



MANAGEMENT'S DISCUSSION AND ANALYSIS

Q3 2022



Report to shareholders

Management's Discussion and Analysis

Q3 2022

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Basis of presentation

This Management's Discussion and Analysis ("MD&A") for Parkland Corporation ("Parkland", "the Company", "we", "our" or "us") dated November 2, 2022 should be read in conjunction with our interim condensed consolidated financial statements for the three and nine months ended September 30, 2022 (the "Interim Condensed Consolidated Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2021 (the "Annual Consolidated Financial Statements"), our 2021 annual MD&A (the "Annual MD&A"), and our revised annual information form for the fiscal year ended December 31, 2021 dated March 17, 2022 (the "Annual Information Form"). Information contained within the Annual MD&A is not discussed in this MD&A if it remains substantially unchanged.

Unless otherwise noted, all financial information is prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting within the framework of International Financial Reporting Standards ("IFRS"), also referred to as Generally Accepted Accounting Principles ("GAAP"), using the accounting policies described in Note 2 of the Annual Consolidated Financial Statements and in Note 2 of the Interim Condensed Consolidated Financial Statements. The MD&A is presented in millions of Canadian dollars unless otherwise noted. Additional information about Parkland including quarterly and annual reports and the Annual Information Form is available online at www.sedar.com and Parkland's website, www.parkland.ca

The supply, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first nine months of 2022, and following the change, the Supply segment has been renamed to "Refining" as it only includes the results of the Burnaby Refinery (as such term is defined herein). This change better aligns Canada results with those of USA and International, which carry supply businesses within their respective divisions.

Specified financial measures and non-financial measures

Parkland has identified several key financial and operating performance measures that management believes provide meaningful information in assessing Parkland's underlying performance. Readers are cautioned that these measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to Section 14 of this MD&A for a list of specified financial measures and non-financial measures.

Adjusted EBITDA and Adjusted gross margin, including fuel and petroleum product adjusted gross margin and Food, convenience and other adjusted gross margin are measures of segment profit (loss) and their aggregates are "Total of segments measures" as reported in Note 13 of the Interim Condensed Consolidated Financial Statements. Refer to Section 14 of this MD&A for more information on these measures of segment profit (loss) and other specified financial measures.

Risks and forward-looking information

Parkland's financial and operational performance is potentially affected by a number of factors including, but not limited to, the factors described within the Forward-looking Information section and Risk factors section of this MD&A, the Annual MD&A, and the Annual Information Form. The information within these sections of this MD&A is based on Parkland's current expectations, estimates, projections and assumptions that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein is subject to a number of risks and uncertainties beyond Parkland's control including, without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under Section 10 of this MD&A and the Risk Factors section of the Annual MD&A and Annual Information Form. Readers are cautioned that such forward-looking information contained in this MD&A should not be used for purposes other than for which it is disclosed herein and are cautioned not to place undue reliance on these forward-looking statements. Refer to Section 15 of this MD&A for further details.

1. PARKLAND OVERVIEW

Parkland is a food and convenience retailer and an independent marketer, distributor and refiner of fuel and petroleum products. Our network of over 4,000 retail, commercial and food locations span 25 countries including Canada, the United States and the Caribbean region. Each day, through our retail, commercial and wholesale sales channels, we provide over one million customers with the essential fuels, quality foods and convenience items they depend on. In addition to operating our refinery in Burnaby, British Columbia ("Burnaby Refinery" or "Refinery"), we have developed supply, distribution, and trading capabilities that help accelerate growth and business performance.

In addition to meeting our customers' needs for essential fuels, we provide a range of choices to help them lower their environmental impact. This includes the manufacturing of low-carbon fuels at our Burnaby Refinery, carbon and renewables trading, solar power, and building an ultra-fast Electric Vehicle ("EV") charging network in select markets. Parkland's common shares are listed and traded on the Toronto Stock Exchange under the symbol PKI. We operate through four reportable segments: Canada, International, USA, and Refining. Parkland's proven strategy is centered around growing organically, realizing supply advantages, acquiring prudently, and integrating successfully. We are positioned to lead through the energy transition and are focused on growing our existing business in resilient markets, and further diversifying our retail business into food, convenience, and EV charging.

2. PERFORMANCE OVERVIEW

(\$ millions, unless otherwise noted)	Three months ended September 30,			Nine months ended September 30,		
Financial Summary	2022	2021 ⁽⁷⁾	2020	2022	2021 ⁽⁷⁾	2020
Fuel and petroleum product volume (million litres)	7,067	6,234	5,301	20,479	17,503	15,939
Sales and operating revenue ⁽²⁾⁽⁷⁾	9,523	5,982	3,498	26,844	15,182	10,505
Adjusted gross margin ⁽⁴⁾	864	779	674	2,681	2,143	1,754
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA") ⁽⁴⁾	328	364	338	1,165	1,000	720
Canada ⁽²⁾⁽³⁾⁽⁴⁾	140	134	150	505	409	396
International	104	83	77	273	216	198
USA ⁽¹⁾⁽³⁾	(18)	43	21	80	92	62
Refining ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	135	126	98	388	346	115
Corporate ⁽⁵⁾	(33)	(22)	(8)	(81)	(63)	(51)
Net earnings (loss) attributable to Parkland ⁽⁷⁾	105	110	76	241	75	29
Net earnings (loss) per share – basic (\$ per share) ⁽⁷⁾	0.67	0.72	0.51	1.55	0.50	0.19
Net earnings (loss) per share – diluted (\$ per share) ⁽⁷⁾	0.66	0.72	0.50	1.53	0.49	0.19
Adjusted earnings (loss) attributable to Parkland ("Adjusted earnings") ⁽⁵⁾⁽⁷⁾	49	129	93	351	317	81
Adjusted earnings (loss) per share – basic (\$ per share) ⁽⁵⁾⁽⁷⁾	0.31	0.85	0.62	2.26	2.10	0.54
Adjusted earnings (loss) per share – diluted (\$ per share) ⁽⁵⁾⁽⁷⁾	0.31	0.84	0.62	2.23	2.09	0.54
Trailing-twelve-month ("TTM") Cash generated from (used in) operating activities ⁽⁶⁾	815	746	1,458	815	746	1,458
TTM Distributable cash flow ⁽⁵⁾	726	712	485	726	712	485
TTM Distributable cash flow per share ⁽⁵⁾	4.68	4.72	3.28	4.68	4.72	3.28
TTM Dividend payout ratio ⁽⁵⁾	27 %	27 %	37 %	27 %	27 %	37 %
Dividends	50	48	47	150	143	137
Dividends per share ⁽⁶⁾	0.3250	0.3087	0.3036	0.9641	0.9227	0.9074
Weighted average number of common shares (million shares)	156	152	149	156	151	149
Growth capital expenditures attributable to Parkland ⁽⁶⁾	47	33	15	112	69	65
Maintenance capital expenditures attributable to Parkland ⁽⁶⁾	62	40	18	135	105	186
Total assets	14,058	10,646	8,978	14,058	10,646	8,978
Non-current financial liabilities	7,258	5,215	4,168	7,258	5,215	4,168

⁽¹⁾ For comparative purposes, information for the third quarter of 2020 and the first nine months of 2020 was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment (now Refining), is now included in the USA segment, reflecting a change in organizational structure in the first nine months of 2021.

⁽²⁾ Certain amounts within sales and operating revenue, cost of purchases, and marketing, general and administrative were restated and reclassified to conform to the presentation used in the current period. Refer to the Basis of presentation section of this MD&A.

⁽³⁾ Certain amounts in the comparative periods were also restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.

⁽⁴⁾ Total of segments measure. See Section 14 of this MD&A.

⁽⁵⁾ Non-GAAP financial measure or non-GAAP financial ratio. See Section 14 of this MD&A.

⁽⁶⁾ Supplementary financial measure. See Section 14 of this MD&A.

⁽⁷⁾ Certain information in the previous period was restated due to the effects of hyperinflation. Refer to Note 2 of the Interim Condensed Consolidated Financial Statements.

A. Adjusted EBITDA, Adjusted EBITDA attributable to renewable activities, Net earnings and Adjusted earnings

Parkland achieved an Adjusted EBITDA of \$328 million for the third quarter of 2022, and \$1,165 million for the first nine months of 2022, representing a decrease of \$36 million and an increase of \$165 million, respectively, as compared to the same periods in 2021. This includes Adjusted EBITDA attributable to renewable activities of \$16 million and \$59 million for the third quarter and the first nine months of 2022, respectively.

Parkland also achieved Adjusted earnings of \$49 million for the third quarter of 2022, and \$351 million for the first nine months of 2022, representing a decrease of \$80 million and an increase of \$34 million, respectively, as compared to the same periods in 2021. Net earnings attributable to Parkland were \$105 million for the third quarter of 2022 and \$241 million for the first nine months of 2022 representing a decrease of \$5 million and an increase of \$166 million, respectively, as compared to the same periods in 2021.

Adjusted EBITDA

Parkland achieved an Adjusted EBITDA of \$328 million for the third quarter of 2022, and \$1,165 million for the first nine months of 2022, representing a decrease of \$36 million and an increase of \$165 million, respectively, as compared to the same periods in 2021. Overall, the period-over-period variances in Adjusted EBITDA (loss) are due to the following:

- Canada achieved a \$6 million increase in Adjusted EBITDA for the third quarter of 2022 and \$96 million for the first nine months of 2022 driven by (i) stronger per-unit margin, due to favourable market conditions and our integrated supply advantage, (ii) the 2022 Canada Acquisitions¹, (iii) growth in our wholesale and commercial card lock business, (iv) strong performance in commercial lubricants and other non-fuel products, and (v) an increase in convenience store ("C-Store") margins driven by centre of store and beverage categories. These increases were partially offset by higher operating and marketing, general and administrative ("MG&A") costs as a result of (i) the 2022 Canada Acquisitions, (ii) higher distribution costs and credit card fees with the increase in commodity prices, (iii) increased labour, travel, and marketing costs due to normalization to pre-COVID activity levels, and (iv) general inflation.
- International achieved a \$21 million increase in Adjusted EBITDA for the third quarter of 2022 and \$57 million for the first nine months of 2022. In addition to the 100 percent of the International results being included as part of Adjusted EBITDA² effective August 4, 2022, the increases were driven by (i) volume growth in the wholesale and aviation businesses and higher non-fuel aviation service fees driven by the continued recovery in tourism within the region, (ii) the contributions from the Jamaica Acquisition¹, and the Isla Transaction³ including the realization of related synergies, and (iii) stronger convenience store royalties due to increased economic activity. These increases were partially offset by (i) higher operating and MG&A costs as a result of the Jamaica Acquisition, (ii) an increase in variable costs to support higher volume, and (iii) general inflation.
- USA's Adjusted EBITDA (loss) was \$(18) million for the third quarter of 2022 and \$80 million for the first nine months of 2022, representing a decrease of \$61 million and \$12 million, respectively. Excluding the spot wholesale inventory and risk management losses, USA's Adjusted EBITDA for retail and commercial businesses increased by \$4 million for the third quarter of 2022 and increased by \$53 million for the first nine months of 2022. This was driven by (i) strong base business growth, (ii) contributions from the USA Acquisitions, (iii) improved retail and commercial fuel unit margins, (iv) new cruise contract wins and recovery in the cruise industry, and (v) C-Store and lubricant margin growth driven by achievement of synergies and margin optimization initiatives. However, these contributions were more than offset by a loss of approximately \$65 million resulting from (i) discounted sales of spot wholesale inventory built up in anticipation of summer shortages, (ii) partly unhedged inventory positions, and (iii) settlement of associated risk management contracts in rapidly declining and volatile markets. Further, USA results were also impacted by higher operating and MG&A costs as a result of (i) the USA Acquisitions, (ii) higher distribution costs and credit card fees with the increase in commodity prices, and (iii) general inflation.
- Refining achieved a \$9 million increase in Adjusted EBITDA for the third quarter of 2022 and \$42 million for the first nine months of 2022 driven by stronger crack margins. This was partially offset by (i) higher operating, natural gas, transportation, and compliance costs as well as ongoing commodity price volatility (ii) locked-in margins as a result of risk management activities in a volatile market environment to provide certainty on cash flows, (iii) lower crude utilization⁴ due to minor mechanical issues during the quarter, (iv) an increase in the cost of consumed fuel due to rising commodity prices and carbon tax rates, and (v) normalization of employee-related costs as a result of ongoing COVID recovery.

¹ Parkland completed the acquisition of (i) all of the issued and outstanding equity interests of Pétroles Crevier Inc ("Crevier"), the largest independent fuel wholesaler in the province of Quebec, Canada, on February 1, 2022 (the "Crevier Acquisition"); (ii) all of the issued and outstanding equity interests of M&M Meat Shops Ltd. ("M&M"), a well-established restaurant-quality frozen food brand and retailer based in Mississauga, Ontario, on February 18, 2022 (the "M&M Acquisition"); (iii) all of the issued and outstanding equity interest of Vopak Terminal of Canada Inc. and Vopak Terminals of Eastern Canada Inc., which include four product terminals strategically located in east and west Montreal, Quebec, and Hamilton, on June 1, 2022, (the "Vopak Acquisition"); (iv) certain assets of Cenovus Energy Inc. comprised of 163 retail sites, including Husky-branded locations on September 13, 2022 (the "Husky Acquisition" and collectively with the Crevier Acquisition, M&M Acquisition, and Vopak Acquisition, the "2022 Canada Acquisitions"); and (v) all of the issued and outstanding equity interest in Gulfstream Petroleum S.R.L., which represents GB Group's retail, aviation, commercial, lubes and liquefied petroleum gas ("LPG") business in Jamaica, on July 1, 2022 (the "Jamaica Acquisition", and together with the "2022 Canada Acquisitions", the "2022 Acquisitions").

² Effective August 4, 2022, when Parkland entered into the share exchange agreement with Simpson Oil Limited ("Simpson Oil") to acquire the remaining 25% shares of Sol Investments SEZC ("SIL"), Parkland does not allocate a portion of segment profit or loss to NCI and includes 100 per cent of International results as Adjusted EBITDA.

³ Parkland, through its subsidiary, SIL, acquired (i) a 50% indirect ownership in Isla Dominicana de Petroleo Corp. ("Isla JV"), through the contribution of cash and International's existing business in the Dominican Republic on July 1, 2021 (the "Isla Transaction"), and (ii) all of the issued and outstanding equity interests of Gulfstream Petroleum SXM B.V., an integrated fuel marketing business with operations in St. Maarten on July 17, 2021 (the "St. Maarten Transaction" and together with the Isla Transaction, and the Jamaica Transaction, the "International Transactions").

⁴ Non-financial measure. See Section 14 of this MD&A.

- Corporate Adjusted EBITDA expense increased by \$11 million for the third quarter of 2022 and \$18 million for the first nine months of 2022 primarily due to higher employee costs to support the integration of acquired businesses and continued organic growth and increase in labour, travel and marketing costs due to normalization to pre-COVID activity levels and inflation.

Adjusted EBITDA attributable to renewable activities

Adjusted EBITDA attributable to renewable activities was \$16 million for the third quarter of 2022 and \$59 million for the first nine months of 2022 representing a decrease of \$22 and \$18, respectively, as compared to the same periods in 2021. Overall, the period-over-period variances in Adjusted EBITDA attributable to renewable activities are due to the following:

- Canada achieved Adjusted EBITDA attributable to renewable activities of \$11 million for the third quarter of 2022 and \$23 million for the first nine months of 2022, remaining flat as compared to the same periods in 2021 due to continued strong execution of its low-carbon and renewable fuel trading activity in the commercial, wholesale and supply businesses.
- Refining Adjusted EBITDA attributable to renewable activities was \$5 million for the third quarter of 2022 and \$36 million for the first nine months of 2022 representing a decrease of \$22 million and \$19 million, respectively, as compared to the same periods in 2021, due to (i) rising prices of bio-feedstock and other low-carbon-intensity fuels, and (ii) one-off cost benefits and elevated compliance trading markets in the prior period. The Refinery continued to lead in co-processing through the use of tall oil to create renewable fuels at the Burnaby Refinery in the first nine months of 2022.

Net earnings (loss) attributable to Parkland

Net earnings attributable to Parkland were \$105 million for the third quarter of 2022, and \$241 million for the first nine months of 2022 representing a decrease of \$5 million and an increase of \$166 million, respectively, as compared to the same periods in 2021. In addition to the Adjusted EBITDA results discussed above, these period-over-period variances were primarily due to increase in net earnings from (i) higher non-cash valuation gains on the Sol Put Option⁵ driven by market dynamics, and (ii) lower tax expense resulting from a decrease in taxable earnings. These increases were offset by (i) higher depreciation due to an expanding asset base driven by acquisitions and organic growth initiatives, (ii) an increase in acquisition costs attributable to the increase in the acquisition activity, and (iii) higher finance costs due to an increase in long-term debt to finance increased levels of working capital and the Acquisitions⁶ that occurred over the last twelve months.

Adjusted earnings (loss)

Adjusted earnings were \$49 million for the third quarter of 2022 and \$351 million for the first nine months of 2022 representing a decrease of \$80 million and an increase of \$34 million, respectively. These period-over-period variances are primarily due to the Adjusted EBITDA⁷ results as discussed above, and lower tax expense resulting from a decrease in taxable earnings, offset by (i) higher depreciation due to an expanding asset base driven by acquisitions and organic growth initiatives, and (ii) higher finance costs due to an increase in long-term debt to finance increased levels of working capital and the Acquisitions that occurred over the last twelve months.

⁵ The non-controlling shareholders of SIL, Simpson Oil, had a non-expiring right to sell the remaining outstanding shares of SIL to Parkland at a proportionate purchase price based on Sol's contractually defined trailing-twelve-month adjusted EBITDA, multiplied by 8.5, and including other adjustments (the "Sol Put Option"). On October 18, 2022, Parkland consolidated the ownership of International by completing the exchange of Simpson Oil's 12.5 million shares in the capital of Sol, representing Simpson Oil's remaining 25 percent interest, for 20 million common shares in the capital of Parkland pursuant to the terms of the share exchange agreement between Simpson Oil and the Company dated August 4, 2022 (the "Share Exchange"). Concurrently with completing the Share Exchange, the put and call options available to Simpson Oil and Parkland, respectively, with respect to the remaining 25 percent of shares of Sol were terminated.

⁶ In 2020, Parkland completed the acquisition of: (i) all of the issued and outstanding equity interests of Kellerstrass Enterprises, LLC as well as equity interests and the assets of certain of its affiliates on February 14, 2020; (ii) certain ConoMart Super Stores on May 13, 2020; (iii) all of the assets of Sevier Valley Oil Company, Inc. on December 7, 2020; and (iv) certain assets of Carter Oil Company, Inc. on December 31, 2020 (collectively, the "2020 USA Acquisitions") and together with the 2021 USA Acquisitions, the "USA Acquisitions"). In 2021, Parkland completed the acquisition of (i) the assets of Story Distributing Company and its affiliates on February 1, 2021, (ii) the issued and outstanding shares of Conrad & Bischoff Inc. and its related companies on April 7, 2021 (the "C&B Acquisition"); (iii) certain assets and liabilities of Red Carpet Carwash, a retail business headquartered in Bismarck, North Dakota, on August 31, 2021, (iv) certain assets and liabilities of Master Petroleum, a commercial fuel distributor based in Rifle, Colorado, on August 31, 2021; (v) certain assets and liabilities of Bradenton Fuel Oil, Inc., a commercial fuel and lubricants distributor in Bradenton, Florida, on September 10, 2021; (vi) substantially all of the assets of Urbietta Oil Co. and certain of its affiliates, a well-established fuel distributor and convenience store operator based in Miami, Florida, on December 10, 2021; and (vii) substantially all of the assets of Lynch Oil and certain of its affiliates, a well-established retail, wholesale, and distribution business based in Burley, Idaho, on December 15, 2021, (collectively, the "2021 USA Acquisitions", and together with the 2022 Acquisitions, the "Acquisitions").

⁷ Refer to Section 9 of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss).

B. Cash flows and liquidity

Parkland achieved distributable cash flows of \$726 million and cash generated from operating activities of \$815 million for the trailing twelve months ended September 30, 2022. This cash generation is due to a strong operational performance and effective cost control measures.

- Leverage Ratio⁸ of 3.5 as at September 30, 2022 increased from 3.2 as at June 30, 2022, as a result of an increase in long-term debt due to the revaluation of USD-denominated debt in a stronger USD environment and the 2022 Acquisitions. This was partially offset by the benefit of reduced level of working capital connected with declining commodity prices. Parkland was in compliance and well below the covenant restrictions with respect to all of its Credit Facility covenants.
- Liquidity available⁹ as at September 30, 2022 was \$1,294 million, comprising cash and cash equivalents - unrestricted and borrowing capacity available under the Credit Facility.

C. Dividends and dividend payout ratio

In the third quarter of 2022 and the first nine months of 2022, Parkland declared dividends to shareholders of \$50 million and \$150 million, respectively. The dividends declared were higher as compared to the same periods in 2021, primarily due to a \$0.0204 increase in the annual dividend to \$1.235 per share effective March 22, 2021 and a \$0.0648 increase in the annual dividend to \$1.30 per share effective March 22, 2022. Further, there was an increase in the number of common shares outstanding from the prior period primarily driven by (i) shares issued in connection with certain 2021 USA Acquisitions and the Crevier Acquisition, and (ii) shares issued under the dividend reinvestment plan (the "DRIP").

The dividend payout ratio remained flat at 27% for the trailing twelve months ended September 30, 2022, as compared to the same period in 2021. This result was primarily due to the increase in dividends declared as discussed above and higher distributable cash flows as the impact of strong Adjusted EBITDA performance was offset by (i) higher maintenance capital expenditures due to execution of capital projects previously deferred in the comparative period as a result of COVID-related restrictions, and (ii) higher interest expenses due an increase in long-term debt to finance the Acquisitions and working capital requirements as a result of rising commodity prices.

In March 2022, Parkland increased its per-share annual dividend for the 10th consecutive year. Dividends increased by \$0.0648 per share from \$1.235 to \$1.30, effective March 22, 2022. Dividends paid to shareholders, net of dividend reinvestment plan, increased by \$2 million for the third quarter of 2022 mainly due to the increase in the annual dividend rate, and decreased by \$17 million for the first nine months of 2022, due to the change in the dividend payment schedule from monthly to quarterly effective on April 15, 2022.

D. Capital expenditures attributable to Parkland

Parkland continues to invest in growth across the organization including low-carbon and renewable energy initiatives and prudently fund maintenance expenditures. The increase in capital expenditures during the third quarter of 2022 and the first nine months of 2022 as compared to the same periods in 2021 is primarily due to the deferral of capital projects in the prior periods due to continued COVID-19-related restrictions.

- Growth capital expenditures attributable to Parkland⁹ were \$47 million for the third quarter of 2022 and \$112 million for the first nine months of 2022, primarily focused on (i) low-carbon manufacturing initiatives at the Burnaby Refinery, including the preparatory projects to support the construction of a stand-alone renewable diesel complex, other pipeline and structural and future reliability and capacity improvements, (ii) renewable energy initiatives and new infrastructure development in our International markets, (iii) site network expansion project in USA and Canada, and (iv) digital capability enhancements, branding and energy transition initiatives at selected retail sites.
- Maintenance capital expenditures attributable to Parkland⁹ were \$62 million for the third quarter of 2022, and \$135 million for the first nine months of 2022 primarily related to (i) plant reliability and maintenance of equipment, including projects in preparation for the upcoming 2023 planned turnaround at the Burnaby Refinery, (ii) retail site improvements, equipment upgrades and procurement of LPG-related equipment in our International markets, (iii) fleet replacement and software upgrades in USA and Canada, and (iv) selected infrastructure and IT maintenance across our areas of operations.

⁸ Capital management measure. See Section 14 of this MD&A.

⁹ Supplementary financial measure. See Section 14 of this MD&A.

3. SUSTAINABILITY

Sustainability is deeply embedded across our business. Our 'Drive to Zero' strategy encompasses our goals of achieving zero safety incidents and spills, upholding zero tolerance for racism, discrimination, corruption, bribery, and unethical behaviour, and supporting our governments' goals of achieving net-zero emissions by 2050. Parkland published its 2021 Sustainability Report in July highlighting our accomplishments and goals. Key updates for Parkland as we continue to advance in our sustainability journey include the following:

- We co-processed over 32 million litres of bio-feedstocks during the third quarter of 2022 and 82 million litres in the first nine months of 2022, which has the equivalent impact of taking over 30,000 and 75,000 cars off the road, respectively.
- We continue to advance our renewable fuel project, including our plans to expand co-processing activity and build British Columbia's ("BC") largest, stand-alone renewable diesel complex at our Burnaby Refinery. Over 40 per cent of the project will be funded by the Government of BC in the form of BC Low Carbon Fuel Standard Compliance Credits and upon completion, the renewable fuels produced will equate to the permanent removal of 700,000 or 25 percent of cars off the road in BC. Parkland aims to make a final investment decision in the second half of 2023.
- We continue to advance our plans for the launch of the largest network (by site count) of ultra-fast EV chargers in British Columbia as a natural extension to our energy transition activities. Strategically located on major highways and in key cities and towns across our extensive retail portfolio, this network of approximately 25 high-quality sites will stretch from Vancouver Island to Calgary and is expected to open to customers in 2022.
- We published our Supplier Code of Conduct in support of our target to develop sustainable supply chain standards.

Health, safety and environment ("HSE")

Parkland is committed to ensuring a safe working environment that protects our employees, customers and the environment. Our Company continues to focus on the health and safety of our employees, customers and partners while continuing to provide essential services to the communities in which it operates.

Parkland is committed to reducing injuries and incidents across all our operations, actively involving our workforce in enhancing, tracking and measuring our performance, and training our workers to ensure they have the knowledge and skills necessary to perform their work safely. Parkland has an overarching Operational Excellence Management System (POEMS), which sets the standard for safe, reliable and consistent operations. One of the programs contained within POEMS is our hazard assessment program "Stop. Think. Act.", which encourages employees to identify hazards and protect themselves, their co-workers, and the communities we operate in. "Drive to Zero" is another program demonstrating Parkland's commitment aimed at reducing any at-risk behaviours by never accepting unsafe conditions or behaviours. Finally, our "8 Life Saving Rules" are a set of crystal-clear standards that help to mitigate risks and reduce incidents by providing non-negotiable rules.

The table below presents Parkland's consolidated lost time injury frequency ("LTIF") rate and total recordable injury frequency ("TRIF") rate calculated on a trailing-twelve-month basis. The results demonstrate Parkland's continued commitment to safety and we are confident that a continued focus on our leading HSE indicators will drive long-term sustainable LTIF and TRIF improvements.

	September 30, 2022	September 30, 2021
TTM LTIF ⁽¹⁾	0.15	0.22
TTM TRIF ⁽¹⁾	1.13	1.14

⁽¹⁾ Non-financial measure. See Section 14 of this MD&A.

4. SEGMENT OVERVIEW, HIGHLIGHTS AND RESULTS

Refer to Section 14 of the Annual MD&A for a description of Parkland's segments and Note 13 of the Interim Condensed Consolidated Financial Statements for a description of the changes in segment information during the third quarter of 2022 and the first nine months of 2022.

A. Canada

(\$ millions, unless otherwise noted)	Three months ended September 30,				Nine months ended September 30,			
	2022	2021 ⁽⁶⁾	Change	%	2022	2021 ⁽⁶⁾	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	3,330	3,309	21	1%	9,698	9,368	330	4%
Fuel and petroleum product adjusted gross margin ⁽²⁾⁽⁵⁾	268	252	16	6%	893	735	158	21%
Food, convenience and other adjusted gross margin ⁽²⁾	85	51	34	67%	224	152	72	47%
Total adjusted gross margin ⁽²⁾	353	303	50	17%	1,117	887	230	26%
Operating Costs	155	132	23	17%	456	373	83	22%
Marketing, General and Administrative	58	38	20	53%	157	106	51	48%
Other adjusting items	—	(1)	1	(100)%	(1)	(1)	—	—%
Adjusted EBITDA ⁽²⁾	140	134	6	4%	505	409	96	23%
Adjusted EBITDA attributable to renewable activities ⁽²⁾	11	11	—	—%	23	22	1	5%
Key performance measures:								
Company Volume SSSG ⁽³⁾	(1.7)%	0.6%	(2.3)p.p		1.0%	(1.6)%	2.6p.p	
Food and Company C-Store SSSG (excluding cigarettes) ⁽⁴⁾	5.2%	1.7%	3.5p.p		2.2%	6.5%	(4.3)p.p	
Food and Company C-Store SSSG (including cigarettes) ⁽⁴⁾	(5.1)%	(4.9)%	(0.2)p.p		(6.3)%	(1.2)%	(5.1)p.p	
Food and C-Store gross margin percentage ⁽⁴⁾	33.8%	28.3%	5.5p.p.		34.0%	29.0%	5.0p.p.	

⁽¹⁾ Includes gasoline, diesel and propane volumes.

⁽²⁾ Total of segment measure, or measure of segment or sub-segment profit (loss). See Section 14 for additional information and breakdown of food, convenience and other adjusted gross margin.

⁽³⁾ Non-financial measure. SSSG denotes same-store sales growth. Includes gasoline and diesel volumes, but excludes propane volumes sold at retail sites. See Section 14 of this MD&A.

⁽⁴⁾ Non-GAAP financial ratio. See Section 14 of this MD&A.

⁽⁵⁾ Fuel and petroleum product adjusted gross margin (cpl) was 8.05 for the third quarter of 2022 (2021 - 7.62) and 9.21 for the first nine months of 2022 (2021 - 7.85). See Section 14 of this MD&A for a description of supplementary financial measures.

⁽⁶⁾ For comparative purposes, information for the three and nine months ended September 30, 2021 was restated due to a change in segment presentation. Refer to the Basis of presentation section of this MD&A.

Q3 and Q3 YTD Performance - 2022 vs. 2021

Canada delivered Adjusted EBITDA of \$140 million for the third quarter of 2022, and \$505 million for the first nine months of 2022 representing an increase of \$6 million and \$96 million, respectively, as compared to the same periods in 2021. The increases in Adjusted EBITDA are primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased \$16 million for the third quarter of 2022, and \$158 million for the first nine months of 2022. This was mainly due to (i) stronger per-unit margins due to favourable market conditions and our integrated supply advantage, (ii) the 2022 Canada Acquisitions, and (iii) growth in wholesale and commercial cardlock.
- Food, convenience and other adjusted gross margin increased by \$34 million for the third quarter of 2022, and \$72 million for the first nine months of 2022 mainly due to the 2022 Canada Acquisitions and strong performance in commercial lubricants and other non-fuel products. C-Store gross margin increased in core categories such as centre of store and beverages, demonstrating the resilience and quality of our C-Store business through an inflationary environment. This increase was partially offset by ongoing tobacco industry headwinds and the inflationary environment resulting in lower discretionary spend on car wash and prepaid cards.
- The Food and C-Store gross margin percentage increased from 28.3% to 33.8% for the third quarter of 2022, and 29.0% to 34.0% for the first nine months of 2022 as compared to the same periods in 2021, reflecting higher food margin contribution from the M&M acquisition, ongoing benefits of our C-Store margin optimization initiatives, changes in product mix and growing scale across Canada.
- Food and Company C-Store SSSG (excluding cigarettes) increased from 1.7% to 5.2% for the third quarter of 2022, as compared to the same period in 2021, mainly due to growth in our core C-Store categories as noted above. Food and Company C-Store SSSG (including cigarettes) was (5.1)% for the third quarter of 2022, relatively consistent with the same period in 2021, impacted by the ongoing tobacco industry headwinds. For the first nine months of 2022, Food and Company C-Store SSSG (both excluding and including cigarettes) was lower than prior period due to the same factors in addition to changes in customer behaviour tied to general inflation.
- Operating costs increased \$23 million for the third quarter of 2022, and \$83 million for the first nine months of 2022 primarily due to (i) the 2022 Canada Acquisitions, (ii) higher credit card fees and distribution costs resulting from increased commodity prices, (iii) increased labour, repairs and maintenance expense and (iv) general inflation.

- Marketing, General and Administrative expenses increased \$20 million for the third quarter of 2022, and \$51 million for the first nine months of 2022, primarily due to (i) the 2022 Canada Acquisitions (ii) increased labour, travel, marketing costs due to normalization to pre-COVID activity levels and general inflation.

Canada Adjusted EBITDA attributable to renewable activities was \$11 million for the third quarter of 2022 and \$23 million for the first nine months of 2022, remaining flat as compared to the same periods in 2021, due to continued strong execution of its low-carbon and renewable fuel trading activity in the commercial, wholesale and supply businesses.

B. International

(\$ millions, unless otherwise noted)	Three months ended September 30,				Nine months ended September 30,			
	2022	2021 ⁽⁶⁾	Change	%	2022	2021 ⁽⁶⁾	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	1,703	1,324	379	29%	4,805	3,755	1,050	28%
Fuel and petroleum product adjusted gross margin ⁽¹⁾⁽²⁾⁽³⁾	158	134	24	18%	439	374	65	17%
Food, convenience and other adjusted gross margin ⁽¹⁾⁽²⁾	27	24	3	13%	73	63	10	16%
Adjusted gross margin ⁽¹⁾⁽²⁾⁽⁷⁾	185	158	27	17%	512	437	75	17%
Operating Costs ⁽¹⁾	53	37	16	43%	129	106	23	22%
Marketing, General and Administrative ⁽¹⁾	25	21	4	19%	70	59	11	19%
Share of (earnings) loss of associates and joint ventures ⁽⁴⁾	(5)	(7)	2	(29)%	(16)	(11)	(5)	45%
Other adjusting items to Adjusted EBITDA ⁽⁴⁾	(4)	(4)	—	—%	(11)	(6)	(5)	83%
Adjusted EBITDA including NCI ⁽¹⁾⁽⁵⁾	116	111	5	5%	340	289	51	18%
Less: Adjusted EBITDA attributable to NCI ⁽⁷⁾	12	28	(16)	(57)%	67	73	(6)	(8)%
Adjusted EBITDA ⁽²⁾	104	83	21	25%	273	216	57	26%

⁽¹⁾ Including NCI interest.

⁽²⁾ Measure of segment profit (loss). See Section 14 of this MD&A.

⁽³⁾ Fuel and petroleum product adjusted gross margin (cpl) was 9.28 for the third quarter of 2022 (2021 - 10.12) and 9.14 for the first nine months of 2022 (2021 - 9.96). See Section 14 of this MD&A for a description of supplementary financial measures.

⁽⁴⁾ The contribution of International's business operations in the Dominican Republic to the Isla joint venture in the third quarter of 2021, as partial consideration for the Isla Transaction, has resulted in a reduction in all of the International volume and financial metrics except "Share of (earnings) loss of associates and joint ventures" and "Other adjusting items" for the first nine months of 2022 when compared to the same periods in 2021. Parkland reports its share of Isla's earnings (loss) within "Share of (earnings) loss of associates and joint ventures" and reports its share of any adjustments to calculate its share of Adjusted EBITDA from the joint ventures within "Other adjusting items to Adjusted EBITDA".

⁽⁵⁾ Refer to Section 9 of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss).

⁽⁶⁾ Certain information in the previous period was restated due to the effects of hyperinflation. Refer to Note 2 of the Interim Condensed Consolidated Financial Statements.

⁽⁷⁾ Effective August 4, 2022, when Parkland entered into the share exchange agreement with Simpson Oil to acquire the remaining 25% shares of SIL, Parkland does not allocate a portion of segment profit or loss to NCI and includes 100 per cent of International results as Adjusted EBITDA.

Q3 and Q3 YTD Performance - 2022 vs. 2021

International delivered strong results with Adjusted EBITDA of \$104 million for the third quarter of 2022 and \$273 million for the first nine months of 2022 representing an increase of \$21 million and \$57 million respectively compared to the same periods in 2021. The reported growth was impacted by the strengthening of the U.S. Dollar against the Canadian Dollar¹⁰, which also impacted the translation of the other financial metrics into Canadian Dollars. In addition to the 100 percent of the International results being included as part of Adjusted EBITDA, the increases are primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased by \$24 million for the third quarter of 2022 and \$65 million for the first nine months of 2022 primarily due to (i) volume growth, particularly in our wholesale and aviation businesses, driven by the continued recovery in tourism within the region, and (ii) the contributions from the Jamaica Acquisition. The increases were partially offset by higher supply costs, and lower unit margins in the contracted wholesale business, which drove absolute value through higher utilization of existing infrastructure.
- Food, convenience and other adjusted gross margin increased by \$3 million for the third quarter of 2022 and \$10 million for the first nine months of 2022, driven by (i) the impact of tourism recovery on aviation traffic resulting in higher non-fuel aviation service fees, and (ii) stronger convenience store royalties due to increased economic activity.

¹⁰ The U.S. Dollar strengthened against the Canadian Dollar by 4% for the third quarter of 2022 and 3% for the first nine months of 2022 as compared to the same periods in 2021.

- Operating Costs increased by \$16 million for the third quarter of 2022 and \$23 million for the first nine months of 2022, primarily due to (i) the Jamaica Acquisition, (ii) an increase in variable costs to support higher volumes, and (iii) the impact of inflation on other operating costs.
- Marketing, General and Administrative expenses increased by \$4 million for the third quarter of 2022 and \$11 million for the first nine months of 2022, primarily due to the Jamaica Acquisition and the impact of inflation.
- Share of earnings of associates and joint ventures and other adjusting items remained relatively flat for the third quarter of 2022 and increased by \$10 million for the first nine months of 2022, primarily reflecting Parkland's share of the Adjusted EBITDA attributable to the Isla JV.

C. USA

(\$ millions, unless otherwise noted)	Three months ended September 30,				Nine months ended September 30,			
	2022	2021 ⁽⁴⁾	Change	%	2022	2021 ⁽⁴⁾	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	1,692	1,397	295	21%	5,018	3,757	1,261	34%
Fuel and petroleum product adjusted gross margin ⁽²⁾⁽³⁾	52	76	(24)	(32)%	274	173	101	58%
Food, convenience and other adjusted gross margin ⁽²⁾	62	49	13	27%	171	122	49	40%
Total adjusted gross margin ⁽²⁾	114	125	(11)	(9)%	445	295	150	51%
Operating Costs	106	64	42	66%	281	159	122	77%
Marketing, General and Administrative	27	18	9	50%	85	44	41	93%
Other adjusting items	(1)	—	(1)	—%	(1)	—	(1)	—%
Adjusted EBITDA (loss) ⁽²⁾	(18)	43	(61)	(142)%	80	92	(12)	(13)%

⁽¹⁾ Includes gasoline, diesel and propane volumes.

⁽²⁾ Measure of segment profit (loss). See Section 14 of this MD&A.

⁽³⁾ Fuel and petroleum product adjusted gross margin (cpl) was 3.07 for the third quarter of 2022 (2021 - 5.44) and 5.46 for the first nine months of 2022 (2021- 4.60). Excluding the operations of supply and trading business, USA's fuel and petroleum adjusted gross margin was (cpl) was 8.98 for the third quarter of 2022 (2021 - 6.71) and 9.07 for the first nine months of 2022 (2021- 5.77). Refer to Section 14 of this MD&A for a description of supplementary financial measures.

⁽⁴⁾ Certain amounts in the comparative periods were restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.

Q3 and Q3 YTD Performance - 2022 vs. 2021

USA's Adjusted EBITDA (loss) was \$(18) million for the third quarter of 2022 and \$80 million for the first nine months of 2022, representing decreases of \$61 million and \$12 million, respectively, as compared to the same periods in 2021, primarily due to the losses in the wholesale, supply and trading businesses. Excluding the spot wholesale inventory and risk management losses as noted below, USA's Adjusted EBITDA for retail and commercial businesses increased by \$4 million for the third quarter of 2022 and increased by \$53 million for the first nine months of 2022 as compared to the same periods in 2021. The changes in Adjusted EBITDA (loss) are primarily due to the following:

- Fuel and petroleum product adjusted gross margin decreased \$24 million for the third quarter of 2022 and increased \$101 million for the first nine months of 2022. USA achieved strong base business growth, in addition to incremental fuel margin contributions from the USA Acquisitions. USA's base retail business achieved higher fuel gross margins, driven by strong unit fuel margins, despite reduced retail fuel demand from high fuel prices. USA's marine business achieved triple growth in marine fuel gross margin, driven by new cruise contract wins, recovery in the cruise industry, and supply synergies. USA's commercial base business also achieved strong fuel gross margins, driven by improved unit fuel margins to offset higher inflation-driven costs. However, contributions from the base retail and commercial businesses and the USA Acquisitions were more than offset by (i) discounted sales of spot wholesale inventory built up in anticipation of summer shortages, (ii) partly unhedged inventory positions, and (iii) settlement of associated risk management contracts in rapidly declining and volatile markets, resulting in a loss of approximately \$65 million. These inventory and risk management positions have been liquidated and substantially reduced position limits have been imposed to minimize such exposure in future.
- Food, convenience and other adjusted gross margin increased \$13 million for the third quarter of 2022, and \$49 million for the first nine months of 2022 driven by the USA Acquisitions and continued focus on improving C-Store margins through (i) achievement of synergies, (ii) On The Run roll-out initiatives, and (iii) improved merchandise and store management initiatives, achieving positive C-Store gross margin growth in base retail business on a year-over-year basis for the third quarter and the first nine months of 2022, despite market-wide inflationary pressures. Lubricant margins also increased as a result of price optimization initiatives to offset inflationary pressure on costs.

- Operating Costs increased \$42 million for the third quarter of 2022 and \$122 million for the first nine months of 2022 primarily due to (i) the USA Acquisitions, (ii) the impact of higher labour and other operating costs as a result of inflation, and (iii) higher commodity prices resulting in increased distribution costs and higher credit card fees.
- Marketing, General and Administrative expenses also increased \$9 million for the third quarter of 2022 and \$41 million for the first nine months of 2022, primarily due to the impact of the USA Acquisitions and general inflation.

D. Refining

(\$ millions, unless otherwise noted)	Three months ended September 30,				Nine months ended September 30,			
	2022	2021 ⁽⁴⁾	Change	%	2022	2021 ⁽⁴⁾	Change	%
External fuel and petroleum product volume ⁽¹⁾ (million litres)	342	204	138	68%	958	623	335	54%
Internal fuel and petroleum product volume (million litres)	777	725	52	7%	2,053	1,989	64	3%
Total fuel and petroleum product volume (million litres)	1,119	929	190	20%	3,011	2,612	399	15%
Fuel and petroleum product adjusted gross margin ⁽²⁾	209	191	18	9%	596	517	79	15%
Non-fuel adjusted gross margin ⁽²⁾	3	—	3	—%	7	3	4	133%
Total adjusted gross margin ⁽²⁾	212	191	21	11%	603	520	83	16%
Operating Costs	72	61	11	18%	202	163	39	24%
Marketing, General and Administrative	5	4	1	25%	13	11	2	18%
Adjusted EBITDA ⁽²⁾	135	126	9	7%	388	346	42	12%
Adjusted EBITDA attributable to renewable activities ⁽²⁾	5	27	(22)	(81)%	36	55	(19)	(35)%
Key performance measures:								
Crude utilization ⁽³⁾	90.1 %	96.6 %	(6.5)p.p		88.2 %	92.9 %	(4.7)p.p	
Composite utilization ⁽³⁾	94.1 %	100.7 %	(6.6)p.p		91.6 %	96.4 %	(4.8)p.p	
Crude throughput ⁽³⁾ (000's bpd)	49.5	53.1	(3.6)	(7)%	48.5	51.1	(2.6)	(5)%
Bio-feedstock throughput ⁽³⁾ (000's bpd)	2.2	2.3	(0.1)	(4)%	1.9	1.9	—	—%

⁽¹⁾ Includes external gasoline, diesel, propane, crude oil and other volumes. Intersegment volumes, including volumes produced by the Burnaby Refinery and transferred to the Canada segment, are excluded from these reported volumes.

⁽²⁾ Total of segments measure, or measure of segment or sub-segment profit (loss). See Section 14 of this MD&A.

⁽³⁾ Non-financial measure. See Section 14 of this MD&A.

⁽⁴⁾ For comparative purposes, information for the three and nine months ended September 30, 2021 was restated due to a change in segment presentation. Refer to the Basis of presentation section of this MD&A.

Q3 and Q3 YTD Performance - 2022 vs. 2021

Refining delivered Adjusted EBITDA of \$135 million for the third quarter of 2022 and \$388 million for the first nine months of 2022 representing an increase of \$9 million and \$42 million, respectively, as compared to the same periods in 2021. The increases in Adjusted EBITDA are primarily due to the following:

- Adjusted gross margin increased \$21 million for the third quarter of 2022 and \$83 million for the first nine months of 2022. This was driven by stronger crack margins, partially offset by (i) higher operating, natural gas, transportation and compliance costs, as well as ongoing commodity price volatility, (ii) locked-in margins as a result of hedging a portion of the crack spread to help optimize the refinery program in a volatile market environment, which provided certainty on cash flows, and (iii) lower crude utilization due to minor mechanical issues during the quarter. In addition, costs related to renewable activities¹¹ were optimized through the co-processing of bio-feedstocks, which increased by 100 bpd in the third quarter of 2022. The composite utilization for the third quarter of 2022 and the first nine months of 2022 was 94.1% and 91.6%, respectively, lower as compared to 100.7% and 96.4%, respectively, for the same periods in 2021 due to minor mechanical issues as noted above.
- Operating Costs increased \$11 million for the third quarter of 2022 and \$39 million for the first nine months of 2022 due to (i) an increase in the cost of consumed fuel from rising commodity prices and carbon tax rates, and (ii) normalization of employee-related costs as a result of ongoing COVID recovery.
- Marketing, General and Administrative expenses remained flat for the third quarter and for the first nine months of 2022.

¹¹ These include the expenses incurred to co-process bio-feedstocks and blend low-carbon-intensity fuels in order to meet British Columbia's Low Carbon Fuel Standard.

Refining Adjusted EBITDA attributable to renewable activities was \$5 million for the third quarter of 2022 and \$36 million for the first nine months of 2022 representing an decrease of \$22 million and \$19 million, respectively, compared to the same periods in 2021 due to (i) rising prices of bio-feedstock and other low-carbon-intensity fuels, and (ii) one-off cost benefits and elevated compliance trading markets in the prior period. The Refinery continued to lead in co-processing through the use of tall oil to create renewable fuels at the Burnaby Refinery in the first nine months of 2022.

E. Corporate

(\$ millions)	Three months ended September 30,				Nine months ended September 30,			
	2022	2021 ⁽⁴⁾	Change	%	2022	2021 ⁽⁴⁾	Change	%
(Gain) loss on foreign exchange - realized	1	1	—	—%	(1)	(3)	2	(67)%
Other adjusting items ⁽¹⁾	(1)	(3)	2	(67)%	(3)	(1)	(2)	200%
Operating costs	1	—	1	100%	1	—	1	100%
Marketing, General and Administrative ⁽²⁾	32	24	8	33%	84	67	17	25%
Adjusted EBITDA ⁽³⁾ expense	33	22	11	50%	81	63	18	29%

⁽¹⁾ Includes realized foreign exchange (gain) loss on cash pooling arrangements.

⁽²⁾ Certain marketing, general and administrative costs, previously residing under the Corporate segment, have been allocated to the other segments to align these costs with the relevant segments. See Note 13(f) in the Interim Condensed Consolidated Financial Statements for the restated comparative information.

⁽³⁾ Measure of segment profit or loss. See Section 14 of this MD&A.

⁽⁴⁾ Certain amounts in the comparative periods were restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.

Corporate Adjusted EBITDA expense increased by \$11 million for the third quarter of 2022 and \$18 million for the first nine months of 2022 as compared to the same periods in 2021, primarily due to the following:

- Marketing, General and Administrative expenses increased \$8 million for the third quarter of 2022 and \$17 million for the first nine months of 2022 primarily due to (i) higher employee costs to support the integration of acquired businesses and continued organic growth, and (ii) an increase in labour, travel, and marketing costs due to normalization to pre-COVID activity levels and inflation. Corporate Marketing, General and Administrative expenses as a percentage of Parkland's Adjusted gross margin¹² increased from 3.1% to 3.7% for the third quarter of 2022 driven by the spot wholesale inventory and risk management losses in USA as discussed above, and remained flat at 3.1% for the first nine months of 2022 as Parkland continued to maintain a disciplined approach towards cost management.

¹² Total of segments measure. See Section 14 of this MD&A.

5. QUARTERLY FINANCIAL DATA

(\$ millions, unless otherwise noted) For the three months ended	2022			2021				2020 ⁽⁵⁾
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Financial Summary								
Sales and operating revenue ⁽¹⁾⁽²⁾	9,523	9,715	7,606	6,286	5,982	4,974	4,226	3,506
Adjusted gross margin ⁽³⁾	864	949	868	700	779	699	665	606
Adjusted EBITDA ⁽⁵⁾	328	450	387	260	364	322	314	247
Canada ⁽¹⁾⁽³⁾	140	174	191	153	134	126	149	148
International	104	87	82	78	83	66	67	72
USA ⁽⁵⁾	(18)	51	47	40	43	30	19	8
Refining ⁽¹⁾⁽³⁾⁽⁵⁾	135	164	89	16	126	123	97	41
Corporate ⁽¹⁾	(33)	(26)	(22)	(27)	(22)	(23)	(18)	(22)
Net earnings (loss) attributable to Parkland ⁽¹⁾⁽²⁾	105	81	55	23	110	(64)	29	53
Net earnings (loss) per share – basic (\$ per share) ⁽²⁾	0.67	0.52	0.36	0.15	0.72	(0.42)	0.19	0.36
Net earnings (loss) per share – diluted (\$ per share) ⁽²⁾	0.66	0.52	0.35	0.15	0.72	(0.42)	0.19	0.35
Adjusted earnings (loss) ⁽⁴⁾	49	166	136	55	129	96	92	43
Adjusted earnings (loss) per share – basic (\$ per share) ⁽⁴⁾	0.31	1.07	0.88	0.36	0.85	0.64	0.61	0.29
Adjusted earnings (loss) per share – diluted (\$ per share) ⁽⁴⁾	0.31	1.06	0.87	0.36	0.84	0.64	0.61	0.28

⁽¹⁾ Certain amounts within sales and operating revenue, cost of purchases, and Marketing, general and administrative were restated and reclassified to conform to the presentation used in the current period. Refer to the Basis of presentation section of this MD&A.

⁽²⁾ Certain amounts were restated for the impact of hyperinflation on the respective prior periods in 2021.

⁽³⁾ Total of segments measure. See Section 14 of this MD&A.

⁽⁴⁾ Non-GAAP financial measure. See Section 14 of this MD&A.

⁽⁵⁾ For comparative purposes, information for previous periods was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment (now Refining), is now included in the USA segment commencing the first quarter of 2021, reflecting a change in organizational structure.

Over the last eight quarters, Parkland's quarterly results were primarily impacted by COVID-19 and the subsequent recovery to pre-COVID-19 business activities, the USA Acquisitions, the International Transactions, the 2021 Turnaround¹³, the B.C. flooding¹⁴, the spot wholesale inventory and risk management losses in USA in rapidly declining and volatile markets, the B.C. power outage¹⁵, and the 2022 Canada Acquisitions. In particular:

- Sales and operating revenue trended upwards from the fourth quarter of 2020 to the second quarter of 2022 driven mainly by (i) increased volume as a result of ongoing COVID recovery, (ii) an increase in prices of fuel and petroleum products, and (iii) contributions from the International Transactions, the USA Acquisitions, and the 2022 Canada Acquisitions, including the realization of related synergies. This was followed by a decline in the third quarter of 2022, primarily driven by lower commodity prices.
- Adjusted gross margin, Adjusted EBITDA and Adjusted earnings:
 - continued trending upwards during the first three quarters of 2021 primarily due to the 2020 USA Acquisitions, which were completed in late 2020, the 2021 USA Acquisitions, strong Refining results, and continued recovery from COVID-19 and declined in the fourth quarter of 2021 due to the 2021 Turnaround and B.C. flooding;
 - increased in the first and second quarter of 2022 due to (i) increased volume as a result of ongoing economic recovery, (ii) the 2022 Acquisitions, the 2021 USA Acquisitions and the International Transactions, (iii) stronger unit margins driven by favourable market dynamics, and (iv) organic customer growth;
 - declined in the third quarter of 2022 primarily due to (i) a decline in commodity prices impacting fuel unit margins, (ii) wholesale inventory losses in USA driven by discounted sales of inventory built up in anticipation of summer shortages, (iii) risk management losses in USA driven by settlement of risk management contracts in rapidly declining and volatile markets, and (iv) the impact of higher operating, natural gas, transportation and compliance costs and ongoing commodity price volatility on our Refining segment.

¹³ Parkland's minor turnaround of the Burnaby Refinery that commenced in early October 2021 and was completed by early November 2021. Parkland maintained uninterrupted fuel supply for customers throughout the duration (the "2021 Turnaround").

¹⁴ Flooding in British Columbia (the "B.C. flooding") caused a temporary shutdown of the Trans Mountain Pipeline on November 14, 2021, and halted supply of crude to Burnaby Refinery. Parkland resumed its processing operations on December 11, 2021.

¹⁵ During the second quarter of 2022, a power outage at Burnaby Refinery was caused by a third party, which resulted in a managed shutdown of the Refinery for a few days and minor mechanical issues.

- Net earnings attributable to Parkland:
 - was trending downwards from the last quarter of 2020 to the first half of 2021, primarily due to (i) increased finance costs and net changes in non-cash valuation losses on redemption options within other (gains) and losses, driven by early redemption of the 2021 Redeemed Notes¹⁶, and (ii) an increase in the redemption value of the Sol Put Option, primarily driven by strong underlying results of International and continued recovery from COVID-19;
 - increased in the third quarter of 2021 due to (i) continued recovery from COVID-19, (ii) normalization of finance costs after the one-time redemption of the 2021 Redeemed Notes, and (iii) a lower change in the redemption value of the Sol Put Option;
 - declined in the fourth quarter of 2021 due to the 2021 minor planned turnaround and the B.C. flooding;
 - increased in the first three quarters of 2022 driven by (i) continued economic recovery, (ii) full period impact of the 2021 USA Acquisitions and certain International Transactions, (iii) the 2022 Acquisitions, (iv) higher non-cash valuation gains on the Sol Put Option driven by market dynamics, and (v) lower tax expense resulting from a decrease in taxable earnings. These increases were offset by the (i) wholesale inventory and risk management losses in USA noted above, (ii) higher depreciation due to an expanding asset base driven by acquisition and organic growth initiatives, (iii) increase in acquisition costs attributable to an increase in acquisition and integration activities, and (iv) higher finance costs due to an increase in long-term debt to finance increased levels of working capital and the Acquisitions.

The fluctuations in Refining results are largely driven by (i) crack spreads, which change based on market conditions and drive refining margins, and (ii) the refinery utilization, which is impacted by the timing of the maintenance turnaround and extreme weather events.

6. CASH FLOWS AND DIVIDENDS

A. Cash flows

The following table presents summarized information from the consolidated statements of cash flows:

(\$ millions)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Cash generated from (used in) operating activities	402	200	697	786
Cash generated from (used in) financing activities	(393)	(27)	282	88
Cash generated from (used in) investing activities	(331)	(400)	(971)	(871)
Increase (decrease) in cash and cash equivalents	(322)	(227)	8	3
Impact of foreign currency translation on cash	20	10	27	(14)
Cash and cash equivalents, beginning of period	663	502	326	296
Cash and cash equivalents, end of period	361	285	361	285

Operating activities

Q3 2022 vs. Q3 2021

Parkland generated \$402 million cash in operating activities for the third quarter of 2022. This was primarily attributable to: (i) Adjusted EBITDA including NCI of \$340 million, (ii) change in net non-cash working capital inflow of \$112 million, largely attributable to lower receivables and inventories balances, partially offset by lower accounts payable due to a decrease in commodity prices, and (iii) cash inflow of \$20 million related to risk management and other instruments in a declining commodity price environment, which was partially offset by: (i) \$45 million in acquisition, integration and other costs primarily related to the increase in acquisition and integration activities, and (ii) \$23 million change in other liabilities and other assets.

In comparison, operating activities generated \$200 million of cash for the third quarter of 2021, primarily attributable to Adjusted EBITDA including NCI of \$392 million, which was partially offset by: (i) the change in net non-cash working capital outflow of \$119 million, largely attributable to higher inventories and receivable balances, partially offset by higher accounts payable due to an increase in product prices and higher activity levels as COVID-19 restrictions eased, (ii) current income taxes of

¹⁶ Parkland redeemed the \$300 million 5.75% Senior Notes on April 9, 2021, the US\$500 million 6.00% Senior Notes on April 14, 2021, and the \$500 million 5.625% Senior Notes on May 10, 2021 (collectively, the "2021 Redeemed Notes").

\$41 million due to higher taxable net earnings, and (iii) \$12 million in acquisition, integration and other costs primarily related to the International Transactions and the 2021 USA Acquisitions.

Q3 2022 YTD vs. Q3 2021 YTD

Parkland generated \$697 million cash in operating activities for the first nine months of 2022. This was primarily attributable to Adjusted EBITDA including NCI of \$1,232 million, which was partially offset by: (i) the change in net non-cash working capital outflow of \$360 million, largely attributable to higher receivables and inventories balances, partially offset by higher accounts payable due to an increase in commodity prices and business activity, (ii) \$76 million in acquisition, integration and other costs primarily related to the increase in the acquisition and integration activities, (iii) current income taxes of \$63 million, and (iv) outflow of \$16 million primarily related to risk management and other instruments.

In comparison, operating activities generated \$786 million of cash for the first nine months of 2021, primarily attributable to Adjusted EBITDA including NCI of \$1,073 million, which was partially offset by: (i) the change in net non-cash working capital outflow of \$194 million, largely attributable to higher inventories and receivable balances, partially offset by higher accounts payable due to an increase in product prices and higher activity levels as COVID-19 restrictions eased, (ii) \$52 million in current income tax expense, and (iii) \$28 million in acquisition, integration and other costs primarily driven by the acquisition activity in the U.S. and International.

Financing activities

Q3 2022 vs. Q3 2021

Financing activities used \$393 million of cash during the third quarter of 2022, primarily attributable to (i) \$231 million of net repayments under the Credit Facility and other long-term debt, (ii) \$76 million of payments for interest on leases and long-term debt, (iii) \$50 million of payments made on principal amount on leases, and (iv) \$36 million in cash dividends paid to shareholders.

In comparison, financing activities during the third quarter of 2021 used \$27 million of cash, primarily attributable to (i) \$97 million of net proceeds of the Credit Facility, (ii) \$55 million of payments for interest on leases and long-term debt, (iii) \$36 million of payments made on principal amount on leases, and (iv) \$34 million in cash dividends paid to shareholders.

Q3 2022 YTD vs. Q3 2021 YTD

During the first nine months of 2022, financing activities generated \$282 million of cash, primarily attributable to \$729 million withdrawn under the Credit Facility to finance the 2022 Acquisitions and the increase in working capital driven by an increase in commodity prices, which was partially offset by: (i) \$209 million of payments for interest on leases and long-term debt, (ii) \$125 million of payments made on principal amount on leases, (iii) \$83 million in cash dividends paid to shareholders, and (iv) 38 million of repayments of long-term debt.

In comparison, financing activities during the same period in 2021 generated \$88 million of cash, primarily attributable to (i) net proceeds of \$2,174 million from the issuance of the 2021 Senior Notes Offerings¹⁷ and (ii) \$22 million of cash generated from the common shares issued under the at-the-market ("ATM") equity program. These were partially offset by (i) \$1,430 million related to the 2021 Redeemed Notes repayments, (ii) \$194 million related to the settlement of the Intermediation Facility, (iii) \$164 million of payments for interest on leases and long-term debt, (iv) 104 million of payments made on principal amount on leases, (v) \$100 million and \$6 million in cash dividends paid to shareholders and non-controlling interests, respectively, (vi) \$59 million of net repayments of the Credit Facility, and (vii) \$51 million related to the premiums paid on the 2021 Redeemed Notes.

Investing activities

Q3 2022 vs. Q3 2021

Parkland invested \$331 million in the third quarter of 2022, primarily attributable to \$219 million related to the Jamaica and Husky Acquisitions, and \$110 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A. In comparison, Parkland invested \$400 million in the third quarter of 2021, primarily attributable to (i) \$251 million primarily related to the 2021 USA Acquisitions and the St. Maarten Transaction, (ii) \$89 million related to the Isla Transaction, and (iii) \$69 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A.

¹⁷ Parkland completed the private offering of (i) the 4.375% \$600 million Senior Notes, due 2029 on March 25, 2021, (ii) the 4.50% US\$800 million Senior Notes, due 2029 on April 13, 2021, (iii) the 3.875% \$600 million Senior Notes, due 2026 on June 16, 2021, and (iv) the 4.625% US\$800 million Senior Notes, due 2030 on November 23, 2021 (collectively, the "2021 Senior Notes Offerings").

Q3 2022 YTD vs. Q3 2021 YTD

Parkland invested \$971 million in the first nine months of 2022, primarily attributable to \$697 million related to the 2022 Acquisitions and \$271 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A.

In comparison, Parkland invested \$871 million in for the first nine months of 2021, which included \$603 million primarily related to the 2021 USA Acquisitions and St. Maarten transaction, (ii) \$203 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A, and (iii) \$89 million related to the Isla Transaction. This was offset by \$20 million in dividends from the investment in associates and proceeds on the disposal of certain assets.

B. Dividends

(\$ millions)	Three months ended September 30,				Nine months ended September 30,			
	2022	2021	Change	%	2022	2021	Change	%
Dividends declared to shareholders	50	48	2	4 %	150	143	7	5 %
Dividends declared to non-controlling interest	35	—	35	100 %	35	6	29	483 %
Dividends paid to shareholders, net of dividend reinvestment plan	(36)	(34)	(2)	6 %	(83)	(100)	17	(17)%

Q3 2022 vs. Q3 2021

Parkland increased the annual dividends by \$0.0648 per share to \$1.30 per share effective March 22, 2022. Dividends declared to shareholders in the third quarter of 2022 increased by \$2 million, primarily due to the increase in annual dividend per share and the increase in the number of outstanding common shares driven by (i) issuances under the DRIP, the stock option plan and on vesting of performance share units, and (ii) shares issued in connection with the Crevier Acquisition and certain 2021 USA Acquisitions. The average DRIP participation rate for the third quarter of 2022 was 27.5%, which was flat when compared to the participation rate of 29.0% for the same period in 2021.

Q3 2022 YTD vs. Q3 2021 YTD

Parkland increased the annual dividends by \$0.0204 per share to \$1.235 per share effective March 22, 2021 and by \$0.0648 per share to \$1.30 per share effective March 22, 2022. Dividends declared to shareholders for the first nine months of 2022 increased by \$7 million, primarily due to the increase in annual dividend per share and the increase in the number of outstanding common shares driven by (i) issuances under the DRIP, the stock option plan, the ATM equity program, and on vesting of performance share units, and (ii) shares issued in connection with the Crevier Acquisition and certain 2021 USA Acquisitions. The average DRIP participation rate for the first nine months of 2022 was 26.4%, which was lower than the participation rate of 29.3% for the same period in 2021. Dividends paid to shareholders decreased in the first nine months of 2022 by \$17 million to \$83 million due to the change in dividend payment schedule from monthly to quarterly.

C. Distributable cash flow and dividend payout ratio

(\$ millions, unless otherwise noted)	Trailing twelve months ended September 30,	
	2022	2021
Cash generated from (used in) operating activities ⁽¹⁾	815	746
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(86)	(90)
	729	656
Reverse: Change in other liabilities and other assets ⁽⁴⁾	28	(7)
Reverse: Net change in non-cash working capital ⁽⁴⁾	508	482
Include: Maintenance capital expenditures attributable to Parkland ⁽¹⁾	(247)	(144)
Exclude: Turnaround maintenance capital expenditures	12	5
Include: Proceeds on asset disposals	8	16
Reverse: Acquisition, integration and other costs	100	42
Include: Interest on leases and long-term debt	(268)	(220)
Exclude: Interest on leases and long-term debt attributable to NCI	3	4
Include: Payments of principal amount on leases	(163)	(139)
Exclude: Payments of principal amount on leases attributable to NCI	16	17
Distributable cash flow ⁽²⁾	726	712
Distributable cash flow per share ⁽²⁾⁽³⁾	4.68	4.72
Dividends ⁽¹⁾	197	190
Dividend payout ratio ⁽²⁾	27 %	27 %
Dividends paid to shareholders, net of dividend reinvestment plan ("DRIP") ⁽¹⁾	115	133

⁽¹⁾ Supplementary financial measure. See Section 14 of this MD&A.

⁽²⁾ Non-GAAP financial measure or non-GAAP financial ratio. See Section 14 of this MD&A.

⁽³⁾ Calculated using the weighted average number of common shares.

⁽⁴⁾ For comparative purposes, information for the trailing twelve months ended September 30, 2021 was restated due to a change in presentation for certain emission credits and allowances held for trading, which were formerly included in "Risk management and other" and are now included in "Inventories".

The distributable cash flows increased by \$14 million for the trailing twelve months ended September 30, 2022, as compared to the same period in 2021 due to strong Adjusted EBITDA performance offset by (i) higher maintenance capital due to execution of capital projects previously deferred in the comparative period as a result of COVID-related restrictions, and (ii) higher interest expenses due an increase in long-term debt to finance the Acquisitions and working capital requirements as a result of rising commodity prices.

The dividend payout ratio remained flat for the trailing twelve months ended September 30, 2022, as compared to the same period in 2021. This result, which was primarily due to the increase in dividends declared for the reasons discussed in Section 6B, above is offset by the increase in distributable cash flows.

In comparison, cash flow generated from operating activities for the trailing twelve months ended September 30, 2022, increased by \$69 million as compared to the same period in 2021. This result was driven by strong Adjusted EBITDA performance and lower tax expense driven by a decrease in taxable earnings, offset by (i) the changes in net non-cash working capital outflow due to increased product prices and higher activity levels as economic activity improved, and (ii) higher acquisition and integration costs attributable to the Acquisitions.

7. LIQUIDITY AND COMMITMENTS

A. Capital management

Parkland's primary capital management measure is the Leverage Ratio, which is used internally by key management personnel to monitor Parkland's overall financial strength, capital structure flexibility, and ability to service debt and meet current and future commitments. To manage its financing requirements, Parkland may adjust capital spending or dividends paid to shareholders, or issue new shares or new debt.

The Leverage Ratio of 3.5 as at September 30, 2022 increased from 3.2 as at June 30, 2022, primarily as a result of an increase in long-term debt due to the (i) revaluation of USD-denominated debt in a stronger USD environment and the 2022 Acquisitions. This was partially offset by the benefit of reduced levels of working capital connected with declining commodity prices.

	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Leverage Debt	5,642	5,264	5,253	4,611
Leverage EBITDA	1,596	1,635	1,482	1,402
Leverage ratio ⁽¹⁾	3.5	3.2	3.5	3.3

⁽¹⁾ Capital management measure. Refer to Section 14 of this MD&A for additional details.

In addition to the internal capital management measures, Parkland was in compliance and well below the covenant restrictions with respect to all of its Credit Facility covenants consisting of (i) Senior Funded Debt to Credit Facility EBITDA ratio, (ii) Total Funded Debt to Credit Facility EBITDA ratio, and (iii) Interest coverage ratio (calculated as a ratio of Credit Facility EBITDA to Interest Expense) throughout the nine months ended September 30, 2022.

B. Available sources of liquidity

Parkland's sources of liquidity as at September 30, 2022 are cash and cash equivalents as well as available funds under its Credit Facility. While it is typical for Parkland's cash flows to have seasonal fluctuations, such fluctuations do not materially impact Parkland's liquidity, and management believes cash flows from operations will be adequate to fund maintenance capital expenditures, interest, income taxes, and dividends. Any future acquisitions will be funded by available cash flows from operations, debt and equity offerings if needed, and available borrowing capacity under the Credit Facility.

On April 14, 2022, Parkland amended the Credit Facility agreement to, among other things, extend the maturity date of the revolving facilities to April 14, 2027 and add a two-year term loan, in the amount of US\$400 million maturing on April 14, 2024. The amended Credit Facility has a combined revolving facility of \$1,594 million and US\$250 million with a maturity date of April 14, 2027. Further, the interest rate benchmark on US-denominated loans will now utilize Secured Overnight Financing Rate ("SOFR") loans in place of LIBOR loans.

Parkland can obtain various types of loans under the Credit Facility, including loans at Canadian and U.S. Prime rates, the SOFR, and the Canadian Dollar Offered Rate. The revolving facilities are extendible each year for a rolling five-year period at Parkland's option, subject to approval by the lenders. Security on the Credit Facility consists of the assignment of insurance and priority interests on all present and future Parkland properties and assets. Additionally, certain subsidiaries have provided security in connection with the Credit Facility.

On March 25, 2021, Parkland established an ATM equity program, which allowed Parkland to issue up to \$250 million of common shares from treasury to the public at prevailing market prices. The common shares issuable under the ATM equity program were qualified for distribution under a prospectus supplement dated March 25, 2021 to the 2020 Shelf Prospectus¹⁸. The ATM equity program expired on September 17, 2022 concurrently with the expiry of the 2020 Shelf Prospectus. The volume and timing of sales under the ATM equity program was determined by Parkland, subject to regulatory requirements. During the three and nine months ended September 30, 2022, there were no common shares issued under the ATM equity program. During the three and nine months ended September 30, 2021, Parkland issued 550 thousand common shares under the ATM

¹⁸ On August 17, 2020, Parkland filed a base shelf prospectus (the "2020 Shelf Prospectus") for common shares, preferred shares, subscription receipts, warrants, debentures, notes and other evidence of indebtedness, as well as convertible securities and units composed of one or more of the aforementioned with an aggregate offering amount of up to \$2,000 million. The 2020 Shelf Prospectus expired on September 17, 2022.

equity program at a weighted average price of \$40.66 per share for aggregated proceeds of \$22.36 million, net of share issuance costs of \$0.67 million.

On November 29, 2021, the Toronto Stock Exchange ("TSX") accepted Parkland's notice of intention to implement a normal course issuer bid (the "NCIB") during the twelve-month period commencing December 1, 2021 and ending November 30, 2022. Under the NCIB, a maximum of 15,091,885 common shares (representing 10% of the public float of common shares as of November 25, 2021) may be repurchased by Parkland in open market transactions on the TSX during the twelve-month period described above. During the three and nine months ended September 30, 2022, Parkland has not repurchased common shares under the NCIB.

The following table provides a summary of available cash and cash equivalents - unrestricted and unused credit facilities:

(\$ millions)	September 30, 2022	December 31, 2021
Cash and cash equivalents - Unrestricted	292	284
Unused credit facilities	1,002	1,270
	1,294	1,554

C. Contractual commitments

Parkland has contracted obligations under various debt agreements, leases, capital expenditures and other contractual commitments with maturities from less than a year to over five years. Parkland's commitments increased from \$10,745 million as at December 31, 2021, to \$12,786 million as at September 30, 2022. This increase is primarily due to (i) an increase in long-term debt as result of the revaluation of USD denominated debt in a stronger USD environment, financing the increased levels of working capital and the 2022 Acquisitions, and (ii) higher accounts payable due to an increase in commodity prices and business activity.

Fuel and petroleum products and other purchase commitments

In addition to the commitments described above, Parkland has entered into purchase orders and contracts during the normal course of business for the purchase of goods and services. Such obligations include commodity purchase obligations transacted at market prices.

D. Off-balance sheet arrangements

In the normal course of business, Parkland is obligated to make future payments, including under contractual obligations and guarantees. Parkland has not created, and is not party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating its business.

Guarantees

As at September 30, 2022, Parkland provided \$3,778 million (December 31, 2021 - \$3,108 million) of unsecured guarantees to counterparties of commodities swaps and purchase and supply agreements of crude oil, fuel and other petroleum products.

Letters of credit and surety bonds

As at September 30, 2022, Parkland issued \$47 million (December 31, 2021 - \$44 million) of letters of credit and \$321 million (December 31, 2021 - \$252 million) of surety bonds to provide guarantees on behalf of its subsidiaries in the ordinary course of business, which are not recognized in the Interim Condensed Consolidated Financial Statements. Maturity dates for these guarantees vary and are up to and including July 31, 2025.

8. CAPITAL EXPENDITURES

The following table provides a summary and reconciliation of maintenance and growth capital expenditures:

(\$ millions)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Growth capital expenditures				
Refining ⁽²⁾	16	6	38	12
Canada ⁽²⁾	10	15	27	26
Corporate	13	5	20	11
International	4	7	16	16
USA	5	2	15	8
Growth capital expenditures including NCI	48	35	116	73
Attributable to NCI	1	2	4	4
Growth capital expenditures attributable to Parkland⁽¹⁾	47	33	112	69
Maintenance capital expenditures				
Refining ⁽²⁾	18	13	41	32
Canada ⁽²⁾	17	15	34	36
Corporate	2	1	4	5
International	15	7	31	21
USA	11	5	30	16
Maintenance capital expenditures including NCI	63	41	140	110
Attributable to NCI	1	1	5	5
Maintenance capital expenditures attributable to Parkland⁽¹⁾	62	40	135	105
Additions to property, plant and equipment and intangible assets	111	76	256	183
Attributable to NCI	2	3	9	9
Additions to property, plant and equipment and intangible assets attributable to Parkland⁽¹⁾⁽³⁾	109	73	247	174

⁽¹⁾ Supplementary financial measure. See Section 14 of this MD&A.

⁽²⁾ For comparative purposes, information for the three and nine months ended September 30, 2021 was restated due to a change in segment presentation. Refer to the Basis of presentation section of this MD&A.

⁽³⁾ Refer to Note 13 of the Interim Condensed Consolidated Financial Statements.

Parkland's combined growth and maintenance capital expenditures for the third quarter of 2022 and the first nine months of 2022 increased by \$36 million and \$73 million, respectively, as compared to the same periods in 2021.

Growth capital expenditures increased \$14 million for the third quarter of 2022 and \$43 million for the first nine months of 2022 as compared to the same periods in 2021. Growth capital expenditures during the third quarter of 2022 and the first nine months of 2022 were focused on (i) low-carbon manufacturing initiatives including the preparatory projects to support the construction of a stand-alone renewable diesel complex and other pipeline, structural improvements and reliability and capacity enhancement projects at the Burnaby Refinery, (ii) renewable energy initiatives and new infrastructure development in our International markets, (iii) site network expansion projects in USA and Canada, and (iv) digital capability enhancements, including branding and energy transition initiatives at selected retail sites.

In comparison, growth capital expenditures during the third quarter and the first nine months of 2021 were focused on (i) the construction and acquisition of new-to-industry retail sites, (ii) retail site upgrades and refreshes, including On the Run / Marché Express site conversions in Canada, (iii) select network and infrastructure development across our areas of operation, (iv) certain low-carbon manufacturing growth initiatives at the Burnaby Refinery, and (v) marketing and data analytics projects to enhance our digital capability.

Maintenance capital expenditures increased \$22 million for the third quarter of 2022 and increased by \$30 million for the first nine months of 2022 as compared to the same periods in 2021. Maintenance capital expenditures during the third quarter of 2022 and the first nine months of 2022 were focused on (i) plant reliability and maintenance of equipment, including projects in preparation of the upcoming 2023 planned turnaround at the Burnaby Refinery, (ii) retail site renovations, equipment upgrades

and procurement of LPG-related equipment in our International markets, (iii) fleet replacement and software upgrades in USA and Canada, and (iv) selected infrastructure and IT maintenance across our areas of operations.

In comparison, maintenance capital expenditures during the third quarter and the first nine months of 2021 primarily related to (i) selected infrastructure and IT maintenance, (ii) equipment maintenance and upgrades across our areas of operation, (iii) preparation for the 2021 Turnaround, and (iv) other ongoing maintenance projects at the Burnaby Refinery.

Committed capital expenditures

Contractual commitments for the acquisition of property, plant and equipment attributable to Parkland as at September 30, 2022 are \$180 million (December 31, 2021 - \$132 million). These contractual commitments are expected to be incurred primarily over the next 12 months and relate mainly to (i) the 2023 planned turnaround, ongoing maintenance projects, and the stand-alone renewable diesel complex at the Burnaby Refinery, (ii) ongoing infrastructure upgrades, renovation, sites rebranding and equipment upgrades in our International markets, and (iii) the construction of new-to-industry retail sites and upgrading of existing retail sites, including projects to retrofit and rebrand to the On the Run / Marché Express brand in Canada. Parkland plans to use cash and cash equivalents, cash flows from operations, and available borrowing capacity under the Credit Facility to fund these commitments.

9. REVENUE AND NET EARNINGS

A. Revenue

(\$ millions)	Canada ⁽¹⁾⁽²⁾		International		USA		Refining ⁽¹⁾⁽²⁾		Consolidated	
Three months ended September 30,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fuel and petroleum product revenue ⁽¹⁾	4,275	3,002	2,307	1,256	2,201	1,230	358	147	9,141	5,635
Food, convenience and other non-fuel revenue ⁽¹⁾	119	135	43	33	216	179	4	—	382	347
Sales and operating revenue ⁽²⁾⁽³⁾	4,394	3,137	2,350	1,289	2,417	1,409	362	147	9,523	5,982

(\$ millions)	Canada ⁽¹⁾⁽²⁾		International		USA		Refining ⁽¹⁾⁽²⁾		Consolidated	
Nine months ended September 30,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fuel and petroleum product revenue ⁽¹⁾	12,154	7,667	6,272	3,236	6,280	2,931	1,006	393	25,712	14,227
Food, convenience and other non-fuel revenue ⁽¹⁾	404	393	112	93	608	467	8	2	1,132	955
Sales and operating revenue ⁽²⁾⁽³⁾	12,558	8,060	6,384	3,329	6,888	3,398	1,014	395	26,844	15,182

⁽¹⁾ For comparative purposes, information for the three and nine months ended September 30, 2021 was restated due to a change in segment presentation. Refer to the Basis of presentation section of this MD&A.

⁽²⁾ Refer to Note 13 of the Interim Condensed Consolidated Financial Statements for additional information on Parkland's segments.

⁽³⁾ Sales and operating revenue includes revenue from external customers only.

Sales and operating revenue for the third quarter and the first nine months of 2022 increased by \$3,541 million and \$11,662 million respectively, as compared to the same periods in 2021. Overall, the period-over-period variances in sales and operating revenue are as follows:

- Sales and operating revenue for Canada increased \$1,257 million for the third quarter of 2022 and \$4,498 million for the first nine months of 2022 due to: (i) higher fuel and petroleum product commodity prices, (ii) the 2022 Canada Acquisitions, and (iii) growth in wholesale and commercial cardlock.
- Sales and operating revenue for International increased \$1,061 million for the third quarter of 2022 and \$3,055 million for the first nine months of 2022 due to: (i) higher fuel and petroleum product commodity prices, (ii) higher fuel volumes as a result of tourism recovery across the region, (iii) the contribution from the Jamaica Acquisition, and (iv) an increase in aviation service fees.
- Sales and operating revenue for USA increased by \$1,008 million for the third quarter of 2022 and \$3,490 million for the first nine months of 2022 due to: (i) the 2021 USA Acquisitions and continued focus on organic growth, and (ii) higher fuel and petroleum product commodity prices.
- Sales and operating revenue for Refining increased \$215 million for the third quarter of 2022 and \$619 million for the first nine months of 2022 due to higher fuel and petroleum product commodity prices, and an increase in the external jet fuel and crude volumes sold.

B. Net earnings

The following table outlines items other than Adjusted EBITDA that impacted net earnings (loss) for three and nine months ended September 30, 2022.

(\$ millions)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	328	364	1,165	1,000
Add: Attributable to NCI	12	28	67	73
Adjusted EBITDA including NCI	340	392	1,232	1,073
Less:				
Acquisition, integration and other costs	45	12	76	28
Depreciation and amortization	202	152	531	460
Finance costs	87	61	237	237
(Gain) loss on foreign exchange – unrealized	(16)	(16)	(16)	(13)
(Gain) loss on risk management and other – unrealized	(1)	(2)	30	21
Other (gains) and losses ⁽¹⁾	(88)	10	44	175
Other adjusting items ⁽²⁾	(5)	4	5	8
Income tax expense (recovery)	(2)	48	48	58
Net earnings (loss)	118	123	277	99
Net earnings (loss) attributable to Parkland	105	110	241	75
Net earnings (loss) attributable to NCI	13	13	36	24

⁽¹⁾ Other (gains) and losses for the three months ended September 30, 2022 include the following: (i) \$59 million non-cash valuation gain (2021 - \$40 million loss) due to the change in redemption value of Sol Put Option; (ii) \$37 million non-cash valuation gain (2021 - \$38 million gain) due to the change in fair value of redemption options; and (iii) \$8 million loss (2021 - \$8 million loss) in Other items. Other (gains) and losses for the nine months ended September 30, 2022 include the following: (i) \$11 million non-cash valuation gain (2021 - \$112 million loss) due to change in redemption value of Sol Put Option; (ii) \$65 million non-cash valuation loss (2021 - \$52 million loss) due to change in fair value of redemption options; (iii) \$10 million gain (2021 - \$11 million loss) in Other items. Refer to Note 12 of the Interim Condensed Consolidated Financial Statements.

⁽²⁾ Other Adjusting Items for the three and nine months ended September 30, 2022 mainly include: (i) the share of depreciation and income taxes for Isla joint venture of \$2 million (2021 - \$3 million) and \$8 million (2021 - \$3 million), respectively.

Net earnings was \$118 million, representing a decrease of \$5 million, during the third quarter of 2022, and was \$277 million, representing an increase of \$178 million, during the first nine months of 2022 as compared to the same periods in 2021. The period-over-period variances were primarily due to:

- a decrease in Adjusted EBITDA including NCI of \$52 million for the third quarter of 2022 and an increase of \$159 million for the first nine months of 2022 as discussed in Section 2 above;
- an increase in non-cash valuation gain within other (gains) and losses of \$98 million for the third quarter of 2022 and \$131 million for the first nine months of 2022 mainly driven by (i) higher non-cash valuation gains on the Sol Put Option driven by market dynamics; and
- a decrease in income tax expense by \$50 million for the third quarter of 2022 and \$10 million the first nine months of 2022, driven by lower taxable net earnings.

These increases were primarily offset by:

- an increase in depreciation and amortization by \$50 million for the third quarter of 2022 and \$71 million for the first nine months of 2022 due to an expanding asset base driven by acquisitions and organic growth initiatives;
- an increase in acquisition, integration and other costs by \$33 million for the third quarter of 2022 and \$48 million for the first nine months of 2022 attributable to an increase in acquisition and integration activities; and
- an increase in finance costs of \$26 million for the third quarter of 2022 due to an increase in long-term debt and leases to finance increased levels of working capital and the Acquisitions.

10. RISK FACTORS

Key business risks

Parkland is exposed to a number of risk factors through the pursuit of our strategic objectives and the nature of our operations, which are outlined in Section 10 of the Annual MD&A and the Annual Information Form. These risk factors have not changed materially since the dates of their publication.

Financial instruments and financial risks

Financial instruments recorded at fair value through profit (loss)

Parkland uses various financial instruments recorded at fair value through profit (loss) to manage exposures to fluctuations in commodity prices and foreign exchange rates, and support business and growth strategies. These financial instruments include commodities swaps, forwards and futures contracts, currency forward exchange contracts, emission credits and allowances forward and option contracts, Redemption Options¹⁹, the Sol Put Option and other investments.

The following table presents the impact of the financial assets and liabilities measured at fair value on the consolidated statements of income (loss):

	Three months ended September 30,		Nine months ended September 30,	
(\$ millions)	2022	2021	2022	2021
Gain (loss) on risk management and other - realized ⁽¹⁾	100	(8)	(280)	(86)
Gain (loss) on risk management and other - unrealized ⁽¹⁾	1	2	(30)	(21)
Gain (loss) on risk management and other	101	(6)	(310)	(107)
Change in fair value of Redemption Options ⁽²⁾	37	38	(65)	(52)
Change in redemption value of Sol Put Option ⁽²⁾	59	(40)	11	(112)
Gain (loss) on Intermediation Facility derivatives - realized ⁽³⁾	—	—	—	(16)
Impact on consolidated statements of income (loss)	197	(8)	(364)	(287)

⁽¹⁾ Gains and losses on risk management and other are primarily driven by commodities swaps, forward and futures contracts, emission credits and allowances forward and option contracts, and currency forward exchange contracts.

⁽²⁾ Recognized in other (gains) and losses. See Note 14 of the Annual Consolidated Financial Statements and Section 10 of the Annual MD&A for details on the Redemption Options and the Sol Put Option.

⁽³⁾ Recognized in cost of purchases. On February 26, 2021, Parkland terminated and fully repaid the Intermediation Facility.

Other risks

A detailed discussion of additional risk factors relating to Parkland and its business is presented in the Annual Information Form available on SEDAR at www.sedar.com.

11. OUTLOOK

There has been no change to the guidance metric for the Adjusted EBITDA Guidance²⁰ range of \$1,600 million - \$1,700 million (the "Revised 2022 Guidance Range"), which was increased by \$100 million - \$200 million in the second quarter of 2022. We continue to prioritize organic growth initiatives, integration and capturing synergies from recent acquisitions, while effectively managing our capital and maintaining financial flexibility, and are confident in achieving the Revised 2022 Guidance Range, which is inclusive of International results at 100 percent from August 4, 2022. Our guidance metrics for the capital program remain unchanged from the Revised 2022 Capital Program (as defined below), which was reduced by \$50 million in the first quarter of 2022 as a result of re-prioritization and the deferral of certain projects due to supply-chain related delays. We expect to be at the lower end of the range for the Revised 2022 Capital Program.

Highlights of Parkland's 2022 guidance metrics include:

- Adjusted EBITDA attributable to Parkland of \$1,600 million - \$1,700 million (the "Revised 2022 Guidance Range"); and
- Growth capital expenditures attributable to Parkland²⁰ of \$225 million - \$275 million and Maintenance capital expenditures attributable to Parkland²⁰ of \$200 million - \$250 million (the "Revised 2022 Capital Program").

For additional details regarding the 2022 Guidance Range, the 2022 Revised Guidance Range and the Revised 2022 Capital Program, refer to the Annual MD&A and Parkland's press releases dated March 3, 2022, August 4, 2022 and October 19, 2022, each of which are available at www.sedar.com. The factors and assumptions that contribute to Parkland's assessment of the 2022 Revised Guidance Range are consistent with existing Parkland disclosure, and such range is subject to risks and uncertainties inherent in Parkland's business. Readers are directed to Section 10 of the Annual MD&A and Parkland's Annual Information Form for a description of such factors, assumptions, risks and uncertainties.

¹⁹ Parkland's issued and outstanding senior unsecured notes contain optional redemption features that allow Parkland to redeem the notes prior to maturity at a premium (the "Redemption Options").

²⁰ Supplementary financial measure. See Section 14 of this MD&A

12. OTHER

A. Controls environment

Internal controls over financial reporting

Based on the evaluation of Parkland's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as defined in National Instrument ("NI") 52-109, the Chief Executive Officer and Chief Financial Officer have concluded that Parkland's DC&P and ICFR were designed and operating effectively as at September 30, 2022.

In accordance with the provisions of NI 52-109, Parkland has limited the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of businesses acquired not more than 365 days before September 30, 2022. This scope limitation is primarily due to the time required for Parkland's management to assess DC&P and ICFR in a manner consistent with Parkland's other operations.

The following tables summarize the financial information related to these acquisitions under the NI 52-109 scope limitation:

		As at	Nine months ended
(\$ millions)	September 30, 2022	(\$ millions)	September 30, 2022
Current assets	93	Sales and operating revenue	234
Non-current assets	780	Net earnings (loss)	3
Current liabilities	65		
Non-current liabilities	182		

Changes in internal controls over financial reporting

There were no changes in Parkland's ICFR during the nine months ended September 30, 2022 that materially affected, or are reasonably likely to materially affect, Parkland's ICFR. Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems that are determined to be effective can provide only reasonable, but not absolute assurance that financial information is accurate and complete. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

B. Shares outstanding

As at September 30, 2022, Parkland had approximately 156.2 million (December 31, 2021 - 154.2 million) common shares, 4.1 million (December 31, 2021 - 3.8 million) share options, 2.2 million (December 31, 2021 - 1.7 million) performance share units, and 0.4 million (December 31, 2021 - 0.3 million) deferred share units outstanding. The share options consist of approximately 2.0 million (December 31, 2021 - 2.7 million) share options that are currently exercisable into common shares.

As at November 2, 2022, including the impact of the Share Exchange as discussed under Section 12E - Subsequent event, Parkland had approximately 176.2 million common shares outstanding.

C. Fuel and petroleum product volume

(million litres)	Canada		International		USA		Refining		Consolidated	
Three months ended September 30, 2022	2022	2021 ⁽³⁾	2022	2021	2022	2021	2022	2021 ⁽³⁾	2022	2021
Retail ⁽¹⁾	1,719	1,719	442	386	554	335	—	—	2,715	2,440
Commercial ⁽¹⁾⁽²⁾	1,611	1,590	1,261	938	1,138	1,062	—	—	4,010	3,590
Refining	—	—	—	—	—	—	342	204	342	204
Fuel and petroleum product volume ⁽⁴⁾	3,330	3,309	1,703	1,324	1,692	1,397	342	204	7,067	6,234

(million litres)	Canada		International		USA		Refining		Consolidated	
Nine months ended September 30, 2022	2022	2021 ⁽³⁾	2022	2021	2022	2021	2022	2021 ⁽³⁾	2022	2021
Retail ⁽¹⁾	4,669	4,519	1,190	1,217	1,616	968	—	—	7,475	6,704
Commercial ⁽¹⁾⁽²⁾	5,029	4,849	3,615	2,538	3,402	2,789	—	—	12,046	10,176
Refining	—	—	—	—	—	—	958	623	958	623
Fuel and petroleum product volume ⁽⁴⁾	9,698	9,368	4,805	3,755	5,018	3,757	958	623	20,479	17,503

⁽¹⁾ Includes gasoline, diesel and propane volumes.

⁽²⁾ Commercial includes the operations of cardlock sites, bulk fuel, propane, heating oil, lubricants, and other related services to commercial, industrial, aviation, and residential customers as well as fuel supply and wholesale transactions.

⁽³⁾ For comparative purposes, information for the three and nine months ended September 30, 2021 was restated due to a change in segment presentation. Refer to the Basis of presentation section of this MD&A.

⁽⁴⁾ Fuel and petroleum product volume includes volumes from external customers only.

D. Related party transactions

As at September 30, 2022, Parkland continues to have transactions with related parties in the normal course of business. Since December 31, 2021, there have been no changes to the composition, nature or frequency of its related party transactions.

(\$ millions)	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Investment in Associates				
Fuel revenue ⁽¹⁾	163	83	421	236
Cost of purchases ⁽¹⁾	80	53	222	138
Investment in Joint Ventures				
Fuel revenue ⁽²⁾	318	102	459	102

⁽¹⁾ Includes related party transactions with the Société Anonyme de la Raffinerie des Antilles ("SARA") refinery, of which Parkland holds a 29% interest.

⁽²⁾ Includes related party transactions with the Isla JV, of which Parkland acquired a 50% interest on July 1, 2021.

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

(\$ millions)	September 30, 2022	December 31, 2021
Investments in Associates		
Accounts receivable	13	26
Accounts payable	28	22
Investment in Joint Ventures		
Accounts receivable	23	17
Accounts payable	8	6

E. Subsequent event

On October 18, 2022, at the closing of the share exchange agreement with Simpson Oil entered into on August 4, 2022, Parkland issued 20,000,000 common shares at \$29.56 per share in exchange for 25% of issued and outstanding shares in SIL and certain outstanding balances with Simpson Oil (the "Share Exchange"). As a result of the Share Exchange, the put and call options with respect to the acquisition of the remaining 25% shares of SIL by Parkland were terminated. Upon completion of the Share Exchange, SIL became a wholly-owned subsidiary of Parkland. On closing, the net impact of the settlement under the Share Exchange will be recognized in Shareholders' equity.

F. Site count by business model

	As at September 30, 2022			
	Canada	USA	International ⁽²⁾	Total
Company-owned/leased, company-operated	—	140	16	156
Company-owned/leased, dealer-operated	—	—	240	240
Company-owned/leased, retailer-operated	799	73	—	872
Dealer-owned, dealer operated	1,310	428	236	1,974
Cardlock	163	49	—	212
Franchise and company-operated stores ⁽¹⁾	313	—	—	313
	2,585	690	492	3,767

	As at December 31, 2021			
	Canada	USA	International ⁽²⁾	Total
Company-owned/leased, company-operated	—	139	—	139
Company-owned/leased, dealer-operated	—	—	225	225
Company-owned/leased, retailer-operated	659	73	—	732
Dealer-owned, dealer operated	1,153	420	196	1,769
Cardlock	162	49	—	211
	1,974	681	421	3,076

⁽¹⁾ In addition, as at September 30, 2022, Parkland had arrangements with 2,680 third-party retailers to distribute and sell M&M Food Market products at the retailers' sites.

⁽²⁾ Site count excludes Parkland's 50% interest in the Isla JV. As at September 30, 2022, Isla JV includes 105 of company-owned or company-leased sites, and 131 of dealer-owned and dealer-operated sites.

The change in site count as at September 30, 2022 is mainly attributable to the 2022 Acquisitions. As at September 30, 2022, Parkland is the operator of 63 company-operated stores under the M&M Food Market brand.

13. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Parkland's significant accounting policies and significant accounting estimates, assumptions and judgments are contained in the Annual Consolidated Financial Statements. Refer to Note 2 of the Annual Consolidated Financial Statements and the Interim Condensed Consolidated Financial Statements for a summary of significant accounting policies or references to notes where such policies are contained.

Significant accounting estimates, assumptions and judgments

The preparation of Parkland's consolidated financial statements requires management to make estimates, assumptions and judgments (including those affected by and related to the future effects of climate change) that affect the reported amounts of revenue, expenses, assets, liabilities, accompanying disclosures and the disclosure of contingent liabilities. These estimates and judgments are subject to change based on experience and new information. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affecting future periods. Refer to "Significant accounting estimates, assumptions and judgments" in the Annual MD&A for further information on these significant accounting estimates, assumptions and judgments. Since the date of the Annual MD&A, there were no material changes to the significant accounting estimates, assumptions and judgments except as noted in Note 2 of the Interim Condensed Financial Statements.

14. SPECIFIED FINANCIAL MEASURES AND NON-FINANCIAL MEASURES

Parkland's management uses certain financial measures to analyze the operating performance, leverage and liquidity of the business. Parkland categorizes these measures as (i) Non-GAAP financial measures and ratios, (ii) Total of segments measures, (iii) Capital management measures, and (iv) Supplementary financial measures (collectively the "Specified financial measures") as per the requirements of the National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure ("NI 52-112") and its related companion policy released by the Canadian Securities Administrators in May 2021. In addition, Parkland uses certain non-financial measures that are not within the scope of NI 52-112.

A. Measures of segment or sub-segment profit (loss) and Total of segments measures

Adjusted earnings (loss) before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and Adjusted gross margin, including fuel and petroleum product adjusted gross margin and food, convenience and other adjusted gross margin, are measures of segment profit (loss) (and their aggregates are "Total of segments measures") used by the chief operating decision maker to make decisions about resource allocation to the segment and to assess its performance. Additionally, segment profit (loss) measures for Canada, Refining and Total of sub-segment renewable operations also constitute a Total of segment measures. Refer to Note 13 of the Interim Condensed Consolidated Financial Statements for more information. In accordance with IFRS, adjustments and eliminations made in preparing an entity's financial statements and allocations of revenue, expenses, and gains or losses shall be included in determining reported segment profit (loss) only if they are included in the measure of the segment's profit (loss) that is used by the chief operating decision maker. As such, these measures are unlikely to be comparable to measures of segment profit (loss) presented by other issuers, who may calculate these measures differently.

Adjusted EBITDA

Parkland views Adjusted EBITDA as the key measure for the underlying core operating performance of business segment activities at an operational level. Adjusted EBITDA is used by management to set targets for Parkland (including annual guidance and variable compensation targets) and is used to determine Parkland's ability to service debt, finance capital expenditures and provide for dividend payments to shareholders. In addition to finance costs, depreciation, amortization and income tax expense (recovery), Adjusted EBITDA also excludes costs that are not considered representative of Parkland's underlying core operating performance, including, among other items: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, (v) unrealized gains and losses on (a) foreign exchange, (b) risk management assets and liabilities unless it relates to underlying physical sales activity in current period and (c) Intermediation Facility Derivatives and other derivatives, (vi) realized foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (vii) realized foreign exchange gains and losses on accrued financing costs in foreign currency and the offsetting realized risk management gains and losses on the related foreign exchange risk management instruments, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, (x) impairments of non-current assets, (xi) loss on modification of long-term debt, (xii) earnings impact from hyperinflation accounting, (xiii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, (xiv) gains and losses on asset disposals, and (xv) other adjusting items. Parkland's Adjusted EBITDA is also adjusted to include Parkland's proportionate share of its joint-venture investees' Adjusted EBITDA. Within the Canada and Refining segments, Parkland tracks the results from renewable and conventional business activities separately. Renewable activities include activities such as emission credit and renewable fuel trading transactions and blending of low-carbon-intensity fuels (bio-diesel, ethanol and others) to produce greener fuels resulting in emission credits. Effective August 4, 2022, when Parkland entered into the Share Exchange with Simpson Oil to acquire the remaining 25% shares of SIL, Parkland does not allocate a portion of segment profit or loss to NCI and includes 100 per cent of International results as Adjusted EBITDA.

Adjusted gross margin

Parkland uses Adjusted gross margin as a measure of segment profit (loss) to analyze the performance of sale and purchase transactions and performance on margin. Adjusted gross margin excludes the effects of significant items of income and expenditure that are not considered representative of Parkland's underlying core margin performance and may have an impact on the quality of margins, such as (i) unrealized gains and losses on (a) foreign exchange, (b) risk management and other unless underlying physical sales activity has occurred and (c) Intermediation Facility Derivatives and other derivatives, (ii) loss on inventory write-downs for which there are offsetting associated risk management and other with unrealized gains, (iii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, and (iv) other adjusting items.

Food, convenience and other adjusted gross margin

(\$ millions)	Canada ⁽³⁾		International		USA		Refining ⁽³⁾		Consolidated	
For the three months ended September 30,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Food and convenience store ⁽¹⁾	59	39	4	3	30	18	—	—	93	60
Lubricants and other ⁽²⁾	26	12	23	21	32	31	3	—	84	64
Food, convenience and other adjusted gross margin	85	51	27	24	62	49	3	—	177	124

(\$ millions)	Canada ⁽³⁾		International		USA		Refining ⁽³⁾		Consolidated	
For the nine months ended September 30,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Food and convenience store ⁽¹⁾	167	117	10	7	73	41	—	—	250	165
Lubricants and other ⁽²⁾	57	35	63	56	98	81	7	3	225	175
Food, convenience and other adjusted gross margin	224	152	73	63	171	122	7	3	475	340

⁽¹⁾ Convenience store revenue generated from Canada, International, and USA depends on the business model operated by each segment and includes sale of food and merchandise, suppliers' rebates, rental income from retailers in the form of a percentage rent on convenience store sales and franchise royalties.

⁽²⁾ Lubricants and other include lubricants, equipment and facilities rentals, freight, tanks and parts installation, cylinder exchanges, royalties, emission allowances and other products and services.

⁽³⁾ For comparative purposes, information for the three and nine months ended September 30, 2021 was restated due to a change in segment presentation. Refer to the Basis of presentation section of this MD&A.

A.1 Reconciliation of Total of segments measures

Reporting segments	Canada						Refining										International		USA		Corporate		Intersegment Eliminations ⁽⁴⁾		Consolidated	
Sub-segments	Renewable		Conventional		Total		Renewable		Conventional		Total		Total Renewable Sub-segment		Total Conventional Sub-segment ⁽⁵⁾											
For the three months ended September 30,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fuel and petroleum product volume (million litres) ⁽¹⁾	176	152	3,233	3,266	3,409	3,418	—	—	1,119	929	1,119	929	176	152	4,352	4,195	1,703	1,324	1,692	1,397	—	—	(856)	(834)	7,067	6,234
Sales and operating revenue	309	190	4,493	3,240	4,802	3,430	103	121	1,340	792	1,443	913	412	311	5,833	4,032	2,350	1,289	2,417	1,409	—	—	(1,114)	(798)	9,898	6,243
Sub-segment eliminations ⁽²⁾					(309)	(190)					(66)	(71)													(375)	(261)
Sales and operating revenue - after eliminations					4,493	3,240					1,377	842					2,350	1,289	2,417	1,409	—	—	(1,114)	(798)	9,523	5,982
Cost of purchases	306	185	4,166	2,946	4,472	3,131	93	92	1,143	622	1,236	714	399	277	5,309	3,568	2,224	1,118	2,293	1,282	—	—	(1,114)	(798)	9,111	5,447
Sub-segment eliminations ⁽²⁾					(309)	(190)					(66)	(71)													(375)	(261)
Cost of purchases - after eliminations					4,163	2,941					1,170	643					2,224	1,118	2,293	1,282	—	—	(1,114)	(798)	8,736	5,186
Fuel and petroleum product adjusted gross margin, before the following:	3	5	242	243	245	248	10	29	194	170	204	199	13	34	436	413	99	147	62	78	—	—	—	—	610	672
Gain (loss) on risk management and other - realized	10	7	11	(3)	21	4	(3)	—	17	(4)	14	(4)	7	7	28	(7)	65	(6)	—	(2)	—	—	—	—	100	(8)
Gain (loss) on foreign exchange - realized	—	—	—	—	—	—	—	—	(9)	(4)	(9)	(4)	—	—	(9)	(4)	(3)	(3)	—	—	(1)	(1)	—	—	(13)	(8)
Other adjusting items to adjusted gross margins ⁽³⁾	—	—	2	—	2	—	—	—	—	—	—	—	—	—	2	—	(3)	(4)	(10)	—	1	3	—	—	(10)	(1)
Fuel and petroleum product adjusted gross margin	13	12	255	240	268	252	7	29	202	162	209	191	20	41	457	402	158	134	52	76	—	2	—	—	687	655
Food, convenience and other adjusted gross margin	—	—	85	51	85	51	—	—	3	—	3	—	—	—	88	51	27	24	62	49	—	—	—	—	177	124
Total adjusted gross margin	13	12	340	291	353	303	7	29	205	162	212	191	20	41	545	453	185	158	114	125	—	2	—	—	864	779
Operating costs	2	1	153	131	155	132	2	2	70	59	72	61	4	3	223	190	53	37	106	64	1	—	—	—	387	294
Marketing, general and administrative	—	—	58	38	58	38	—	—	5	4	5	4	—	—	63	42	25	21	27	18	32	24	—	—	147	105
Share in (earnings) loss of associates and joint ventures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(5)	(7)	—	—	—	—	—	—	(5)	(7)
Other adjusting items to Adjusted EBITDA	—	—	—	(1)	—	(1)	—	—	—	—	—	—	—	—	—	(1)	(4)	(4)	(1)	—	—	—	—	—	(5)	(5)
Adjusted EBITDA (loss) including NCI	11	11	129	123	140	134	5	27	130	99	135	126	16	38	259	222	116	111	(18)	43	(33)	(22)	—	—	340	392
Attributable to NCI	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	12	28	—	—	—	—	—	—	12	28
Adjusted EBITDA (loss) attributable to Parkland ("Adjusted EBITDA (loss)")	11	11	129	123	140	134	5	27	130	99	135	126	16	38	259	222	104	83	(18)	43	(33)	(22)	—	—	328	364
Add: Adjusted EBITDA attributable to NCI																									12	28
Less:																										
Acquisition, integration and other costs																									45	12
Depreciation and amortization																									202	152
Finance costs																									87	61
(Gain) loss on foreign exchange – unrealized																									(16)	(16)
(Gain) loss on risk management and other – unrealized																									(1)	(2)
Other (gains) and losses																									(88)	10
Other adjusting items																									(5)	4
Income tax expense (recovery)																									(2)	48
Net earnings (loss)																									118	123
Less: Net earnings (loss) attributable to NCI																									13	13
Net earnings (loss) attributable to Parkland																									105	110

⁽¹⁾ Fuel and petroleum product volume for renewable activities only includes fuel trading volumes and does not include volumes of low-carbon-intensity feedstocks used for co-processing and blending.

⁽²⁾ Represents elimination of transactions between Renewable and Conventional sub-segments within Canada and Refining.

⁽³⁾ Other adjusting items to adjusted gross margin mainly include \$10 million (2021 - nil) of unrealized risk management loss related to underlying physical sales activity in the current period.

⁽⁴⁾ Includes inter-segment sales and cost of purchases. See Note 13 of the Interim Condensed Consolidated Financial Statements.

⁽⁵⁾ Total of Conventional sub-segment is not a financial measure used by Parkland to evaluate performance and is not a Total of segment measure under NI 52-112. It is included in the table above for reconciliation purposes only.

Reporting segments	Canada						Refining										International		USA		Corporate		Intersegment Eliminations ⁽⁴⁾		Consolidated	
Sub-segments	Renewable		Conventional		Total		Renewable		Conventional		Total		Total Renewable Sub-segment		Total Conventional Sub-segment ⁽⁵⁾											
For the nine months ended September 30,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fuel and petroleum product volume (million litres) ⁽¹⁾	457	386	9,516	9,178	9,973	9,564	—	—	3,011	2,612	3,011	2,612	457	386	12,527	11,790	4,805	3,755	5,018	3,757	—	—	(2,328)	(2,185)	20,479	17,503
Sales and operating revenue	692	422	12,888	8,218	13,580	8,640	296	233	3,555	2,020	3,851	2,253	988	655	16,443	10,238	6,384	3,329	6,888	3,398	—	—	(3,002)	(1,834)	27,701	15,786
Sub-segment eliminations ⁽²⁾					(692)	(422)	—	—	—	—	(165)	(182)													(857)	(604)
Sales and operating revenue - after eliminations					12,888	8,218					3,686	2,071					6,384	3,329	6,888	3,398	—	—	(3,002)	(1,834)	26,844	15,182
Cost of purchases	668	404	11,808	7,349	12,476	7,753	252	172	2,877	1,546	3,129	1,718	920	576	14,685	8,895	5,738	2,834	6,376	3,088	—	—	(3,002)	(1,834)	24,717	13,559
Sub-segment eliminations ⁽²⁾					(692)	(422)	—	—	—	—	(165)	(182)													(857)	(604)
Cost of purchases - after eliminations					11,784	7,331					2,964	1,536					5,738	2,834	6,376	3,088	—	—	(3,002)	(1,834)	23,860	12,955
Fuel and petroleum product adjusted gross margin, before the following:	24	18	856	717	880	735	44	61	671	471	715	532	68	79	1,527	1,188	573	432	341	188	—	—	—	—	2,509	1,887
Gain (loss) on risk management and other - realized	5	8	5	(7)	10	1	(1)	—	(102)	(16)	(103)	(16)	4	8	(97)	(23)	(130)	(56)	(57)	(15)	—	—	—	—	(280)	(86)
Gain (loss) on foreign exchange - realized	1	—	—	(1)	1	(1)	—	—	(16)	1	(16)	1	1	—	(16)	—	(1)	(2)	—	—	1	3	—	—	(15)	1
Other adjusting items to adjusted gross margin ⁽³⁾	—	—	2	—	2	—	—	—	—	—	—	—	—	—	2	—	(3)	—	(10)	—	3	1	—	—	(8)	1
Fuel and petroleum product adjusted gross margin	30	26	863	709	893	735	43	61	553	456	596	517	73	87	1,416	1,165	439	374	274	173	4	4	—	—	2,206	1,803
Food, convenience and other adjusted gross margin	—	—	224	152	224	152	—	—	7	3	7	3	—	—	231	155	73	63	171	122	—	—	—	—	475	340
Total adjusted gross margin	30	26	1,087	861	1,117	887	43	61	560	459	603	520	73	87	1,647	1,320	512	437	445	295	4	4	—	—	2,681	2,143
Operating costs	5	3	451	370	456	373	7	6	195	157	202	163	12	9	646	527	129	106	281	159	1	—	—	—	1,069	801
Marketing, general and administrative	2	1	155	105	157	106	—	—	13	11	13	11	2	1	168	116	70	59	85	44	84	67	—	—	409	287
Share in (earnings) loss of associates and joint ventures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(16)	(11)	—	—	—	—	—	—	(16)	(11)
Other adjusting items to Adjusted EBITDA	—	—	(1)	(1)	(1)	(1)	—	—	—	—	—	—	—	—	(1)	(1)	(11)	(6)	(1)	—	—	—	—	—	(13)	(7)
Adjusted EBITDA (loss) including NCI	23	22	482	387	505	409	36	55	352	291	388	346	59	77	834	678	340	289	80	92	(81)	(63)	—	—	1,232	1,073
Attributable to NCI	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	67	73	—	—	—	—	—	—	67	73
Adjusted EBITDA (loss) attributable to Parkland ("Adjusted EBITDA (loss)")	23	22	482	387	505	409	36	55	352	291	388	346	59	77	834	678	273	216	80	92	(81)	(63)	—	—	1,165	1,000
Add: Adjusted EBITDA attributable to NCI																									67	73
Less:																										
Acquisition, integration and other costs																									76	28
Depreciation and amortization																									531	460
Finance costs																									237	237
(Gain) loss on foreign exchange - unrealized																									(16)	(13)
(Gain) loss on risk management and other - unrealized																									30	21
Other (gains) and losses																									44	175
Other adjusting items																									5	8
Income tax expense (recovery)																									48	58
Net earnings (loss)																									277	99
Less: Net earnings (loss) attributable to NCI																									36	24
Net earnings (loss) attributable to Parkland																									241	75

⁽¹⁾ Fuel and petroleum product volume for renewable activities only includes fuel trading volumes and does not include volumes of low-carbon-intensity feedstocks used for co-processing and blending.

⁽²⁾ Represents elimination of transactions between Renewable and Conventional sub-segments within Canada and Refining.

⁽³⁾ Other adjusting items to adjusted gross margin mainly include \$10 million (2021 - nil) of unrealized risk management loss related to underlying physical sales activity in the current period.

⁽⁴⁾ Includes inter-segment sales and cost of purchases. See Note 13 of the Interim Condensed Consolidated Financial Statements.

⁽⁵⁾ Total of Conventional sub-segment is not a financial measure used by Parkland to evaluate performance and is not a Total of segment measure under NI 52-112. It is included in the table above for reconciliation purposes only.

B. Non-GAAP financial measures and ratios

Certain non-GAAP financial measures and ratios are included in this MD&A to assist management, investors and analysts with the analysis of operating and financial performance, leverage and liquidity. These non-GAAP financial measures and ratios do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. The non-GAAP financial measures and ratios should not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Except as otherwise indicated, these non-GAAP measures are calculated and disclosed on a consistent basis from period to period.

Adjusted earnings (loss) and Adjusted earnings (loss) per share

Adjusted earnings (loss) and Adjusted earnings (loss) per share are a non-GAAP financial measure and a non-GAAP financial ratio, respectively, representing the underlying core operating performance of business activities of Parkland at a consolidated level.

Adjusted earnings (loss) and Adjusted earnings (loss) per share represent how well Parkland's operational business is performing, while considering depreciation and amortization, interest on leases and long-term debt, accretion and other finance costs, and income taxes. The Company uses these measures because it believes that Adjusted earnings (loss) and Adjusted earnings (loss) per share are useful for management and investors in assessing the Company's overall performance as they exclude certain significant items that are not reflective of the Company's underlying business operations.

Adjusted earnings (loss) excludes costs that are not considered representative of Parkland's underlying core operating performance including: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, (v) unrealized gains and losses on (a) foreign exchange, (b) risk management assets and liabilities unless they relate to underlying physical sales activity in current period and (c) Intermediation Facility derivatives and other derivatives, (vi) realized foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (vii) realized foreign exchange gains and losses on accrued financing costs in foreign currency and the offsetting realized risk management gains and losses on the related foreign exchange risk management instruments, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, (x) impairments of non-current assets, (xi) loss on modification of long-term debt, (xii) earnings impact from hyperinflation accounting, (xiii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, (xiv) gains and losses on asset disposals, and (xv) other adjusting items. Parkland's Adjusted earnings (loss) and Adjusted earnings (loss) per share are also adjusted to include Parkland's proportionate share of its joint-venture investees' Adjusted earnings (loss). These adjustments are considered to result in a more comparable economic representation. Effective August 4, 2022, when Parkland entered into the share exchange agreement with Simpson Oil to acquire the remaining 25% shares of Sol Investments SEZC, Parkland does not allocate a portion of Adjusted net earnings or loss to NCI and includes 100 per cent of International results as Adjusted earnings (loss).

Please see below for the reconciliation of Adjusted earnings (loss) to net earnings (loss) and calculation of Adjusted earnings (loss) per share.

(\$ millions, unless otherwise stated)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net earnings (loss) attributable to Parkland	105	110	241	75
Add: Net earnings (loss) attributable to NCI	13	13	36	24
Net earnings (loss)	118	123	277	99
Add:				
Acquisition, integration and other costs	45	12	76	28
Loss on modification of long-term debt	—	—	2	59
(Gain) loss on foreign exchange – unrealized	(16)	(16)	(16)	(13)
(Gain) loss on risk management and other – unrealized	(1)	(2)	30	21
Other (gains) and losses ⁽¹⁾	(88)	10	44	175
Other adjusting items ⁽²⁾	(5)	4	5	8
Tax normalization ⁽³⁾	2	11	(36)	(29)
Adjusted earnings (loss) including NCI	55	142	382	348
Less: Adjusted earnings (loss) attributable to NCI	6	13	31	31
Adjusted earnings (loss)	49	129	351	317
Weighted average number of common shares (million shares) ⁽⁴⁾	156	152	156	151
Weighted average number of common shares adjusted for the effects of dilution (million shares) ⁽⁴⁾	158	153	158	152
Adjusted earnings (loss) per share (\$ per share)				
Basic	0.31	0.85	2.26	2.10
Diluted	0.31	0.84	2.23	2.09

⁽¹⁾ Other (gains) and losses for the three months ended September 30, 2022 include the following: (i) \$59 million non-cash valuation gain (2021 - \$40 million loss) due to the change in redemption value of Sol Put Option; (ii) \$37 million non-cash valuation gain (2021 - \$38 million gain) due to the change in fair value of redemption options; and (iii) \$8 million loss (2021 - \$8 million loss) in Other items. Other (gains) and losses for the nine months ended September 30, 2022 include the following: (i) \$11 million non-cash valuation gain (2021 - \$112 million loss) due to change in redemption value of Sol Put Option; (ii) \$65 million non-cash valuation loss (2021 - \$52 million loss) due to change in fair value of redemption options; (iii) \$10 million gain (2021 - \$11 million loss) in Other items. Refer to Note 12 of the Interim Condensed Consolidated Financial Statements.

⁽²⁾ Other Adjusting Items for the three and nine months ended September 30, 2022 mainly include: (i) the share of depreciation and income taxes for Isla joint venture of \$2 million (2021 - \$3 million) and \$8 million (2021 - \$3 million), respectively.

⁽³⁾ The tax normalization adjustment was applied to net earnings (loss) adjusting items that were considered temporary differences, such as gains and losses on asset disposals, acquisition, integration and other costs, unrealized foreign exchange gains and losses, gains and losses on risk management and other, changes in fair value of redemption options, changes in estimates of environmental provisions, loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, and debt modifications. The tax impact was estimated using the effective tax rates applicable to jurisdictions where the related items occur.

⁽⁴⁾ Weighted average number of common shares are calculated in accordance with Parkland's accounting policy contained in Note 2 of the Annual Consolidated Financial Statements.

TTM distributable cash flow, TTM distributable cash flow per share, and TTM dividend payout ratio

Distributable cash flow and distributable cash flow per share are cash metrics that adjusts for the impact of seasonality in Parkland's business by removing non-cash working capital items and excludes the effect of items that are not considered representative of Parkland's ability to generate cash flows. Such items include: (i) acquisition, integration, and other costs; (ii) turnaround maintenance capital expenditures; and (iii) interest on leases and long-term debt, and principal payments on leases attributable to non-controlling interests. We use these non-GAAP financial measure and non-GAAP ratio to monitor normalized cash flows of the business by eliminating the impact of Parkland's working capital fluctuations and expenditures used in acquisition, integration and other activities, which can vary significantly from quarter to quarter.

The dividend payout ratio is a ratio of dividends distributed to distributable cash flow. We use this non-GAAP ratio as an indicator of Parkland's ability to generate cash flows to sustain monthly dividends, including those issued under the dividend reinvestment plan. Please see below for a reconciliation of distributable cash flow to cash generated from (used in) operating activities and calculation of the dividend payout ratio.

	Three months ended				Trailing twelve months ended
(\$ millions, unless otherwise noted)	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	September 30, 2022
Cash generated from (used in) operating activities ⁽¹⁾	118	(48)	343	402	815
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(22)	(26)	(27)	(11)	(86)
	96	(74)	316	391	729
Reverse: Change in other liabilities and other assets	8	(2)	(1)	23	28
Reverse: Net change in non-cash working capital	148	436	36	(112)	508
Include: Maintenance capital expenditures attributable to Parkland	(112)	(29)	(44)	(62)	(247)
Exclude: Turnaround maintenance capital expenditures	8	—	—	4	12
Include: Proceeds on asset disposals	4	1	2	1	8
Reverse: Acquisition, integration and other costs	24	13	18	45	100
Include: Interest on leases and long-term debt	(59)	(64)	(71)	(74)	(268)
Exclude: Interest on leases and long-term debt attributable to NCI	1	1	1	—	3
Include: Payments on principal amount on leases	(38)	(37)	(38)	(50)	(163)
Exclude: Payments on principal amount on leases attributable to NCI	5	5	4	2	16
Distributable cash flow	85	250	223	168	726
Weighted average number of common shares (million shares)					155
Distributable cash flow per share					4.68
Dividends ⁽¹⁾	47	49	51	50	197
Dividend payout ratio					27 %

⁽¹⁾ Except for the annual reporting period, cash generated from (used in) operating activities for the trailing twelve months is a supplementary financial measure. Refer to Section 14C of this MD&A.

	Three months ended				Trailing twelve months ended
(\$ millions, unless otherwise noted)	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	September 30, 2021
Cash generated from (used in) operating activities ⁽¹⁾⁽²⁾	(40)	264	322	200	746
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(20)	(23)	(21)	(26)	(90)
	(60)	241	301	174	656
Reverse: Change in other liabilities and other assets	12	(14)	(9)	4	(7)
Reverse: Net change in non-cash working capital ⁽³⁾	288	53	22	119	482
Include: Maintenance capital expenditures attributable to Parkland	(39)	(20)	(45)	(40)	(144)
Exclude: Turnaround maintenance capital expenditures	2	—	—	3	5
Include: Proceeds on asset disposals	6	5	1	4	16
Reverse: Acquisition, integration and other costs	14	5	11	12	42
Include: Interest on leases and long-term debt	(56)	(54)	(54)	(56)	(220)
Exclude: Interest on leases and long-term debt attributable to NCI	1	1	1	1	4
Include: Payments on principal amount on leases	(35)	(35)	(33)	(36)	(139)
Exclude: Payments on principal amount on leases attributable to NCI	4	4	4	5	17
Distributable cash flow ⁽⁴⁾	137	186	199	190	712
Weighted average number of common shares (million shares)					151
Distributable cash flow per share					4.72
Dividends ⁽²⁾	47	47	48	48	190
Dividend payout ratio ⁽⁴⁾					27 %

⁽¹⁾ For comparative purposes, information for previous periods was restated due to a change in presentation of cash flows from (used in) operating and financing activities. Interest paid on long-term debt and leases, formerly included in "Cash generated from (used in) operating activities", is now included in "Cash generated from (used in) financing activities", reflecting a more relevant presentation of finance costs payments.

⁽²⁾ Except for the annual reporting period, cash generated from (used in) operating activities for the trailing twelve months is a supplementary financial measure. Refer to Section 14C of this MD&A.

⁽³⁾ For comparative purposes, information for the quarter ended September 30, 2021 was restated due to a change in presentation for certain emission credits and allowances held for trading, which were formerly included in "Risk management and other" and are now included in "Inventories".

⁽⁴⁾ Prior to March 31, 2021, distributable cash flow and the dividend payout ratio were referred to as adjusted distributable cash flow and adjusted dividend payout ratio, respectively. The previous measures were consolidated to a single primary measure representing Parkland's ability to generate cash flows.

Food and Company C-Store same store sales growth ("Food and Company C-Store SSSG")

Food and Company C-Store SSSG refers to the period-over-period sales growth generated by retail food and convenience stores at the same company sites. The effects of opening and closing stores, temporary closures (including closures for On the Run / Marché Express conversions), expansions of stores, renovations of stores, and stores with changes in food service models in the period are excluded to derive a comparable same-store metric. Same-store sales growth is a metric commonly used in the retail industry that provides meaningful information to investors in assessing the health and strength of Parkland's brands and retail network, which ultimately impacts financial performance. The change in label of this metric from Company C-Store SSSG to Food and Company C-Store SSSG reflects the addition of the frozen food retail business acquired as part of the M&M Acquisition. Please see below for a reconciliation of convenience store revenue (Food and C-Store revenue) of the Canada segment with the Food and Company C-Store same store sales ("SSS") and calculation of the Food and Company C-Store SSSG.

(\$ millions)	Three months ended September 30, 2022			Nine months ended September 30, 2022		
	2022	2021	% ⁽¹⁾	2022	2021	% ⁽¹⁾
Food and Company C-Store revenue	69	102		271	297	
Add:						
Point-of-sale ("POS") value of goods and services sold at Food and Company C-Store operated by retailers and franchisees ⁽²⁾	302	164		723	448	
Less:						
Rental and royalty income from retailers, franchisees and others ⁽³⁾	(40)	(27)		(101)	(79)	
Same Store revenue adjustments ⁽⁴⁾⁽⁵⁾ (excluding cigarettes)	(112)	(8)		(296)	(29)	
Same Store Food and Company C-Store Sales	219	231	(5.1)%	597	637	(6.3)%
Less:						
Same Store revenue adjustments ⁽⁴⁾ (cigarettes)	(101)	(119)		(288)	(335)	
Same Store Food and Company C-Store sales (excluding cigarettes)	118	112	5.2 %	309	302	2.2 %

(\$ millions)	Three months ended September 30, 2021			Nine months ended September 30, 2021		
	2021	2020	% ⁽¹⁾	2021	2020	% ⁽¹⁾
Food and Company C-Store revenue	102	111		297	310	
Add:						
Point-of-sale ("POS") value of goods and services sold at Food and Company C-Store operated by retailers ⁽²⁾	164	167		449	440	
Less:						
Rental income from retailers and others ⁽³⁾	(28)	(29)		(79)	(77)	
Same Store revenue adjustments ⁽⁴⁾⁽⁵⁾ (excluding cigarettes)	(7)	(6)		(22)	(19)	
Same Store Food and Company C-Store Sales	231	243	(4.9)%	645	654	(1.2)%
Less:						
Same Store revenue adjustments ⁽⁴⁾⁽⁵⁾ (cigarettes)	(120)	(134)		(338)	(366)	
Same Store Food and Company C-Store sales (excluding cigarettes)	111	109	1.7%	307	288	6.5%

⁽¹⁾ Percentages are calculated based on actual amounts and are impacted by rounding.

⁽²⁾ POS values used to calculate Food and Company C-Store SSSG are not a Parkland financial measure and do not form part of Parkland's consolidated financial statements.

⁽³⁾ Includes rental income from retailers in the form of a percentage rent on Food and Company C-Store sales, royalty, franchisee fees and excludes revenues from automated teller machine, POS system licensing fees, and others.

⁽⁴⁾ This adjustment excludes the effects of acquisitions, opening and closing stores, temporary closures (including closures for On the Run / Marché Express conversions), expansions of stores, renovations of stores, and stores with changes in food service models, to derive a comparable same-store metric.

⁽⁵⁾ Excludes sales from the 2022 Acquisitions as these will not impact the metric until after the completion of one year of the acquisitions in 2023 as the sales or volume generated in 2022 establish the baseline for these metrics.

Food and Company C-Store gross margin percentage

Parkland's Canada segment uses Food and Company C-Store gross margin to analyze the performance of its food, convenience and servicing operations at its backcourt. Food and Company C-Store gross margin includes the margin on goods and services sold at Food and Company C-Store operated by retailers and franchisees and includes margins from franchise fees, suppliers' rebates and fees from licensing and other services. The change in label of this metric from Company C-Store gross margin percentage to Food and Company C-Store gross margin percentage reflects the addition of the frozen food business and related revenues assumed in the M&M Acquisition. Please see below for a reconciliation of convenience store revenue and cost of purchases of the Canada segment with the Food and Company C-Store gross margin.

	Three months ended September 30,		Nine months ended September 30,	
(\$ millions)	2022	2021	2022	2021
Adjusted Food and Company C-Store revenue	317	240	854	669
Adjusted Food and Company C-Store cost of sales	(210)	(172)	(564)	(475)
Adjusted Food and Company C-Store gross margin	107	68	290	194
Food and Company C-Store gross margin percentage	33.8 %	28.3 %	34.0 %	29.0 %
Food and Company C-Store revenue	69	102	271	297
Add:				
POS value of goods and services sold at Food and Company C-Store operated by retailers and franchisees ⁽¹⁾	302	163	723	448
Less:				
Rental and royalty income from retailers, franchisees and others ⁽²⁾	(54)	(25)	(140)	(76)
Adjusted Food and Company C-Store revenue	317	240	854	669
Food and Company C-Store cost of sales	10	63	104	180
Add:				
Cost of goods and services sold at Food and Company C-Store operated by retailers and franchisees ⁽¹⁾	200	109	460	295
Adjusted Food and Company C-Store cost of sales	210	172	564	475

⁽¹⁾ POS value of goods and services sold at Food and Company C-Store operated by retailers and franchisees and the related estimates of cost of those goods and services are not financial measures for Parkland and do not form part of Parkland's consolidated financial statements.

⁽²⁾ Includes rental income from retailers in the form of a percentage rent on convenience store sales, royalty and franchise fees, suppliers' rebates and certain other revenues.

Annual Synergies

Annual Synergies is a forward-looking estimate of forecasted improvements in Adjusted EBITDA driven by increases in Adjusted gross margin and reductions in Operating Costs and Marketing, General and Administrative expenses expected to be realized from integrating acquisitions and other related initiatives. This estimate is stated as a comparison of the acquisitions' performance before and after the acquisition, presented as a forecasted annualized run-rate measure. This forward-looking estimate is based on a comparative analysis of organizational structures, level of spending, and contract structures, as well as synergies expectations and cost reductions from implementing integration initiatives, increased purchasing power, and contract renegotiations, among other items.

Changes to these assumptions, market conditions, commodity prices, and timing of implementation of initiatives can significantly impact Annual Synergies. See Section 15 of this MD&A.

C. Supplementary financial measures

Parkland uses a number of supplementary financial measures to evaluate the success of our strategic objectives and to set variable compensation targets for employees. These measures may not be comparable to similar measures presented by other issuers, as other issuers may calculate these metrics differently.

Corporate Marketing, General and Administrative expenses ("MG&A") as a % of Adjusted gross margin

This is a ratio that measures percentage of corporate expenses in relation to Parkland's Adjusted gross margin. We use this metric to measure the effectiveness of Parkland's corporate operations in relation to Parkland's overall business. We believe this metric provides transparency and predictive value for corporate MG&A in relation to Parkland's Adjusted gross margin.

(\$ millions)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
Corporate Marketing, General and Administrative expenses	32	24	84	67
Parkland's Adjusted gross margin	864	779	2,681	2,143
Corporate Marketing, General and Administrative expenses as a % of Parkland's Adjusted gross margin	3.7 %	3.1 %	3.1 %	3.1 %

⁽¹⁾ Certain amounts for the periods in 2021 and 2020 were restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.

For comparative purposes, the Corporate Marketing, General and Administrative expenses as a % of Parkland's Adjusted gross margin for the prior periods reported in 2021 and 2020 was retrospectively restated as follows due to allocation of certain corporate costs to the operating segments to better align these costs to the relevant segments.

	2021					2020
	For the year ended	For the three months ended				For the year ended
	Dec 2021 ⁽¹⁾	Dec 2021 ⁽¹⁾	Sep 2021 ⁽¹⁾	Jun 2021 ⁽¹⁾	Mar 2021 ⁽¹⁾	Dec 2020 ⁽¹⁾
Administrative expenses as a % of Parkland's gross margin	3.3%	3.9%	3.1%	3.3%	3.1%	3.1%

⁽¹⁾ Certain amounts for the periods in 2021 and 2020 were restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.

Fuel and petroleum product adjusted gross margin (cpl)

For comparative purposes, fuel and petroleum product adjusted gross margin (cpl) for the prior periods reported in 2021 and 2020 was retrospectively restated as follows due to a change in segment presentation. Refer to Note 13 of the Interim Condensed Consolidated Financial Statements for additional information on Parkland's segments.

	2021					2020
	For the year ended	For the three months ended				For the year ended
	Dec 2021	Dec 2021	Sep 2021	Jun 2021	Mar 2021	Dec 2020
Canada	7.96	8.29	7.62	7.72	8.21	7.42
International	9.55	8.57	10.12	10.15	9.60	9.91
USA	4.93	5.81	5.44	4.04	4.20	4.45

Other supplementary financial measures used throughout this MD&A are described in the following table:

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Maintenance capital expenditures attributable to Parkland (including guidance)	Capital expenditure metric for activities that are maintenance in nature.	Additions to property, plant and equipment and intangible assets that are considered to be maintenance in nature, including but not limited to: • turnaround and other maintenance capital projects at the Burnaby Refinery; • upgrades of retail sites, including primarily aesthetic major renovations (also known as "refreshes"); • rebrand or refresh of retail sites, including securing a supply agreement with a new independent retailer; • replacement of existing concrete structures, paving, roofing, furniture and equipment; • upgrade or replacement of trucking fleets; and • upgrade of software systems or point-of-sale systems. The calculation is adjusted to exclude the portion of additions to maintenance capital expenditures attributable to NCI.	Parkland uses maintenance capital expenditures as a key performance measure to monitor expenditures on property, plant and equipment and intangible assets to sustain the current level of economic activity and maintain cash flows from operating activities at a constant level of productive capacity. Parkland considers the volume of fuel and propane sales, the volume of convenience store sales, the volume of lubricant sales, agricultural inputs, and the delivery to be productive capacity. The classification of capital as growth or maintenance is subject to judgment, as many of Parkland's capital projects have components of both. A reconciliation of this measure is presented in Section 8 of this MD&A.
Growth capital expenditures attributable to Parkland (including guidance)	Capital expenditure metric for activities that are growth in nature.	Additions to property, plant and equipment and intangible assets that are considered to be growth in nature, including but not limited to: • the new retail site builds under the "new-to-industry" program; • construction of a new building on an existing site; • IT capital expenditures related to the integration of acquired businesses; • acquisition of new real estate; • addition of new trucks and trailers to increase the size of the fleet; • addition of new equipment to increase the size and capacity of a retail site; and • addition of new infrastructure and tanks to support large new customer contracts. However, acquisitions of businesses and intangibles are not included as part of growth capital expenditures. The calculation is adjusted to exclude the portion of additions to maintenance capital expenditures attributable to NCI.	Parkland uses growth capital expenditures to monitor expenditures on property, plant and equipment and intangible assets that increase the current level of economic activity. The classification of capital as growth or maintenance is subject to judgment, as many of Parkland's capital projects have components of both. A reconciliation of this measure is presented in Section 8 of this MD&A.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Additions to property, plant and equipment and intangible assets attributable to Parkland	Capital expenditure metric that includes both maintenance and growth capital expenditures.	Additions to property, plant and equipment and intangible assets.	Parkland uses net additions to property, plant and equipment and intangible assets to monitor additions on property, plant and equipment and intangible assets to sustain the current level of economic activity, provide a growth platform and maintain cash flows from operating activities at a constant level of productive capacity.
Trailing-twelve-months ("TTM") Cash generated from (used in) operating activities	Measure of the amount of cash generated by the company's operations over the last twelve months.	Refer to Parkland's Consolidated Statements of Cash Flows for details on the calculation of cash generated from (used in) operating activities.	TTM cash generated from (used in) operating activities indicates whether a company can generate sufficient positive cash flow to maintain and grow its operations.
TTM Dividends	Measure of the amount of dividends declared by the company over the last twelve months.	Refer to Parkland's Consolidated Statements of Changes in Shareholders' Equity for the amount of dividends declared.	This measure indicates the distribution of corporate profits, based upon the number of shares held in Parkland, to shareholders over the last twelve months.
TTM Dividends paid to shareholders, net of dividend reinvestment plan ("DRIP")	Measure of the amount of cash dividends paid by the company over the last twelve months based on dividends declared and excluding the reinvestment of cash dividends into Parkland's enhanced Dividend Reinvestment Plan.	This financial measure is based on dividends declared minus amounts reinvested into DRIP.	This measure indicates the distribution in cash of corporate profits, based upon the number of shares held in Parkland, to shareholders over the last twelve months.
Dividends per share	Measure represents the dividends paid per share for the respective period.	Dividends per share is the sum of the monthly dividends per share declared for the respective period.	This is an important metric to investors because the amount paid out in dividends directly translates to income for the shareholders.
Liquidity available	Measure represents the readily available liquidity in the short term.	The financial measure is the sum of cash and cash equivalents - unrestricted and unused credit facilities.	This measure is used by management to assess Parkland's ability to meet its short-term commitments.
Measures calculated on a cents-per-litre ("cpl") basis	Financial measures calculated on a cpl basis (e.g. Adjusted gross margin) refer to the specific financial metric for a litre of fuel and petroleum product sold in the related segment.	The financial measure (e.g. Adjusted gross margin) is divided by the segment's relevant fuel and petroleum product volume to arrive at the cpl basis.	Cpl metrics are used by management to identify trends in financial measures while removing the impact of volume variability, where appropriate.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Adjusted EBITDA Guidance	Measure represents our forecast of Adjusted EBITDA.	This measure is calculated based on historical data and estimates of future conditions as inputs to make informed forecasts that are predictive in determining the direction of future trends. This measure is a forward-looking measure of which the equivalent historical measure is Adjusted EBITDA. See Section 14A for further detail on the composition of Adjusted EBITDA.	Parkland uses this measure to provide guidance to shareholders, investors and analysts, detailing the Adjusted EBITDA we expect to achieve in the upcoming fiscal year(s).

D. Capital management measures

Leverage Ratio

Parkland's primary capital management measure is the Leverage Ratio, which is used internally by key management personnel to monitor Parkland's overall financial strength, capital structure flexibility, and ability to service debt and meet current and future commitments. In order to manage its financing requirements, Parkland may adjust capital spending or dividends paid to shareholders, or issue new shares or new debt. The Leverage Ratio is calculated as a ratio of Leverage Debt to Leverage EBITDA and does not have any standardized meaning prescribed under IFRS. It is therefore unlikely to be comparable to similar measures presented by other companies. The detailed calculation of Leverage Ratio is as follows:

	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022
Leverage Debt	4,611	5,253	5,264	5,642
Leverage EBITDA ⁽¹⁾	1,402	1,482	1,635	1,596
Leverage Ratio	3.3	3.5	3.2	3.5

⁽¹⁾ Comparative figures have been restated to conform with the presentation used in the current period.

	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022
Long-term debt	5,556	6,371	6,637	6,768
Less:				
Lease obligations	(663)	(698)	(755)	(812)
Cash and cash equivalents	(326)	(507)	(663)	(361)
Add:				
Letters of credit	44	87	45	47
Leverage Debt	4,611	5,253	5,264	5,642

	December 31, 2021	Three months ended March 31, 2022	June 30, 2022	September 30, 2022	Trailing twelve months ended September 30, 2022
Adjusted EBITDA including NCI	285	414	478	340	1,517
Share incentive compensation	11	9	5	7	32
Reverse: IFRS 16 impact ⁽¹⁾	(41)	(44)	(46)	(49)	(180)
	255	379	437	298	1,369
Acquisition pro-forma adjustment ⁽²⁾					101
Other adjustments ⁽³⁾					126
Leverage EBITDA					1,596

⁽¹⁾ Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.

⁽²⁾ Amounts for the trailing twelve months ended September 30, 2022 include pro-forma pre-acquisition EBITDA estimates based on anticipated benefits, costs and synergies of acquisitions.

⁽³⁾ Relates to adjustments for the normalization of the impact from the turnaround and other events including extreme weather events, mechanical break-downs, and third-party power outages beyond management's control.

	Three months ended				Trailing twelve months ended June 30, 2022
	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	
Adjusted EBITDA including NCI	392	285	414	478	1,569
Share incentive compensation	5	11	9	5	30
Reverse: IFRS 16 impact ⁽¹⁾	(42)	(41)	(44)	(46)	(173)
	355	255	379	437	1,426
Acquisition pro-forma adjustment ⁽²⁾					92
Other adjustments ⁽³⁾					117
Leverage EBITDA					1,635

⁽¹⁾ Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.

⁽²⁾ Amounts for the trailing twelve months ended June 30, 2022 include pro-forma pre-acquisition EBITDA estimates based on anticipated benefits, costs and synergies of acquisitions.

⁽³⁾ Relates to adjustments for the normalization of the impact from the turnaround and other events including extreme weather events, mechanical break-downs, and third-party power outages beyond management's control.

	Three months ended				Trailing twelve months ended March 31, 2022
	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	
Adjusted EBITDA including NCI	344	392	285	414	1,435
Share incentive compensation	6	5	11	9	31
Reverse: IFRS 16 impact ⁽¹⁾	(39)	(42)	(41)	(44)	(166)
	311	355	255	379	1,300
Acquisition pro-forma adjustment ⁽²⁾					85
Other adjustments ⁽³⁾					97
Leverage EBITDA					1,482

⁽¹⁾ Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.

⁽²⁾ Amounts for the trailing twelve months ended March 31, 2022 include pro-forma pre-acquisition EBITDA estimates based on anticipated benefits, costs and synergies of acquisitions.

⁽³⁾ Relates to adjustments for the normalization of the impact from the turnaround and other events including extreme weather events, mechanical break-downs, and third-party power outages beyond management's control.

	Three months ended				Trailing twelve months ended December 31, 2021
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	
Adjusted EBITDA including NCI	337	344	392	285	1,358
Share incentive compensation	6	6	5	11	28
Reverse: IFRS 16 impact ⁽¹⁾	(42)	(39)	(42)	(41)	(164)
	301	311	355	255	1,222
Acquisition pro-forma adjustment ⁽²⁾⁽⁴⁾					83
Other adjustments ⁽³⁾					97
Leverage EBITDA ⁽⁴⁾					1,402

⁽¹⁾ Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.

⁽²⁾ Amounts for the trailing twelve months ended December 31, 2021 include pro-forma pre-acquisition EBITDA estimates based on anticipated benefits, costs and synergies of acquisitions.

⁽³⁾ Relates to adjustments for the normalization of the impact from the turnaround and other events including extreme weather events, mechanical break-downs, and third-party power outages beyond management's control.

⁽⁴⁾ Comparative figures have been restated to conform with the presentation used in the current period.

E. Non-financial measures

In addition to the specified financial measures mentioned above, Parkland uses a number of non-financial measures in measuring the success of our strategic objectives and to set variable compensation targets for employees. These non-financial measures are not accounting measures, do not have comparable IFRS measures, and may not be comparable to similar measures presented by other issuers, as other issuers may calculate these metrics differently.

Non-financial measure	Description	Calculation	Why we use this measure and why it is useful	Comments
Company Volume same-store sales growth ("Company Volume SSSG")	Company Volume SSSG refers to fuel and petroleum product sales growth at active Company sites. The effects of acquisition, opening and closing stores, temporary closures (including closures for On the Run / Marché Express conversions), expansions of stores, renovations of stores, and stores with changes in food service models in the period are excluded.	Company Volume SSSG is derived by comparing the current year volume of active sites to the prior-year volume of comparable sites.	Volume SSSG is a metric commonly used in the retail industry that provides meaningful information to investors in assessing the health and strength of Parkland's brands and retail network, which ultimately impact financial performance.	
Crude utilization	Crude utilization refers to the amount of crude oil that is run through the crude distillation units compared to crude throughput.	The amount of crude oil that is run through the crude distillation units expressed as a percentage of the 55,000 barrels per day crude distillation capacity at the Burnaby Refinery.	Crude utilization provides meaningful information to investors in evaluating the operational performance of the refinery.	A higher utilization generally allows for more efficient operations and lower costs per barrel.
Composite utilization	Composite utilization refers to the amount of crude oil and co-processed bio-feedstock refined through the distillation units and Fluid Catalytic Cracking and Diesel Hydrotreating processing units compared to name-plate crude throughput.	The amount of crude oil and co-processed units expressed as a percentage of the 55,000 barrels per day name-plate distillation capacity at the Burnaby Refinery.	Composite utilization provides meaningful information to investors in evaluating the operational performance of the Burnaby Refinery.	A higher utilization generally allows for more efficient operations and lower costs per barrel.
Crude throughput	Crude throughput refers to the amount of crude oil processed and converted to products in the Burnaby Refinery.	The amount of crude oil that runs through crude distillation units expressed in thousands of barrels per day.	Crude throughput provides meaningful information to investors in evaluating the operational performance.	A higher throughput generally allows for more efficient operations and lower costs per barrel.

Non-financial measure	Description	Calculation	Why we use this measure and why it is useful	Comments
Bio-feedstock throughput	Bio-feedstock throughput refers to the amount of bio-feedstock such as canola oil and oil derived from animal fats (tallow) co-processed in the Burnaby Refinery using existing infrastructure and equipment.	The amount of co-processed feedstock expressed in thousands of barrels per day.	Bio-feedstock throughput provides meaningful information to investors in evaluating our success and capabilities in delivering low-carbon-intensity fuels.	A higher throughput indicates increased co-processing and our continued development and advancement in lower-carbon-intensity fuels and technologies.
Lost time injury frequency ("LTIF") rate and total recordable injury frequency ("TRIF") rate	LTIF and TRIF rates are industry measures of health and safety that provide the number of lost time incidents and total recordable incidents, respectively, that occurred within a given period relative to a standardized number of employee exposure hours worked.	LTIF and TRIF rates are calculated by multiplying the number of incidents by 200,000, divided by the total number of employee exposure hours worked.	Among other important indicators, LTIF and TRIF rates provide normalized and meaningful information on safety performance. This allows us to help drive improvements and accurately compare ourselves with peers and industry.	A lost time incident is one where an employee sustained a job-related injury or illness and was not able to work their next full shift. Recordable incidents include all instances where medical attention from a medical professional is required, even if the employee is able to work their next shift.

Glossary of terms

Term	Definition
Backcourt	Terminology used in the retail gas industry that refers to the part of a retail site where convenience store merchandise and services such as car washes are sold.
Diesel Hydrotreating ("DHT")	Diesel Hydrotreating is the process to remove sulphur and other contaminants from intermediate streams before blending into a finished refined diesel product.
Fluid Catalytic Cracking ("FCC")	Fluid Catalytic Cracking is the chemical process that utilizes a catalyst and heat to break long-chain hydrocarbons into smaller-chain hydrocarbons to produce gasoline, diesel and liquid petroleum gas.
Forecourt	Terminology used in the retail gas industry that refers to the part of a retail site where fuel is sold at the pump.
Franchise stores	The franchise business model includes frozen food retail sites operated by franchisees. Parkland enters into long-term agreements with franchisees and a large network of suppliers to develop, distribute and earn royalty and other revenues from the sales of frozen food products.
Marketing, General and Administrative expense	Marketing, General and Administrative expenses are typically fixed in nature and do not vary significantly with volume. Activities in this category include sales, marketing, real estate, finance, operations, credit, network development and infrastructure.
Operating Costs	Operating Costs include wages and benefits for employees, driving and administrative labour, fleet maintenance and operating costs, third-party delivery expenses, retailer fuel commission, along with the costs associated with owning and maintaining land, buildings and equipment, such as rent, repairs and maintenance, environmental, utilities, insurance and property tax costs.
Refining crack spread	Terminology used in the oil and gas industry that refers to the general price differential between crude oil and petroleum products refined from it.
ROC	Canada's commercial operations are organized into five regional operating centres ("ROCs"), established across Canada, which enable strong local customer relationships and efficient operations. The USA segment includes four ROCs, being the Northern Tier, Rocky Mountain, Southeast and Pacific North West ROCs.

15. FORWARD-LOOKING INFORMATION

Caution regarding forward-looking information

This MD&A contains certain forward-looking information. Forward-looking information can generally be identified by words such as "believes", "expects", "expected", "will", "plan", "intends", "target", "would", "seek", "could", "projects", "projected", "anticipates", "estimates", "continues", or similar words. In particular, this MD&A contains forward-looking information including, without limitation, forward-looking statements regarding Parkland's:

- business objectives and strategy including capital management;
- expectations regarding the Revised 2022 Guidance Range, the Revised 2022 Capital Program, and the business outlook contained in this MD&A;
- focus on developing its existing business, retail diversification and commercial decarbonization and its plans and expectations with respect thereto;
- expectations with respect to the energy transition and customer's needs and preferences;
- "Drive to Zero" strategy and its goals relating thereto;
- plans with respect to expanding co-processing volumes and building a stand-alone renewable diesel complex at the Burnaby Refinery, including the completion, funding and impact thereof;
- building an EV ultra-fast charging network and the timing thereof and details with respect thereto, including the number of stations and locations thereof;
- expected continued growth in our carbon offset and renewable fuel business and plans with respect thereto;
- commitments with respect to HSE and the impact thereof, including driving long-term sustainable LTIF and TRIF improvements;
- continuing to expand low-carbon activities to better serve its commercial customers;
- expectations regarding the anticipated benefits, costs and synergies of completed and pending acquisitions;
- contractual commitments for the acquisition of property, plant and equipment attributable to Parkland, including expectations relating to timing, events and funding;
- ability to safely and reliably operate;
- ability to deliver competitive returns to shareholders;
- expected capital resources and its ability to meet payment obligations as they come due;
- capital investment philosophy;
- future dividend payments;
- anticipated sources of liquidity to fund maintenance capital, interest, income taxes, dividends and other committed capital expenditures;
- expected sources to fund future acquisitions; and
- ability to adjust capital spending and to adjust dividends paid to shareholders.

The forward-looking information contained herein is based upon Parkland's current views with respect to future events based on certain material factors and assumptions. As such, readers are urged to consider the factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements contained in this MD&A are based upon a number of material factors and assumptions including, without limitation:

- prevailing and expected market conditions;
- the regulatory framework that governs the operation of Parkland's business;
- customer trends and preferences;
- the effect of COVID-19 on Parkland's business;
- the effects of inflation;
- the effects of global military conflicts (including the Russia-Ukraine conflict) on commodity prices and the world economy;
- climate change impacts on Parkland's operations;
- Parkland's ability to successfully integrate completed acquisitions into its operations;
- Parkland's ability to identify and successfully negotiate accretive acquisitions;
- Parkland's ability to realize synergies and cost reductions from the implementation of integration initiatives, increased purchasing power, and contract renegotiations, among other items;
- Parkland's ability to reliably source crude and bio-feedstocks for the Burnaby Refinery;

- Parkland's ability to expand co-processing volumes and construct the renewable diesel complex at the Burnaby Refinery and the ability to secure related financing;
- commodity prices and volumes for gasoline, diesel, propane, lubricants, heating oil and other high-quality petroleum products;
- refining crack spreads per barrel;
- financial market conditions, including interest rates and US-Dollar and other foreign exchange rates;
- ability of suppliers to meet commitments;
- ability to retain key management;
- Parkland's future debt levels;
- Parkland's ability to generate sufficient cash flows from operations to meet its current and future obligations;
- future capital expenditures to be made by Parkland;
- access to, and terms of, future sources of funding for Parkland's capital program; and
- Parkland's ability to continue to compete in a competitive landscape, as well as the additional factors referenced in the Annual Information Form.

These forward-looking statements involve numerous assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein is based upon Parkland's current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties including, without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under the heading "Risk Factors" in the Annual Information Form. More specifically, certain material factors and assumptions that could cause actual results to vary materially from those anticipated include, without limitation:

- general market conditions, including the duration and effect of COVID-19;
- ability to execute on our business and strategy and realize the benefits therefrom;
- ability to meet our commitments and targets including with respect to ESG (Environmental, Social and Governance), HSE and diversity;
- ability to realize the benefits from our core capabilities;
- ability to capture value in each step of the value chain;
- ability to identify acquisition targets and to realize the expected benefits, synergies and opportunities from acquisitions;
- ability to secure future capital to support and develop our business, including the issuance of additional common shares;
- ability to secure funding to finance the consideration payable for acquisitions;
- effectiveness of Parkland's management systems and programs;
- effectiveness of Parkland's risk management strategy;
- factors and risks associated with retail pricing, margins and refining crack spreads;
- availability and pricing of petroleum product supply;
- volatility of crude oil and refined product prices;
- competitive environment of our industry in North America and the Caribbean;
- environmental impact;
- risk of changes to environmental and regulatory laws;
- risk of pending or future litigation;
- interest rate and foreign exchange rate fluctuations;
- potential undisclosed liabilities (including environmental) associated with completed acquisitions;
- failure to meet financial, operational and strategic objectives and plans;
- cyber-attacks and data breaches; and
- availability of capital and operating funds.

Additional information on these and other factors that could affect Parkland's operations or financial results is discussed in this MD&A, the Annual Information Form and other continuous disclosure documents available under Parkland's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com or Parkland's website at www.parkland.ca.

The forward-looking statements speak only as of the date of this MD&A and Parkland does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by these cautionary statements.