25, 2021, mainly as a result of the repayment of our term revolving unsecured operating credit facility and the repayment of a portion of our Canadian-dollar-denominated senior unsecured notes, partly offset by the net impact of the strengthening of the Canadian dollar, the Euro and the Norwegian krone against the US dollar, which was approximately $273.0 million.

Lease liabilities and current portion of lease liabilities

Long-term lease liabilities and current portion of lease liabilities increased by $563.3 million, from $2.6 billion as at April 26, 2020 to $3.2 billion as at April 25, 2021. The increase stems mainly from the exercise of renewal options, the revision of lease terms, the increase of our internal transportation fleet, the acquisition of Circle K HK, as well as from the net impact of the strengthening of the Canadian and European currencies against the US dollar, which was approximately $167.0 million, partly offset by the repayments made on our lease liabilities during fiscal 2021.

Equity

Equity amounted to $12.2 billion as at April 25, 2021, up $2.1 billion compared with April 26, 2020, mainly reflecting net earnings and other comprehensive income for fiscal 2021, partly offset by the impact of share repurchases and by the dividends declared during the same period. For the 52-week periods ended April 25, 2021, and April 26, 2020, we recorded a return on equity[1] of 24.3% and 24.8%, 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. Our principal uses of cash are to repay our debt, finance our acquisitions and capital expenditures, pay dividends and repurchase shares, as well as to provide for working capital. We expect that cash generated from operations and borrowings available under our revolving unsecured credit facility will be adequate to meet our liquidity needs in the foreseeable future.

Our credit facility is detailed as follows:

Term revolving unsecured operating credit facility, maturing in December 2024 (“operating credit facility D”)

Credit agreement consisting of a revolving unsecured facility of a maximum amount of $2.5 billion. As at April 25, 2021, our operating credit facility D was not used and standby letters of credit in the amount of $6.8 million were outstanding.

Available liquidities

As at April 25, 2021, a total of approximately $2.5 billion was available under our operating credit facility D and we were in compliance with the restrictive covenants and ratios imposed by the credit agreement at that date. Thus, as at the same date, we had access to approximately $5.5 billion through our available cash and our operating credit facility D.

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

Selected Consolidated Cash Flow Information

(in millions of US dollars)	52-week periods ended April 25, 2021	April 26, 2020	Variation
Operating activities			
Net cash provided by operating activities	**4,086.6**	3,720.7	365.9
Investing activities			
Purchase of property and equipment, intangible assets and other assets	**(1,222.2)**	(1,408.2)	186.0
Business acquisitions	**(433.5)**	(89.5)	(344.0)
Proceeds from disposal of property and equipment and other assets	**181.4**	89.7	91.7
Proceeds from disposal of investments in equity instruments	**100.5**	—	100.5
Proceeds from the disposal of the Corporation's interests in CAPL, net of transaction costs and cash and cash equivalents disposed	**—**	185.2	(185.2)
Other investing activities	**(11.8)**	9.0	(20.8)
Net cash used in investing activities	**(1,385.6)**	(1,213.8)	(171.8)
Financing activities			
Net (decrease) increase in term revolving unsecured operating credit facility D	**(1,500.0)**	1,460.0	(2,960.0)
Share repurchases	**(1,046.7)**	(470.8)	(575.9)
Principal elements of lease payments and net changes in other debts	**(387.7)**	(380.0)	(7.7)
Cash dividends paid	**(268.3)**	(215.7)	(52.6)
Repayment of senior unsecured notes	**(227.1)**	(1,241.4)	1,014.3
Issuance of US-dollar-denominated senior unsecured notes, net of financing costs	**—**	1,484.1	(1,484.1)
Settlements of derivative financial instruments	**—**	(100.6)	100.6
Other financing activities	**0.2**	(54.9)	55.1
Net cash (used in) provided by financing activities	**(3,429.6)**	480.7	(3,910.3)
Credit ratings			
S&P Global Ratings – Corporate credit rating	**BBB**	BBB	
Moody's – Senior unsecured notes credit rating	**Baa2**	Baa2	

Operating activities

During fiscal 2021, net cash from our operations reached $4.1 billion, up $365.9 million compared with fiscal 2020, mainly due to higher net earnings.

Investing activities

During fiscal 2021, net investments in property and equipment, intangible assets and other assets amounted to $1.0 billion, business acquisitions amounted to $433.5 million, and proceeds from disposal of investment in equity instruments amounted to $100.5 million.

The investments in property and equipment, intangible and other assets 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 information technology.

Financing activities

During fiscal 2021, we repaid $1.5 billion on our operating credit facility D, repurchased Class B subordinate voting shares for a net amount of $1.0 billion, repaid $387.7 million on the principal elements of our lease liabilities and other debts, paid dividends in the amount of $268.3 million and repaid $227.1 million on our senior unsecured notes.

Contractual Obligations and Commercial Commitments

Set out below is a summary of our material contractual obligations as at April 25, 2021[1]:

(in millions of US dollars)	2022	2023	2024	2025	2026	Thereafter	Total
Contractual obligations							
Long-term debt	1,289.5	375.9	168.9	718.4	780.4	5,232.0	**8,565.1**
Lease liabilities	504.3	428.7	387.1	338.1	300.5	2,000.9	**3,959.6**
Cross-currency interest rate swaps payable[2]	48.9	299.7	40.1	588.4	580.7	—	**1,557.8**
Cross-currency interest rate swaps receivable[2]	(45.1)	(245.4)	(37.3)	(589.5)	(570.9)	—	**(1,488.2)**
Total	1,797.6	858.9	558.8	1,055.4	1,090.7	7,232.9	**12,594.3**

(1) The summary does not include the payments required under defined benefit pension plans.

(2) Based on spot rates, as at April 25, 2021, for balances for which the respective functional currency differs from our reporting currency and for balances bearing interest at variable rates.

	2022	2023	2024	2025	2026	Thereafter	Total
Fuel Purchase Obligations							
United States (in millions of gallons)	2,120.9	1,701.2	1,231.9	1,207.2	1,204.0	2,558.0	**10,023.2**
Europe (in millions of liters)	7,443.5	823.6	480.9	0.1	—	—	**8,748.1**
Canada (in millions of liters)	3,904.2	3,641.7	3,009.7	3,009.7	3,009.7	25,153.5	**41,728.5**

Long-term debt. As at April 25, 2021, our long-term debt totaled $6.4 billion, detailed as follows:

i. Unsecured notes denominated in US-dollar totaling $4.0 billion, in Canadian-dollar totaling CA $1.7 billion, in Euro totaling €750.0 million and in Norwegian-krone totaling NOK 675.0 million, divided as follows:

	Principal amount	Maturity	Coupon rate	Effective rate as at April 25, 2021	Interest payment dates
July 26, 2017 issuance	$1,000.0	July 26, 2022[1]	2.700%	2.819%	July 26th and January 26th
November 1, 2012 issuance	CA $250.0	November 1, 2022	3.899%	3.963%	May 1st and November 1st
July 26, 2017 issuance	CA $700.0	July 26, 2024	3.056%	3.133%	July 26th and January 26th
June 2, 2015 issuance	CA $700.0	June 2, 2025	3.600%	3.649%	June 2nd and December 2nd
February 18, 2016 issuance	NOK 675.0	February 18, 2026	3.850%	3.927%	April 20th and October 20th
May 6, 2016 issuance	€750.0	May 6, 2026	1.875%	1.944%	May 6th
July 26, 2017 issuance	$1,000.0	July 26, 2027	3.550%	3.642%	July 26th and January 26th
January 22, 2020 issuance	$750.0	January 25, 2030	2.950%	3.033%	July 25th and January 25th
July 26, 2017 issuance	$500.0	July 26, 2047	4.500%	4.576%	July 26th and January 26th
January 22, 2020 issuance	$750.0	January 25, 2050	3.800%	3.880%	July 25th and January 25th

ii.

(1) Following the delivery of a redemption notice by the Corporation on April 14, 2021, repayment on these senior unsecured notes was effective May 14, 2021.

iii. Other debts of $85.1 million, including various notes payable.

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

Fuel purchase obligations. We have entered into various fuel purchase agreements, which require us to purchase minimum volume of road transportation fuel annually. Failure to satisfy the minimum purchase requirements could result in termination of the contract, penalties for shortfall volumes, change in the pricing of the products, payment to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received. We have generally exceeded such minimum requirements in the past and do not expect that any potential failure to meet those in the foreseeable future could lead to the materialization of any of the outcomes described above. As at April 25, 2021, our fuel purchase obligation consisted of multiple contracts under which we have 10.0 billion of gallons and 50.5 billion of liters to be purchased over the next years.

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

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

Guarantees. We assigned a number of lease agreements for premises to third parties. Under some of these agreements, we retain a secondary responsibility to the landlord for payment of amounts under the lease agreements should the sub lessees, which assume primary responsibility, fail to pay. As at April 25, 2021, the total future lease payments under such agreements are approximately $14.8 million and the fair value of the guarantee is not significant. Historically, we have not made any significant payments in connection with these contracts and we do not expect to make any in the foreseeable future.

We have also issued different form of guarantees, including financial guarantee commitments under car rental agreements and on behalf of retailers in Sweden. The maximum undiscounted future payments related to those guarantees total $19.4 million and the carrying amount and fair value of the guarantee commitments recognized in our consolidated balance sheet as at April 25, 2021, were not significant.

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

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

Off-Balance Sheet Arrangements

In the normal course of business, we had issued outstanding letters of credit for an amount of $106.1 million as at April 25, 2021. Other than those letters of credit, we have no other off-balance sheet activities. Our future commitments are included under “Long term debt” in the table above.

Selected Quarterly Financial Information

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

(in millions of US dollars, except per share data)	**52-week period ended April 25, 2021**				52-week period ended April 26, 2020			
Quarter	**4th**	3rd	2nd	1st	4th	3rd	2nd	1st
Weeks	**12 weeks**	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks
Revenues	**12,237.4**	13,157.5	10,655.4	9,709.8	9,687.2	16,604.2	13,678.0	14,163.0
Operating income before depreciation, amortization and impairment	**1,106.3**	1,253.3	1,326.1	1,348.8	1,077.0	1,274.6	1,088.9	1,058.8
Depreciation, amortization and impairment	**344.9**	418.7	305.8	289.5	307.4	406.1	316.2	307.1
Operating income	**761.4**	834.6	1,020.3	1,059.3	769.6	868.5	772.7	751.7
Share of earnings of joint ventures and associated companies	**1.8**	8.2	7.5	8.5	7.3	5.1	6.5	6.6
Net financial expenses	**71.7**	105.6	77.2	88.0	53.2	84.2	60.1	87.0
Net earnings including non-controlling interests	**563.9**	607.5	757.0	777.1	578.3	663.9	579.4	536.0
Net (earnings) loss attributable to non-controlling interests	**—**	—	—	—	(2.0)	(4.0)	(0.8)	2.8
Net earnings attributable to shareholders of the Corporation	**563.9**	607.5	757.0	777.1	576.3	659.9	578.6	538.8
Net earnings per share								
Basic	**$0.52**	$0.55	$0.68	$0.70	$0.52	$0.59	$0.51	$0.48
Diluted	**$0.52**	$0.55	$0.68	$0.70	$0.52	$0.59	$0.51	$0.48

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

Analysis of Consolidated Results for the Fiscal Year Ended April 26, 2020

Revenues

For fiscal 2020, our revenues decreased by $5.0 billion, or 8.4% compared with fiscal 2019, mainly attributable to the negative impact of COVID-19 on fuel demand, to a lower road transportation fuel average selling price, to the disposal of our interests in CAPL and of our marine fuel business, as well as to the net negative impact from the translation of revenues of our Canadian and European operations into US dollars, which had a net negative impact of approximately $670.0 million, partly offset by organic growth.

<u>Merchandise and service revenues</u>

For fiscal 2020, the growth in merchandise and service revenues was $160.8 million. Excluding CAPL's revenues, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, merchandise and service revenues increased by approximately $322.0 million or 2.2%. This increase is primarily attributable to organic growth, partly offset by the impact of COVID-19 in the fourth quarter. Same-store merchandise revenues increased by 2.1% in the United States, by 0.1% in Europe and by 2.8% in Canada, driven by the success of our rebranding activities, improvements made to our offering, as well as by our various initiatives to drive traffic in our stores, partly offset by the negative impact of COVID-19 on traffic toward the end of the fiscal year.

<u>Road transportation fuel revenues</u>

For fiscal 2020, the road transportation fuel revenues decreased by $4.6 billion compared with fiscal 2019. Excluding CAPL's revenues, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, road transportation fuel revenues decreased by approximately $3.4 billion or 8.2%. This decrease is mostly attributable to the negative impact of COVID-19 on fuel demand, as well as to a lower average road transportation fuel selling price, which had a negative impact of approximately $1.5 billion. Same-store road transportation fuel volume decreased by 3.9% in the United States and in Europe. In Canada, same-store road transportation fuel volume decreased by 6.0%, mainly attributable to the competitive landscape as well as to the significant drop in demand toward the end of the fiscal year due to COVID-19.

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 first quarter of the fiscal year ended April 28, 2019:

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 26, 2020					
United States (US dollars per gallon) – excluding CAPL	2.66	2.55	2.51	2.21	2.50
Europe (US cents per liter)	77.35	70.86	73.92	60.95	71.20
Canada (CA cents per liter)	111.16	105.14	103.47	88.78	103.21
52-week period ended April 28, 2019					
United States (US dollars per gallon) – excluding CAPL	2.76	2.72	2.42	2.51	2.60
Europe (US cents per liter)	75.07	80.56	75.28	74.59	76.32
Canada (CA cents per liter)	117.95	115.22	97.59	103.45	107.82

Other revenues

Total other revenues for fiscal 2020 were $766.9 million, a decrease of $544.0 million compared with fiscal 2019. Excluding CAPL's revenues, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, other revenues decreased by $496.7 million for fiscal 2020, primarily driven by the disposal of our marine fuel business during the third quarter of fiscal 2019, which had an impact of approximately $267.0 million, as well as lower demand and lower prices in our aviation fuel activities.

Gross profit[1]

For fiscal 2020, our gross profit was $9.6 billion, an increase of $526.6 million, or 5.8% compared with fiscal 2019, mainly attributable to higher fuel margins in the U.S. and in Europe and to organic growth in our convenience activities, partly offset by the net negative impact from the translation of our Canadian and European operations into US dollars, which had an impact of approximately $91.0 million.

Merchandise and service gross profit

During fiscal 2020, our merchandise and service gross profit was $5.0 billion, an increase of $25.9 million compared with fiscal 2019. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, merchandise and service gross profit increased by approximately $73.0 million or 1.5%. This increase is mostly attributable to organic growth, partly offset by lower traffic in our network due to COVID-19 toward the end of the fiscal year. The gross margin decreased by 0.1% in the United States, to 33.3%, while it decreased by 0.3% in Europe, to 41.5%, due to a different product mix, and by 0.9% in Canada, to 31.8%, mainly as a result of the conversion of our Esso stores from the agent model to the corporate model, as well as from the impact of a different product mix.

Road transportation fuel gross profit

During fiscal 2020, our road transportation fuel gross profit was $4.4 billion, an increase of $502.1 million compared with fiscal 2019. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, road transportation fuel gross profit increased by approximately $598.0 million or 15.2%, as a result of higher fuel margins in the U.S. and in Europe, partly offset by the decrease in demand caused by COVID-19 towards the end of fiscal year. The road transportation fuel gross margin was 29.62¢ per gallon in the United States, an increase of 7.24¢ per gallon driven by the volatility in crude oil prices during the year, to their sharp decline toward the end of the fiscal year, as well as by changes to the competitive landscape. In Europe, road transportation fuel margin was US 8.48¢ per liter, a decrease of 0.13¢ per liter mainly as a result of the net negative impact from the translation of our European operations into US dollars, and CA 7.88¢ per liter in Canada, a decrease of CA 0.46¢ per liter, driven by competitive pressure in some of our markets.

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

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

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 26, 2020					
Before deduction of expenses related to electronic payment modes	26.86	28.29	27.04	46.88	31.19
Expenses related to electronic payment modes[(1)]	4.70	4.63	4.54	4.97	4.70
After deduction of expenses related to electronic payment modes	22.16	23.66	22.50	41.91	26.49
52-week period ended April 28, 2019					
Before deduction of expenses related to electronic payment modes	22.70	21.88	29.42	18.51	23.60
Expenses related to electronic payment modes[(1)]	4.67	4.55	4.31	4.40	4.50
After deduction of expenses related to electronic payment modes	18.03	17.33	25.11	14.11	19.10

(1) Please note that this information has been restated to reflect the cost of electronic payment expenses per corporate-store road transportation fuel gallons instead of per total road transportation fuel gallons.

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

Other revenues gross profit

During fiscal 2020, other revenues gross profit was $238.5 million, a decrease of $1.4 million, compared with fiscal 2019. Excluding CAPL's gross profit, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, other revenues gross profit decreased by approximately $5.0 million in fiscal 2020. This decrease is mainly attributable to lower demand for other fuel products as well as by the disposal of our marine fuel business in December 2018, which had an impact of approximately $9.0 million in fiscal 2019.

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

For fiscal 2020, expenses decreased by 6.3% compared with fiscal 2019. If we exclude the decrease in rent from the transition to IFRS 16 and certain items that are not considered indicative of future trends, expenses increased by 2.5%.

	52-week period ended April 26, 2020
Total variance, as reported	**(6.3%)**
Adjusted for:	
Decrease in rent expense from transition to IFRS 16	**6.5%**
Decrease from the net impact of foreign exchange translation	**1.2%**
Decrease in CAPL's expenses	**0.6%**
Decrease from settlements and reserves adjustments for specific elements recognized to earnings of fiscal 2019[(1)]	**0.4%**
Compensatory payment to CAPL for divestiture of assets recognized in fiscal 2019	**0.2%**
Increase from incremental expenses related to acquisitions	**(0.1%)**
Acquisition costs recognized to earnings of fiscal 2020	**(0.1%)**
Disposal of our marine fuel business	**0.1%**
Remaining variance	**2.5%**

(1) During fiscal 2019, we settled various claims and adjusted our reserves in connection with specific events, which had a pre-tax negative impact of $24.2 million on our earnings.

Growth in expenses, amongst other items, was driven by COVID-19 related expenses, normal inflation, higher labor costs from minimum wage increases in certain regions and incremental investments in our stores to support our strategic initiatives. COVID-19 related expenses include, but are not limited to, an emergency appreciation pay premium of $2.50 per hour in North America for hourly store employees and distribution center employees, the installation of plexiglass dividers and other social distancing tools in our stores, additional cleaning and sanitizing supplies as well as masks and gloves for our employees. We continue to rigorously focus on controlling costs throughout our organization, while ensuring we maintain the quality of service we offer to our customers. Excluding the conversion of our Esso stores from the agent model to the corporate model, the remaining variance for fiscal 2020 would have been 2.2%.

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

During fiscal 2020, EBITDA increased from $3.6 billion to $4.5 billion, a growth of 26.3% compared with the previous fiscal year. Adjusted EBITDA for fiscal 2020 increased by $461.4 million, or 11.8% compared with the previous fiscal year, mainly attributable to higher road transportation fuel margins in the U.S. and in Europe and to organic growth on the convenience side, partly offset by the negative impact of COVID-19 on our traffic. The variation in exchange rates had a net negative impact of approximately $23.0 million.

Depreciation, amortization and impairment ("depreciation")

For fiscal 2020, our depreciation expense increased by $266.1 million compared with fiscal 2019. Excluding CAPL's results and the $55.0 million impairment charge on CAPL's goodwill recorded in the first quarter of fiscal 2019, as well as the net negative impact from the translation of our Canadian and European operations into US dollars, the depreciation expense increased by approximately $368.0 million for fiscal 2020, mainly driven by the additional depreciation expense arising from right-of-use assets due to the adoption of IFRS 16, which had an impact of approximately $356.0 million.

Net financial expenses

Net financial expenses for fiscal 2020 were $284.5 million, a decrease of $35.6 million compared with fiscal 2019. Excluding the items shown in the table below, net financial expenses for fiscal 2020 decreased by $65.7 million mainly attributable to our lower average long-term debt following the repayments made, as well as to the lower average cost of our long-term debt compared to fiscal 2019.

	52-week periods ended	
(in millions of US dollars)	**April 26, 2020**	April 28, 2019
Net financial expenses, as reported	**284.5**	320.1
Adjusted for:		
Net foreign exchange gain	**33.5**	5.3
CAPL's financial expenses	**(25.6)**	(29.3)
Estimated pro forma impact from transition to IFRS 16	**—**	62.0
Net financial expenses excluding items above	**292.4**	358.1

Income taxes

For fiscal 2020, the income tax rate was 18.8% compared with 16.9% for fiscal 2019. The income tax rate for fiscal 2020 includes a net tax benefit of $33.6 million derived from the release of deferred tax asset valuation allowance following the disposal of our interests in CAPL as well as a portion of our U.S. wholesale fuel business. Excluding this adjustment, as well as the impact of the first two transactions of the December 2018 asset exchange, the income tax rate would have been 19.9% for fiscal 2020, an increase compared to fiscal 2019, stemming from the impact of a different mix in our earnings across the various jurisdictions in which we operate.

	52-week periods ended	
	April 26, 2020	April 28, 2019
Income tax rate, as reported	**18.8%**	16.9%
Adjusted for:		
Release of deferred tax asset valuation allowance	**1.2%**	—
Income tax expense following the asset exchange transactions with CAPL	**(0.1%)**	—
Tax benefit stemming from the decrease of the statutory income tax rate in Sweden	**—**	0.3%
Net income tax rate excluding items above	**19.9%**	17.2%

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

Net earnings attributable to shareholders of the Corporation ("net earnings") and adjusted net earnings attributable to shareholders of the Corporation ("adjusted net earnings[1]")

For fiscal 2020, net earnings were $2.4 billion, compared with $1.8 billion for fiscal 2019, an increase of $519.7 million, or 28.3%. Diluted net earnings per share stood at $2.09, compared with $1.62 for the previous year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a net negative impact of approximately $11.0 million on net earnings of fiscal 2020.

Adjusted net earnings for fiscal 2020 were approximately $2.2 billion, compared with $1.8 billion for fiscal 2019, an increase of $370.0 million, or 20.0%. Adjusted diluted net earnings per share were $1.97 for fiscal 2020, compared with $1.63 for fiscal 2019, an increase of 20.9%.

CAPL's results

For fiscal 2020, CAPL's results were impacted by the fact that fiscal 2020 included 8 months of activities compared to 12 months in fiscal 2019. On November 19, 2019, we disposed of our interests in CAPL.

Internal Controls over Financial Reporting

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We also maintain a system of disclosure controls and procedures designed to ensure, in all material respects, the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed with securities regulatory agencies is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to our management, including our President and Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As at April 25, 2021, our management, following its assessment, certifies the design and operating effectiveness of the Corporation's disclosure controls and procedures.

We undertake ongoing evaluations of the effectiveness of our internal controls over financial reporting and implement control enhancements, when appropriate. As at April 25, 2021, our management and our external auditors reported that these internal controls were effective.

Critical Accounting Policies and Estimates

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

As at April 25, 2021, the Corporation performed an assessment of the impact of the uncertainties surrounding the COVID-19 pandemic on the carrying amount of its assets and liabilities. This assessment, which required the use of significant judgments and estimates, had no material impact on the Corporation's consolidated financial statements for the fiscal year ended April 25, 2021. As the Corporation continue to closely monitor the COVID-19 situation in the various jurisdictions where it operates, its duration and full financial effect are unknown, and accordingly, estimates of the extent to which it may materially and adversely affect the Corporation are subject to uncertainties.

Inventory. The inventory is comprised mainly of products purchased for resale including tobacco products and alternative tobacco products, beer, wine, beverages, fresh food, candy and snacks, grocery items and road transportation fuel. Inventories are valued at the lesser of cost and net realizable value. The cost of merchandise is generally valued based on the retail price less a normal margin. The cost of road transportation fuel inventory is generally determined according to the average cost method. Inherent in the determination of margins are certain management judgments and estimates, which could affect ending inventory valuations and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting standard adopted during the current year

Definition of a business

On April 27, 2020, the Corporation adopted the amendments to the guidance in IFRS 3 *Business combinations*, which revise the definition of a business. These amendments introduce an optional concentration test that, if met, leads to the conclusion that the group of assets acquired is not a business and that no further assessment is needed. To be considered a business, an acquisition must include an input and a substantive process that together significantly contribute to the ability to create outputs. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. The Corporation applied these amendments to business combinations and asset acquisitions for which the acquisition date was on or after April 27, 2020.

Business Risks

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

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

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

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

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

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

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

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

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

Road transportation fuel. Our results are sensitive to the changes in road transportation fuel prices and gross margin. Factors beyond our control such as market-driven changes in supply terms, road transportation fuel price fluctuations due to, among other things, general political and economic conditions, as well as the market's limited ability to absorb road transportation fuel prices fluctuations, are factors that could influence road transportation fuel selling price and related gross margin. During fiscal 2021, road transportation fuel revenues accounted for approximately 64.3% of our total revenues, yet the road transportation fuel gross margin represented about only 45.5% of our overall gross profit.

Tobacco products. Tobacco products represent our largest product category of merchandise and service revenues. For fiscal 2021, tobacco products represented approximately 39.0% and 21.0% of total merchandise and service revenues and gross profit, respectively. Significant increases in wholesale cigarette pricing, significant increases or structural changes in tobacco related taxes, current and future legislation and national and local campaigns to discourage smoking, or prevent use of tobacco products, competition of illicit trade and introduction of smoking alternatives may have an adverse impact on the demand for tobacco products, and may therefore adversely affect our revenues and profits in light of the competitive landscape and consumer sensitivity to the price of such products.

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

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

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

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

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

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

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

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

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

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

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

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

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

Recruitment and retention of employees. We are dependent on our ability to attract and retain a strong management team and key employees. If, for any reason, we are not able to attract and retain sufficient and appropriately skilled people, our business, our financial results and our ability to achieve our strategic objectives may be compromised.

Electronic payment modes. We are exposed to significant fluctuations in expenses related to electronic payment modes resulting from large changes in road transportation fuel retail prices, because the majority of this expense is based on a percentage of the retail prices of road transportation fuel. For fiscal 2021, a variation of 10.0% in our expenses associated with electronic payment modes would have had an impact of approximately $0.04 on earnings per share on a diluted basis.

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

Dependence on third party suppliers. Our fuel business is dependent upon the supply of refined oil products from a relatively limited number of suppliers and upon a distribution network serviced principally by third party tanker trucks. In the case of disruption to our suppliers' supply chain, this can have a significant effect on our ability to receive refined oil products for resale, or results in us paying higher cost to obtain such products.

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

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

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

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

Indebtedness. We currently have $6.3 billion of bonds with an average effective interest rate of 3.268% with the latest maturity date being January 25, 2050. This level of indebtedness could have important consequences, such as allocating a portion of cash flows from operations to the payment of interests on the indebtedness and other financial obligations, and thus making it unavailable for other purposes and potentially affecting the corporation's ability to obtain additional financing. The credit arrangements contain restrictive covenants that may limit our ability to incur, assume or permit to exist additional indebtedness, guarantees or liens. They also require the corporation to comply with certain coverage ratio tests which may prevent the corporation from pursuing certain business opportunities or taking certain actions.

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

We are also exposed to foreign currency risk with respect to a portion of our cash and cash equivalent denominated in currencies other than the respective functional currencies, long-term debt denominated in US dollars, our Norwegian-krone and Euro-denominated senior unsecured notes and cross-currency interest rate swaps, a portion of which are designated as net investment hedges of our operations in the United States, Norway, Denmark, the Baltics and Ireland. As we use the US dollar as reporting currency, part of these impacts is compensated by the translation of the Canadian dollar consolidated financial statements into US dollars. For the long-term debt denominated in US dollars, Norwegian-krone and Euro and the cross-currency interest rate swaps which are designated as net investment hedges of foreign operations, as at April 25, 2021 a variation in those currencies would be offset by equivalent amounts from the hedged net investments in Other comprehensive income. For the cash and cash equivalent denominated in currencies other than the respective functional currencies, as at April 25, 2021 and with all other variables held constant, a hypothetical variation of 5.0% of the various currencies other than the respective functional currencies would have had a net impact of $108.5 million on Net earnings attributable to shareholders of the Corporation, which would be partially offset by a net impact of $90.0 million from the portion of our long-term debts denominated in US dollars not designated as net investment hedges of foreign operations.

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

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

Credit risk. We are exposed to credit risk arising from the share units indexed deposits and from derivative financial instruments when the unsettled fair value is favorable to us. In accordance with our risk management policy, to reduce this risk, we have entered into these instruments with major financial institutions with a very low credit risk.

In some European markets, customers can settle their purchases at our multiple points of sale or at any other merchants with a Circle K / MasterCard credit card. We have entered into agreements whereby the risks and rewards related to the credit cards, such as fee income, administration expenses and credit losses, are shared between us and the issuing banks. In light of accurate credit assessments and continuous monitoring of outstanding balances, we believe that the receivables do not represent any significant risk.

Interest rates. We are exposed to interest rate fluctuations associated with changes in the short-term interest rate. Borrowings under our credit facilities bear interest at variable rates, and other debt we incur could likewise bear interest at variable rates. As at April 25, 2021, our variable rate debt was not significant, which limits our interest rate risk. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flows. We do not currently use derivative instruments to mitigate this risk. We could also be exposed to a risk of change in cash flows due to changes in interest rates on future debt issuance. To mitigate this risk, we can enter into interest rate locks in order to hedge the interest rates on forecasted debt issuance.

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

Accounts receivable. We are exposed to risk related to the creditworthiness and performance of our customers, suppliers and contract counterparties. As of April 25, 2021, we had outstanding accounts receivable totaling $1.8 billion. This amount primarily consists of vendor rebates due from our suppliers, credit card receivables, receivables arising from the sale of fuel and other products to independent franchised or licensed fuel station operators as well as amounts receivable from other industrial and commercial clients. Contracts with longer payment cycles or difficulties in enforcing contracts or collecting accounts receivable could lead to material fluctuations in our cash flows and could adversely impact our business, financial condition and results of operations.

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

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

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

Acts of war or terrorism. Acts of war and terrorism could impact general economic conditions and the supply and price of crude oil. Such events could adversely impact our business, financial condition and results of operations.

Outlook

For fiscal 2022, as we continue to emerge from the pandemic and traffic returns to our locations, we will adjust our offer to meet our customer needs making their lives a little easier every day. We will focus on our core convenience and mobility business by enhancing fresh food options at our stores, innovating payment options at our forecourts and inside our stores, and using advanced data analytics for localize pricing, promotion, and assortment. We stand ready to continue to invest in our many organic growth initiatives, seek out additional acquisition opportunities, and nurture the culture of discipline and entrepreneurship that has been our trademark as we move closer to reaching our five-year ambition of doubling the business. In this rapidly evolving labor environment, we are firmly committed as a corporation to increase employee engagement as well as diversity and inclusion. Sustainability remains at the forefront of our priorities and a lens to the business.

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

June 29, 2021