



MANAGEMENT'S DISCUSSION AND ANALYSIS

Q4 2022



Report to shareholders

Management's Discussion and Analysis

Q4 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 March 2, 2023 should be read in conjunction with our December 31, 2022 consolidated financial statements (the "Annual Consolidated Financial Statements"). The Annual Consolidated Financial Statements are prepared in accordance with 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. The MD&A is presented in millions of Canadian dollars unless otherwise noted. Additional information about Parkland including quarterly and annual reports and Parkland's most recent annual information form (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 for the year ended December 31, 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 15 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 26 of the Annual Consolidated Financial Statements. Refer to Section 15 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 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 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 16 of this MD&A for further details.

1. PARKLAND OVERVIEW

Parkland is an international fuel distributor and retailer with operations in 25 countries. Our purpose is to Power Journeys and Energize Communities, and every day, we provide over one million customers with the essential fuels, convenience items and quality foods on which they depend.

With approximately 4,000 retail and commercial locations across Canada, the United States and the Caribbean region, we have developed supply, distribution and trading capabilities to 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. These include carbon and renewables trading, solar power, renewables manufacturing and ultra-fast electric vehicle ("EV") charging.

Parkland's proven business model is centered around organic growth and supply advantage, and is driven by scale, our integrated refinery and supply infrastructure, and focus on acquiring prudently and integrating successfully. Our strategy is focused on developing the existing business in resilient markets, growing our food, convenience and renewable energy businesses and helping customers to decarbonize. Our business is underpinned by our people, and our values of safety, integrity, community and respect, which are deeply embedded across our organization.

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.

2. PERFORMANCE OVERVIEW

(\$ millions, unless otherwise noted)						
Financial Summary	Three months ended December 31,			Year ended December 31,		
	2022	2021	2020	2022	2021	2020
Fuel and petroleum product volume (million litres)	6,637	6,397	5,485	27,036	23,900	21,424
Sales and operating revenue	8,719	6,286	3,506	35,462	21,468	14,011
Adjusted gross margin ⁽³⁾	995	700	606	3,676	2,843	2,360
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA") ⁽³⁾	455	260	247	1,620	1,260	967
Canada ⁽²⁾⁽³⁾⁽⁶⁾	197	153	148	702	562	544
International	110	78	72	383	294	270
USA ⁽¹⁾⁽²⁾	46	40	8	126	132	70
Refining ⁽¹⁾⁽²⁾⁽³⁾⁽⁶⁾	128	16	41	516	362	156
Corporate ⁽²⁾	(26)	(27)	(22)	(107)	(90)	(73)
Net earnings (loss) attributable to Parkland	69	22	53	310	97	82
Net earnings (loss) per share – basic (\$ per share)	0.39	0.15	0.36	1.94	0.64	0.55
Net earnings (loss) per share – diluted (\$ per share)	0.39	0.15	0.35	1.92	0.64	0.54
Adjusted earnings (loss) attributable to Parkland ("Adjusted earnings") ⁽⁴⁾	117	55	43	468	372	124
Adjusted earnings (loss) per share – basic (\$ per share) ⁽⁴⁾	0.67	0.36	0.29	2.93	2.46	0.83
Adjusted earnings (loss) per share – diluted (\$ per share) ⁽⁴⁾	0.67	0.36	0.28	2.91	2.45	0.82
Trailing-twelve-month ("TTM") Cash generated from (used in) operating activities ⁽⁵⁾	1,326	904	1,170	1,326	904	1,170
TTM Distributable cash flow ⁽⁴⁾	818	660	480	818	660	480
TTM Distributable cash flow per share ⁽⁴⁾	5.11	4.34	3.22	5.11	4.34	3.22
TTM Dividend payout ratio ⁽⁴⁾	25 %	29 %	38 %	25 %	29 %	38 %
Dividends	57	47	47	207	190	184
Dividends per share ⁽⁵⁾	0.3250	0.3087	0.3036	1.2891	1.2314	1.2110
Weighted average number of common shares (million shares)	173	153	149	160	151	149
Growth capital expenditures attributable to Parkland ⁽⁵⁾	129	95	45	241	164	110
Maintenance capital expenditures attributable to Parkland ⁽⁵⁾	118	112	39	253	217	225
Total assets	14,288	11,550	9,094	14,288	11,550	9,094
Non-current financial liabilities	6,811	6,033	4,377	6,811	6,033	4,377

⁽¹⁾ For comparative purposes, information for the fourth quarter of 2020 and for the year ended 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 year ended December 31, 2021.

⁽²⁾ 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.

⁽³⁾ Total of segments measure. See Section 15 of this MD&A.

⁽⁴⁾ Non-GAAP financial measure or non-GAAP financial ratio. See Section 15 of this MD&A.

⁽⁵⁾ Supplementary financial measure. See Section 15 of this MD&A.

⁽⁶⁾ For comparative purposes, information for the comparative periods were restated due to a change in segment presentation. Refer to the Basis of presentation section of this MD&A.

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

Parkland achieved a record Adjusted EBITDA of \$455 million for the fourth quarter of 2022, and a record \$1,620 million for the year ended December 31, 2022, representing an increase of \$195 million and \$360 million, respectively, as compared to the same periods in 2021.

Parkland also achieved Adjusted earnings of \$117 million for the fourth quarter of 2022, and a record \$468 million for the year ended December 31, 2022, representing an increase of \$62 million and \$96 million, respectively, as compared to the same periods in 2021. Net earnings attributable to Parkland were \$69 million for the fourth quarter of 2022 and \$310 million for the year ended December 31, 2022 representing an increase of \$47 million and \$213 million, respectively, as compared to the same periods in 2021.

Adjusted EBITDA

Parkland achieved an Adjusted EBITDA of \$455 million for the fourth quarter of 2022, and \$1,620 million for the year ended December 31, 2022, representing an increase of \$195 million and \$360 million, respectively, as compared to the same periods in 2021. Overall, the period-over-period variances in Adjusted EBITDA are due to the following:

- Canada achieved a \$44 million increase in Adjusted EBITDA for the fourth quarter of 2022 and \$140 million for the year ended December 31, 2022 due to (i) stronger per-unit margin driven by the supply advantage based on our supply and logistics capabilities, (ii) the 2022 Canada Acquisitions¹, and (iii) an increase in our food and convenience store ("C-Store") margins driven by the M&M Acquisition¹ and strong growth in centre of store and beverages 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 credit card fees and distribution costs resulting from an 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 \$32 million increase in Adjusted EBITDA for the fourth quarter of 2022 and \$89 million for the year ended December 31, 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, aviation and retail businesses and higher non-fuel aviation service fees driven by the continued recovery in tourism and economic activity 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) increased costs driven by volume growth and weather conditions affecting supply and shipping, (ii) higher operating and MG&A costs as a result of the Jamaica Acquisition, and (iii) general inflation.
- USA achieved a \$6 million increase in Adjusted EBITDA for the fourth quarter of 2022, and had a decrease of \$6 million for the year ended December 31, 2022. Excluding the spot wholesale inventory and risk management losses in the third quarter of 2022, USA's Adjusted EBITDA for the year ended December 31, 2022 increased by \$59 million as

¹ Parkland completed the acquisition of (i) all of the issued and outstanding equity interests of Pétroles Crevier Inc., 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 On August 4, 2022, Parkland entered into a share exchange agreement (the "Share Exchange Agreement") with Simpson Oil Limited ("Simpson Oil") to acquire 12.5 million shares in the capital of Sol Investments SEZC (collectively, with its subsidiaries, "Sol") from Simpson Oil, representing Simpson Oil's remaining 25% non-controlling interest ("NCI") of Sol, in exchange for 20 million common shares of Parkland (the "Share Exchange"). In connection with entering into the Share Exchange Agreement, effective August 4, 2022, Parkland does not allocate a portion of segment profit or loss to NCI and includes 100% of International's results as Adjusted EBITDA. The Share Exchange was completed on October 18, 2022.

³ Parkland, through its subsidiary, Sol, 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").

compared to the same period in 2021. This was driven by contributions from the 2021 USA Acquisitions⁴ and strong base business growth due to (i) improved retail and commercial fuel unit margins resulting from favourable market conditions and proactive fuel pricing management, (ii) new cruise contract wins and recovery in the cruise industry, (iii) integrated supply advantage, (iv) wins of new commercial customers and strategic accounts, and (v) C-Store and lubricant margin growth, driven by achievement of synergies and optimization initiatives. These contributions were offset by weaker base retail fuel volumes as higher fuel prices and inflation impacted consumer behaviours and higher operating and MG&A costs as a result of (i) the 2021 USA Acquisitions, (ii) general inflation, and (iii) higher distribution costs and credit card fees with the increase in commodity prices.

- Refining achieved a \$112 million increase in Adjusted EBITDA for the fourth quarter of 2022 and \$154 million for the year ended December 31, 2022 driven by (i) significantly higher crude throughput and lower maintenance costs in the fourth quarter of 2022 due to the 2021 Turnaround⁵ and B.C. flooding⁶, which caused a temporary shutdown of the Trans Mountain Pipeline (TMPL) causing a temporary pause of refining operations, in the comparative period, (ii) stronger crack margins, and (iii) optimization of costs related to renewable activities through co-processing. This was partially offset by (i) higher compliance costs, (ii) commodity price volatility, (iii) locked-in margins as a result of risk management activities, which provided certainty on cash flows in a volatile market environment, and (iv) an increase in the cost of consumed fuel due to rising commodity prices and carbon tax rates.
- Corporate Adjusted EBITDA expense remained flat for the fourth quarter of 2022 and increased by \$17 million for the year ended December 31, 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 \$4 million for the fourth quarter of 2022 and \$63 million for the year ended December 31, 2022 representing a decrease of \$28 and \$46, 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 \$5 million for the fourth quarter of 2022 and \$28 million for the year ended December 31, 2022, representing a decrease of \$4 million and \$3 million, respectively, as compared to the same periods in 2021. Parkland continued the strong execution of its low-carbon and renewable fuel trading activity in the commercial, wholesale and supply businesses in 2022. The prior periods benefited from elevated carbon compliance trading markets as economic activity improved after COVID restrictions were eased.
- Refining Adjusted EBITDA attributable to renewable activities was a loss of \$1 million for the fourth quarter of 2022 and a gain of \$35 million for the year ended December 31, 2022 representing a decrease of \$24 million and \$43 million, respectively, compared to the same periods in 2021 due to (i) one-off cost benefits in the prior period, and (ii) rising prices of bio-feedstock and other low-carbon-intensity fuels compared to minimal increases to the British Columbia's Low Carbon Fuel Standard ("LCFS") credit sales prices. Refining continued to optimize compliance costs, including the co-processing of bio-feedstocks, which increased by 1,800 bpd in the fourth quarter of 2022 and 400 bpd for the year ended December 31, 2022, and successfully added renewable naphtha as another low-cost compliance pathway option at the Burnaby Refinery in the year ended December 31, 2022.

⁴ 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; (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. (the "Urbietta Acquisition") 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 (the "Lynch Acquisition"), 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 and the Share Exchange, the "Acquisitions").

⁵ 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").

⁶ 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.

Net earnings (loss) attributable to Parkland

Net earnings attributable to Parkland were \$69 million for the fourth quarter of 2022, and \$310 million for the year ended December 31, 2022 representing an increase of \$47 million and \$213 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 Option⁷ driven by market dynamics, (ii) higher finance costs in the comparative period driven by the one-time redemption of the 2021 Redeemed Notes⁸, which were replaced by the 2021 Senior Notes⁹ with a lower interest rate, reducing future financing costs, and (iii) net changes in non-cash valuation gains on redemption options and environmental liabilities driven by interest rate volatility and increase in the risk-free rates and credit spread, respectively. 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 acquisition and integration activities, (iii) higher finance costs due to an increase in long-term debt to finance increased levels of working capital and acquisitions, (iv) higher tax expense as a result of higher taxable earnings, and (v) unrealized non-cash risk management and other losses on commodity risk management contracts with the increase in commodity prices and on emission credit positions with the decline in emission credit prices.

Adjusted earnings (loss)

Adjusted earnings were \$117 million for the fourth quarter of 2022 and \$468 million for the year ended December 31, 2022 representing an increase of \$62 million and \$96 million, respectively. These period-over-period variances were primarily due to the Adjusted EBITDA¹⁰ results as discussed above offset by (i) higher depreciation due to an expanding asset base driven by acquisitions and organic growth initiatives, (ii) higher finance costs due to an increase in long-term debt to finance increased levels of working capital and the 2022 Acquisitions, and (iii) higher tax expense as a result of an increase in taxable earnings.

B. Cash flows and liquidity

Parkland achieved distributable cash flows of \$818 million and cash generated from operating activities of \$1,326 million for the trailing twelve months ended December 31, 2022, reflecting strong operational performance.

- Distributable cash flow per share improved to \$5.11 at December 31, 2022 from \$4.68 as at September 30, 2022 and \$4.34 as at December 31, 2021 driven by record Adjusted EBITDA as discussed above.
- The distributable cash flows increased by \$158 million for the trailing twelve months ended December 31, 2022, as compared to the same period in 2021 due to record Adjusted EBITDA performance, partially offset by (i) higher maintenance capital expenditures due to execution of capital projects previously deferred, and (ii) higher interest expenses due increased long-term debt to finance the Acquisitions and working capital requirements and higher effective interest rates from borrowings under the Credit Facility.
- Cash flow generated from operating activities for the trailing twelve months ended December 31, 2022 increased by \$422 million as compared to the same period in 2021. This result was driven by record Adjusted EBITDA performance, partially offset by: (i) the change in net non-cash working capital outflow due to an increase in commodity prices and higher activity levels as economic activity improved, (ii) higher acquisition and integration costs attributable to the Acquisitions, and (iii) higher tax expense driven by an increase in taxable earnings.
- Cash flow generated from operating activities for the fourth quarter of 2022 and the year ended December 31, 2022 fully funded its capital expenditures, payments for (i) interest on leases and long-term debt, (ii) dividend, and (iii) share repurchases, providing us with continued balance sheet strength and financial flexibility as we prioritize a balanced capital allocation approach.
- Leverage Ratio¹¹ improved to 3.4 at December 31, 2022 from 3.5 as at September 30, 2022 driven by lower working capital requirements due to declining commodity prices and a continued focus on deleveraging through (i) strong performance across all segments in the fourth quarter of 2022, (ii) realization of synergies from the Acquisitions,

⁷ The non-controlling shareholders of Sol, Simpson Oil, had a non-expiring right to sell the remaining outstanding shares of Sol 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"). Concurrently with completing the Share Exchange on October 18, 2022, 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.

⁸ 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").

⁹ 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").

¹⁰ Refer to Section 9 of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss).

¹¹ Capital management measure. See Section 15 of this MD&A.

(iii) discipline in capital allocation and (iv) no acquisitions in the fourth quarter of 2022. Parkland was in compliance and well below the covenant restrictions with respect to all of its Credit Facility covenants.

- Liquidity available¹² as at December 31, 2022 was \$1,484 million, comprised of cash and cash equivalents and borrowing capacity available under the Credit Facility.
- Parkland benefited from the lower fixed interest rates on the Senior Notes¹³, relative to the current market's higher interest rate environment. The Senior Notes constitute approximately 70% of our overall long-term debt, with an average interest rate of 4.875%, and the earliest of Senior Notes maturing in 2026.
- Parkland amended the existing syndicated credit facility (the "Credit Facility") to extend the maturity of the revolving facilities to April 14, 2027, and add a two-year term loan for US\$400 million maturing on April 14, 2024, increasing Parkland's financial flexibility.

C. Dividends and dividend payout ratio

In March 2022, Parkland increased its per-share annual dividend for the 10th consecutive year by \$0.0652 per share to \$1.30 per share. Parkland declared dividends to shareholders of \$57 million and \$207 million for the fourth quarter and the year ended December 31, 2022, respectively. The dividends declared were higher as compared to the same periods in 2021, primarily due to increase in the annual dividend as noted above, and an increase in the number of common shares outstanding primarily driven by shares issued under the Share Exchange.

The dividend payout ratio was 25% for the trailing twelve months ended December 31, 2022, decreasing by 4 p.p. as compared to 29% for the same period in 2021. This was primarily due to higher distributable cash flows as discussed above.

D. Capital expenditures attributable to Parkland

Parkland continues to prudently invest in growth across the organization and fund maintenance expenditures using a balanced capital allocation approach. The increase in capital expenditures during the fourth quarter of 2022 and the year ended December 31, 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 Parkland were \$129 million for the fourth quarter of 2022 and \$241 million for the year ended December 31, 2022, primarily focused on (i) site conversion and rebranding, (ii) low-carbon manufacturing, future reliability and capacity improvement projects at the Burnaby Refinery, (iii) renewable energy initiatives and new infrastructure development, (iv) site network expansion and EV infrastructure development, and (v) digital capability enhancements, including branding and energy transition initiatives.
- Maintenance capital expenditures attributable to Parkland were \$118 million for the fourth quarter of 2022, and \$253 million for the year ended December 31, 2022 primarily related to (i) plant reliability and maintenance including preparation of the upcoming 2023 planned turnaround at the Burnaby Refinery, (ii) retail site renovations, (iii) infrastructure and equipment upgrades including safety enhancements, (iv) fleet and parts replacement, and (v) selected IT maintenance across our areas of operations.

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. In 2022, Parkland published its third annual Sustainability Report 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 29 million litres of bio-feedstocks during the fourth quarter of 2022 and 111 million litres in the year ended December 31, 2022, which has the equivalent impact of taking over 30,000 and 113,000 cars off the road, respectively.
- Parkland anticipates meeting our target to reduce our customers' greenhouse gas (GHG) emissions by up to 1 megatonne (MT) per year by 2026 through increased production of low-carbon fuels, blending of renewables and selling carbon offsets.

¹² Supplementary financial measure. See Section 15 of this MD&A.

¹³ The Senior Notes comprise the 3.875% \$600 million Senior Notes, due 2026, the 5.875% US\$500 million Senior Notes, due 2027, the 6.00% \$400 million Senior Notes, due 2028, the 4.375% \$600 million Senior Notes, due 2029, the 4.5% US\$800 million Senior Notes due 2029, and the 4.625% US\$800 million Senior Notes, due 2030.

- On December 2, 2022, Parkland announced that it has secured \$6.8 million in funding from Natural Resources Canada ("NRCan") and the Government of British Columbia to support Parkland in building one of western Canada's largest ultra-fast EV charging networks. As at December 31, 2022, Parkland has 23 operational EV-charging locations as part of a plan to build 50 charging sites between Calgary and Vancouver Island.
- Parkland was awarded the Emerging Clean Technologies Award at the 2022 Global Energy Show in recognition of our work on co-processing at the Burnaby Refinery. This award focuses on innovative technologies that improve environmental performance.
- Parkland continues to grow its carbon offset and renewable fuel business, which plays an integral role in the Company's sustainability strategy. We transacted carbon offset credits across various North American registries as global demand for voluntary offsets increases.
- During 2022, International's renewable energy division ("Sol Ecolution"), which facilitates the development of diverse renewable and low-carbon energy solutions in the Caribbean, completed state-of-the-art solar photovoltaic (PV) systems on approximately 20 retail sites.
- We made excellent progress in 2022 advancing diversity and inclusion ("D&I") within our organization. We conducted a company-wide D&I survey that is part of Parkland's broader efforts to foster a proactive culture of equity, inclusion, and belonging. Our next steps involve analyzing the survey results and updating our D&I strategy and roadmap based on our findings.
- Parkland is committed to establishing meaningful, lasting, respectful and mutually beneficial relationships with Indigenous communities and groups in Canada. Guided by our Canadian Indigenous relations strategy launched in 2021, Parkland is committed to enhancing its community and Indigenous engagement by implementing best practices, including progressing through the Progressive Aboriginal Relations ("PAR") certification program established by the Canadian Council for Aboriginal Business (CCAB) and targeting support for local and remote communities. Parkland achieved its target of becoming "PAR Committed" in 2022 and is in the process of working through phase 1 of the PAR certification program. Our progress towards being "PAR Certified" demonstrates our commitment to strengthen relationships with Indigenous Nations, peoples and communities on whose traditional territories Parkland operates.
- In recognition of our commitment to sustainability, Parkland maintains an AA ESG rating from Morgan Stanley Capital International ("MSCI"), representing the top 22% of the index constituents. An MSCI ESG rating is designed to measure a company's resilience to long-term, industry material risks ranging from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CC).

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 and complements our "Drive to Zero" strategy discussed above. 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.

	December 31, 2022	December 31, 2021
TTM LTIF ⁽¹⁾	0.16	0.15
TTM TRIF ⁽¹⁾	1.05	1.14

⁽¹⁾ Non-financial measure. See Section 15 of this MD&A.

4. SEGMENT OVERVIEW, HIGHLIGHTS AND RESULTS

Refer to Section 14 of this MD&A for a description of Parkland's segments and Note 26 of the Annual Consolidated Financial Statements for a description of the changes in segment information during the fourth quarter of 2022 and the year ended December 31, 2022.

A. Canada

(\$ millions, unless otherwise noted)	Three months ended December 31,				Year ended December 31,			
	2022	2021 ⁽⁶⁾	Change	%	2022	2021 ⁽⁶⁾	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	3,458	3,318	140	4%	13,156	12,686	470	4%
Fuel and petroleum product adjusted gross margin ⁽²⁾⁽⁵⁾	327	275	52	19%	1,220	1,010	210	21%
Food, convenience and other adjusted gross margin ⁽²⁾	103	52	51	98%	327	204	123	60%
Total adjusted gross margin ⁽²⁾	430	327	103	31%	1,547	1,214	333	27%
Operating Costs	170	134	36	27%	626	507	119	23%
Marketing, General and Administrative	64	40	24	60%	221	146	75	51%
Other adjusting items	(1)	—	(1)	—%	(2)	(1)	(1)	100%
Adjusted EBITDA ⁽²⁾	197	153	44	29%	702	562	140	25%
Adjusted EBITDA attributable to renewable activities ⁽²⁾	5	9	(4)	(44)%	28	31	(3)	(10)%
Key performance measures:								
Company Volume SSSG ⁽³⁾	(0.6)%	4.6%	(5.2)p.p		0.6%	0.2%	0.4p.p	
Food and Company C-Store SSSG (excluding cigarettes) ⁽⁴⁾	6.0%	4.7%	1.3p.p		3.1%	5.8%	(2.7)p.p	
Food and Company C-Store SSSG (including cigarettes) ⁽⁴⁾	(3.5)%	(3.2)%	(0.3)p.p		(5.7)%	(1.8)%	(3.9)p.p	
Food and C-Store gross margin percentage ⁽⁴⁾	36.3%	29.3%	7.0p.p		34.6%	29.1%	5.5p.p	

⁽¹⁾ Includes gasoline, diesel and propane volumes.

⁽²⁾ Total of segment measure, or measure of segment or sub-segment profit (loss). See Section 15 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 15 of this MD&A.

⁽⁴⁾ Non-GAAP financial ratio. See Section 15 of this MD&A.

⁽⁵⁾ Fuel and petroleum product adjusted gross margin (cpl) was 9.46 for the fourth quarter of 2022 (2021 - 8.29) and 9.27 for the year ended December 31, 2022 (2021 - 7.96). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. See Section 15 of this MD&A for a description of supplementary financial measures.

⁽⁶⁾ For comparative purposes, information for the three months and year ended December 31, 2021 was restated due to a change in segment presentation. Refer to the Basis of presentation section of this MD&A.

Q4 and Q4 YTD Performance - 2022 vs. 2021

Canada delivered strong results with Adjusted EBITDA of \$197 million for the fourth quarter of 2022, and \$702 million for the year ended December 31, 2022 representing an increase of \$44 million and \$140 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 \$52 million for the fourth quarter of 2022, and \$210 million for the year ended December 31, 2022. This was mainly due to (i) the supply advantage based on our supply and logistics capabilities, driving stronger per-unit margins despite rack volatility, and (ii) the 2022 Canada Acquisitions.
- Food, convenience and other adjusted gross margin increased by \$51 million for the fourth quarter of 2022, and \$123 million for the year ended December 31, 2022 mainly due to the 2022 Canada Acquisitions. Within the C-Store, we saw strong growth in core categories such as centre of store and beverages, demonstrating the performance of our merchandising capabilities, benefits of growing scale and the resilience of our C-Store business through inflationary pressures.
- Food and C-Store gross margin percentage increased from 29.3% to 36.3% for the fourth quarter of 2022, and 29.1% to 34.6% for the year ended December 31, 2022 as compared to the same periods in 2021. The increase reflects higher food margin contribution from the M&M Acquisition, shifting C-Store product mix and ongoing benefits of our margin optimization initiatives.
- Food and Company C-Store SSSG (excluding cigarettes) increased from 4.7% to 6.0% for the fourth quarter of 2022, mainly due to the strength in core C-Store categories noted above. Food and Company C-Store SSSG (including cigarettes) was (3.5)% for the fourth quarter of 2022, relatively consistent with the same period in 2021 and reflecting

the impact of ongoing tobacco industry headwinds. For the year ended December 31, 2022, Food and Company C-Store SSSG (including and excluding cigarettes) were driven by the same factors as noted above.

- Operating costs increased \$36 million for the fourth quarter of 2022, and \$119 million for the year ended December 31, 2022 primarily due to (i) the 2022 Canada Acquisitions, (ii) higher credit card fees and distribution costs resulting from increased commodity prices, and (iii) general inflation.
- Marketing, General and Administrative expenses increased \$24 million for the fourth quarter of 2022 and \$75 million for the year ended December 31, 2022, primarily due to (i) the 2022 Canada Acquisitions, (ii) increased labour, travel, marketing costs due to normalization to pre-COVID activity levels, and (iii) general inflation.

Canada Adjusted EBITDA attributable to renewable activities was \$5 million for the fourth quarter of 2022 and \$28 million for the year ended December 31, 2022, representing a decrease of \$4 million and \$3 million, respectively, as compared to the same periods in 2021. Parkland continued the strong execution of its low-carbon and renewable fuel trading activity in the commercial, wholesale and supply businesses in 2022. The prior periods benefited from elevated carbon compliance trading markets as economic activity improved.

B. International

(\$ millions, unless otherwise noted)	Three months ended December 31,				Year ended December 31,			
	2022	2021	Change	%	2022	2021	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	1,762	1,541	221	14%	6,567	5,296	1,271	24%
Fuel and petroleum product adjusted gross margin ⁽¹⁾⁽²⁾⁽³⁾	152	132	20	15%	591	506	85	17%
Food, convenience and other adjusted gross margin ⁽¹⁾⁽²⁾	33	23	10	43%	106	86	20	23%
Adjusted gross margin ⁽¹⁾⁽²⁾⁽⁶⁾	185	155	30	19%	697	592	105	18%
Operating Costs ⁽¹⁾	57	40	17	43%	186	146	40	27%
Marketing, General and Administrative ⁽¹⁾	28	24	4	17%	98	83	15	18%
Share of (earnings) loss of associates and joint ventures ⁽⁴⁾	(5)	(5)	—	—%	(21)	(16)	(5)	31%
Other adjusting items to Adjusted EBITDA ⁽⁴⁾	(5)	(7)	2	(29)%	(16)	(13)	(3)	23%
Adjusted EBITDA including NCI ⁽¹⁾⁽⁵⁾	110	103	7	7%	450	392	58	15%
Less: Adjusted EBITDA attributable to NCI ⁽⁶⁾	—	25	(25)	(100)%	67	98	(31)	(32)%
Adjusted EBITDA ⁽²⁾	110	78	32	41%	383	294	89	30%

⁽¹⁾ Including NCI interest.

⁽²⁾ Measure of segment profit (loss). See Section 15 of this MD&A.

⁽³⁾ Fuel and petroleum product adjusted gross margin (cpl) was 8.63 for the fourth quarter of 2022 (2021 - 8.57) and 9.00 for the year ended December 31, 2022 (2021 - 9.55). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. See Section 15 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 year ended 2022 when compared to the same period 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⁾ Concurrently with Parkland entering into the Share Exchange Agreement, effective August 4, 2022, Parkland does not allocate a portion of segment profit or loss to NCI and includes 100 per cent of International results as Adjusted EBITDA.

Q4 and Q4 YTD Performance - 2022 vs. 2021

International delivered strong results with Adjusted EBITDA of \$110 million for the fourth quarter of 2022 and \$383 million for the year ended December 31, 2022 representing an increase of \$32 million and \$89 million respectively compared to the same periods in 2021. The reported growth was positively impacted by the strengthening of the U.S. Dollar against the Canadian Dollar¹⁴, 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 \$20 million for the fourth quarter of 2022 and \$85 million for the year ended December 31, 2022 primarily due to (i) volume growth in our wholesale, aviation and retail businesses driven by increased tourism and economic activity, and (ii) contributions from the Jamaica Acquisition.

¹⁴ The U.S. Dollar strengthened against the Canadian Dollar by 7.8% in the fourth quarter of 2022 and 3.8% for the year ended December 31, 2022 when compared to the same periods in 2021.

- Food, convenience and other adjusted gross margin increased by \$10 million for the fourth quarter of 2022 and \$20 million for the year ended December 31, 2022, driven by (i) stronger convenience store royalties from increased economic activity, (ii) contributions from the Jamaica Acquisition, and (iii) the impact of tourism recovery on aviation traffic resulting in higher non-fuel aviation service fees.
- Operating Costs increased by \$17 million for the fourth quarter of 2022 and \$40 million for the year ended December 31, 2022, as a result of (i) increased costs to support volume growth, (ii) increased costs due to inflationary pressures and weather conditions affecting supply and shipping, and (iii) the Jamaica Acquisition.
- Marketing, General and Administrative expenses increased by \$4 million for the fourth quarter of 2022 and \$15 million for the year ended December 31, 2022, primarily due to the Jamaica Acquisition and the impact of inflation, offset by the impact of strong cost control measures.
- Share of earnings of associates and joint ventures and other adjusting items remained relatively flat for the fourth quarter of 2022 and increased by \$8 million for the year ended December 31, 2022, primarily reflecting Parkland's share of Adjusted EBITDA attributable to the Isla JV acquired in the third quarter of 2021.

C. USA

(\$ millions, unless otherwise noted)	Three months ended December 31,				Year ended December 31,			
	2022	2021 ⁽⁴⁾	Change	%	2022	2021 ⁽⁴⁾	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	1,125	1,394	(269)	(19)%	6,063	5,151	912	18%
Fuel and petroleum product adjusted gross margin ⁽²⁾⁽³⁾	130	81	49	60%	404	254	150	59%
Food, convenience and other adjusted gross margin ⁽²⁾	49	47	2	4%	220	169	51	30%
Total adjusted gross margin ⁽²⁾	179	128	51	40%	624	423	201	48%
Operating Costs	112	64	48	75%	393	223	170	76%
Marketing, General and Administrative	20	24	(4)	(17)%	105	68	37	54%
Other adjusting items	1	—	1	—%	—	—	—	—%
Adjusted EBITDA ⁽²⁾	46	40	6	15%	126	132	(6)	(5)%

⁽¹⁾ Includes gasoline, diesel and propane volumes.

⁽²⁾ Measure of segment profit (loss). See Section 15 of this MD&A.

⁽³⁾ Fuel and petroleum product adjusted gross margin (cpl) was 11.56 for the fourth quarter of 2022 (2021 - 5.81) and 6.66 for the year ended December 31, 2022 (2021 - 4.93). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. Refer to Section 15 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.

Q4 and Q4 YTD Performance - 2022 vs. 2021

USA's Adjusted EBITDA was \$46 million for the fourth quarter of 2022 and \$126 million for the year ended December 31, 2022, representing an increase of \$6 million and a decrease of \$6 million, respectively, as compared to the same periods in 2021. Excluding the spot wholesale inventory and risk management losses of approximately \$65 million, which occurred during the third quarter of 2022, USA's Adjusted EBITDA for retail and commercial businesses increased by \$59 million for the year ended December 31, 2022 as compared to the same period in 2021. The reported Canadian Dollar Adjusted EBITDA was positively impacted by the strengthening of US Dollar against Canadian Dollar, which also impacted the translation of the other financial metrics into Canadian Dollars. The changes in Adjusted EBITDA are primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased \$49 million for the fourth quarter of 2022 and increased \$150 million for the year ended December 31, 2022, primarily driven by the incremental contributions from the USA Acquisitions and continued strong base business growth. Both base retail and commercial businesses achieved strong unit fuel margins, due to (i) favourable market conditions, (ii) proactive fuel pricing management to offset high costs, (iii) strong marine business, driven by new cruise contract wins and recovery in the cruise industry, and (iv) integrated supply advantage.
- Fuel and petroleum product volumes decreased for the fourth quarter of 2022, primarily due to the strategic decision to limit spot wholesale activities subsequent to the third quarter of 2022. Excluding the impact of the limited spot wholesale activities, the fuel and petroleum product volume increased for the fourth quarter of 2022 and year ended December 31, 2022, due to (i) incremental contributions from the USA Acquisitions, and (ii) strong base commercial volumes, driven by wins of new commercial customers and strategic accounts, and marine business growth, partially offset by weaker base retail fuel volumes, due to decline in fuel demand as high fuel prices and inflation impacted consumer behaviours.

- Food, convenience and other adjusted gross margin increased \$2 million for the fourth quarter of 2022, and \$51 million for the year ended December 31, 2022 driven by the USA Acquisitions and continued focus on improving C-Store margins through (i) achievement of synergies through consolidation of suppliers, (ii) On The Run roll-out initiatives, and (iii) development and execution of C-Store category management initiatives. Convenience gross margin in the base retail business improved on a year-over-year basis for the fourth quarter and the year ended December 31, 2022, despite market-wide inflationary pressures. Lubricant margins also increased as a result of (i) price optimization initiatives to offset inflationary cost pressures, and (ii) marine business growth.
- Operating Costs increased \$48 million for the fourth quarter of 2022 and \$170 million for the year ended December 31, 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 decreased \$4 million for the fourth quarter of 2022 primarily due to continued efforts for employee cost optimization and one-off cost reduction in the fourth quarter of 2022. Marketing, General and Administrative expenses increased \$37 million for the year ended December 31, 2022, primarily due to the impact of the USA Acquisitions and general inflation.

D. Refining

(\$ millions, unless otherwise noted)	Three months ended December 31,				Year ended December 31,			
	2022	2021 ⁽⁴⁾	Change	%	2022	2021 ⁽⁴⁾	Change	%
External fuel and petroleum product volume ⁽¹⁾ (million litres)	292	144	148	103%	1,250	767	483	63%
Internal fuel and petroleum product volume (million litres)	762	587	175	30%	2,815	2,576	239	9%
Total fuel and petroleum product volume (million litres)	1,054	731	323	44%	4,065	3,343	722	22%
Fuel and petroleum product adjusted gross margin ⁽²⁾	198	84	114	136%	794	601	193	32%
Non-fuel adjusted gross margin ⁽²⁾	3	6	(3)	(50)%	10	9	1	11%
Total adjusted gross margin ⁽²⁾	201	90	111	123%	804	610	194	32%
Operating Costs	69	70	(1)	(1)%	271	233	38	16%
Marketing, General and Administrative	4	4	—	—%	17	15	2	13%
Adjusted EBITDA ⁽²⁾	128	16	112	700%	516	362	154	43%
Adjusted EBITDA (loss) attributable to renewable activities ⁽²⁾	(1)	23	(24)	(104)%	35	78	(43)	(55)%
Key performance measures:								
Crude utilization ⁽³⁾	94.0 %	46.8 %	47.2p.p		89.6 %	81.3 %	8.3p.p	
Composite utilization ⁽³⁾	97.7 %	47.2 %	50.5p.p		93.1 %	84.0 %	9.1p.p	
Crude throughput ⁽³⁾ (000's bpd)	51.7	25.7	26.0	101%	49.3	44.7	4.6	10%
Bio-feedstock throughput ⁽³⁾ (000's bpd)	2.0	0.2	1.8	900%	1.9	1.5	0.4	27%

⁽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 15 of this MD&A.

⁽³⁾ Non-financial measure. See Section 15 of this MD&A.

⁽⁴⁾ For comparative purposes, information for the three months and year ended December 31, 2021 was restated due to a change in segment presentation. Refer to the Basis of presentation section of this MD&A.

Q4 and Q4 YTD Performance - 2022 vs. 2021

Refining delivered Adjusted EBITDA of \$128 million for the fourth quarter of 2022 and \$516 million for the year ended December 31, 2022 representing an increase of \$112 million and \$154 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 \$111 million for the fourth quarter of 2022 and \$194 million for the year ended December 31, 2022. These results were underpinned by safe and reliable operations and driven by (i) significantly higher crude throughput in the fourth quarter of 2022 due to the 2021 Turnaround and the B.C. flooding in the comparative period as noted below, and (ii) stronger crack margins, partially offset by (i) higher compliance costs, as well as ongoing commodity price volatility, and (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 and provide certainty on cash flows. In addition, costs related to renewable activities¹⁵ were optimized through the co-processing of bio-feedstocks, which

¹⁵ 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 ("LCFS"). The requirements of the LCFS can be met through various pathways ranging from the least economic being blending Hydrogenation-Derived Renewable Diesel ("HDRD") to most economic ones being blending ethanol and bio-diesel (which is subject to blending limits) and co-processing.

increased by 1,800 bpd in the fourth quarter of 2022. The composite utilization for the fourth quarter of 2022 and the year ended December 31, 2022 was 97.7% and 93.1%, respectively, higher as compared to 47.2% and 84.0%, respectively, for the same periods in 2021, as the fourth quarter of 2021 was impacted by two significant events including (i) the 2021 Turnaround, and (ii) the B.C. flooding.

- Operating Costs remained relatively flat for the fourth quarter of 2022 and increased \$38 million for the year ended December 31, 2022 due to (i) an increase in the cost of consumed fuel from rising commodity prices and carbon tax rates. For the fourth quarter of 2022, the increase was offset by (i) the impact of lower maintenance costs driven by the 2021 Turnaround in the comparative period, and (ii) one-off fuel cost benefit.
- Marketing, General and Administrative expenses remained flat for the fourth quarter and for the year ended December 31, 2022.

Refining Adjusted EBITDA attributable to renewable activities decreased by \$24 million and \$43 million for the fourth quarter of 2022 and the year ended December 31, 2022, respectively, compared to the same periods in 2021 due to (i) one-off cost benefits in the prior period, and (ii) rising prices of bio-feedstock and other low-carbon-intensity fuels compared to minimal increases to credit sales prices. Refining continued to optimize compliance costs and successfully added renewable naphtha as another low-cost compliance pathway option at the Burnaby Refinery in the year ended December 31, 2022.

E. Corporate

(\$ millions)	Three months ended December 31,				Year ended December 31,			
	2022	2021 ⁽¹⁾	Change	%	2022	2021 ⁽¹⁾	Change	%
Marketing, General and Administrative ⁽¹⁾	29	27	2	7%	113	94	19	20%
Other items ⁽²⁾	(3)	—	(3)	—%	(6)	(4)	(2)	50%
Adjusted EBITDA ⁽³⁾ expense	26	27	(1)	(4)%	107	90	17	19%

⁽¹⁾ 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.

⁽²⁾ Includes realized foreign exchange gains and losses, non-fuel internal revenue and other adjustments.

⁽³⁾ Measure of segment profit or loss. See Section 15 of this MD&A.

Corporate Adjusted EBITDA expense was flat for the fourth quarter of 2022 and increased by \$17 million for the year ended December 31, 2022 as compared to the same periods in 2021, primarily due to the following:

- Marketing, General and Administrative expenses remained flat for the fourth quarter of 2022 and increased \$19 million for the year ended December 31, 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 margin ¹⁶ decreased from 3.9% to 2.9% for the fourth quarter of 2022 and from 3.3% to 3.1% for the year ended December 31, 2022, as Parkland continued to maintain a disciplined approach towards cost management.

¹⁶ Supplementary financial measure. See Section 15 of this MD&A.

5. QUARTERLY FINANCIAL DATA

(\$ millions, unless otherwise noted) For the three months ended	2022				2021			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Financial Summary								
Sales and operating revenue ⁽¹⁾⁽²⁾	8,719	9,422	9,715	7,606	6,286	5,982	4,974	4,226
Adjusted gross margin ⁽³⁾	995	864	949	868	700	779	699	665
Adjusted EBITDA ⁽⁵⁾	455	328	450	387	260	364	322	314
Canada ⁽¹⁾⁽³⁾	197	140	174	191	153	134	126	149
International	110	104	87	82	78	83	66	67
USA	46	(18)	51	47	40	43	30	19
Refining ⁽¹⁾⁽⁵⁾	128	135	164	89	16	126	123	97
Corporate ⁽¹⁾	(26)	(33)	(26)	(22)	(27)	(22)	(23)	(18)
Net earnings (loss) attributable to Parkland ⁽¹⁾⁽²⁾	69	105	81	55	22	110	(64)	29
Net earnings (loss) per share – basic (\$ per share) ⁽²⁾	0.39	0.67	0.52	0.36	0.15	0.72	(0.42)	0.19
Net earnings (loss) per share – diluted (\$ per share) ⁽²⁾	0.39	0.66	0.52	0.35	0.15	0.72	(0.42)	0.19
Adjusted earnings (loss) ⁽⁴⁾	117	49	166	136	55	129	96	92
Adjusted earnings (loss) per share – basic (\$ per share) ⁽⁴⁾	0.67	0.31	1.07	0.88	0.36	0.85	0.64	0.61
Adjusted earnings (loss) per share – diluted (\$ per share) ⁽⁴⁾	0.67	0.31	1.06	0.87	0.36	0.84	0.64	0.61

⁽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. For comparative purposes, information for the comparative periods were restated due to a change in segment presentation. 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 15 of this MD&A.

⁽⁴⁾ Non-GAAP financial measure. See Section 15 of this MD&A.

Over the last eight quarters, Parkland's sales and operating revenue, Adjusted gross margin, Adjusted EBITDA and Adjusted earnings (loss) were primarily impacted by (i) COVID-19 and the subsequent recovery to pre-COVID-19 business activities and tourism resulting in increased volumes, (ii) an increase in price of fuel and petroleum products, (iii) the Acquisitions and the related synergies, (iv) the 2021 Turnaround and the B.C. flooding in the fourth quarter of 2021, (v) the spot wholesale inventory and risk management losses in USA in a rapidly declining and volatile markets in the third quarter of 2022, and (vi) the B.C. power outage in the second quarter of 2022.

In addition to the above, the net earnings (loss) were impacted by (i) one-time redemption of 2021 Redeemed Notes, (ii) market dynamics impacting valuation of Sol Put Option, and (iii) volatility in market interest rates and credit spreads impacting the valuation of the redemption options.

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 December 31,		Year ended December 31,	
	2022	2021	2022	2021
Cash generated from (used in) operating activities	629	118	1,326	904
Cash generated from (used in) investing activities	(256)	(642)	(1,227)	(1,513)
Cash generated from (used in) financing activities	(6)	567	276	655
Increase (decrease) in cash and cash equivalents	367	43	375	46
Impact of foreign currency translation on cash	(12)	(2)	15	(16)
Cash and cash equivalents, beginning of period	361	285	326	296
Cash and cash equivalents, end of period	716	326	716	326

Operating activities

Q4 2022 vs. Q4 2021

Parkland generated \$629 million cash in operating activities for the fourth quarter of 2022. This was primarily attributable to: (i) Adjusted EBITDA of \$455 million, (ii) an inflow of \$221 million from change in net non-cash working capital, largely attributable to lower receivables and inventories balances, partially offset by lower accounts payable due to a decrease in commodity prices, partially offset by: (i) \$41 million in acquisition, integration and other costs primarily related to the integration activities, and (ii) current income taxes of \$27 million.

In comparison, Parkland generated \$118 million of cash in operating activities for fourth quarter of 2021. This was primarily attributable to Adjusted EBITDA including NCI of \$285 million, which was partially offset by: (i) an outflow of \$148 million from the change in net non-cash working capital, largely attributable to higher receivables and inventories balances due to higher product prices and increased business activity, and (ii) \$24 million in acquisition, integration and other costs related to the 2021 USA Acquisitions and International Transactions.

2022 vs. 2021

Parkland generated \$1,326 million cash in operating activities for the year ended December 31, 2022. This was primarily attributable to Adjusted EBITDA including NCI of \$1,687 million, which was partially offset by: (i) an outflow of \$139 million from the change in net non-cash working capital, 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) \$117 million in acquisition, integration and other costs primarily related to the 2022 Acquisitions and the integration activities, and (iii) current income taxes of \$90 million.

In comparison, Parkland generated \$904 million of cash in operating activities for the year ended December 31, 2021. This was primarily attributable to Adjusted EBITDA including NCI of \$1,358 million, which was partially offset by: (i) an outflow of \$342 million from the change in net non-cash working capital, largely attributable to higher inventories and receivable balances, partially offset by higher accounts payable due to an increase in commodity prices and higher activity levels as COVID-19 restrictions eased and the 2021 USA Acquisitions, (ii) \$52 million in acquisition, integration and other costs primarily driven by the 2021 USA Acquisitions and the International Transactions, and (iii) current income taxes of \$43 million.

Investing activities

Q4 2022 vs. Q4 2021

Parkland invested \$256 million in the fourth quarter of 2022, primarily attributable to the growth and maintenance capital expenditures as discussed in Section 8 of this MD&A.

In comparison, Parkland invested \$642 million in the fourth quarter of 2021, primarily attributable to (i) \$440 million related to the Urbietta Acquisition and Lynch Acquisition, and (ii) \$213 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A.

2022 vs. 2021

Parkland invested \$1,227 million in the year ended December 31, 2022, primarily attributable to: (i) \$729 million related to the 2022 Acquisitions, and (ii) \$503 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A.

In comparison, Parkland invested \$1,513 million in the year ended December 31, 2021, primarily attributable to: (i) \$1,043 million related to the 2021 USA Acquisitions and the St. Maarten transaction, (ii) \$396 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A and (iii) \$92 million related to the Isla Transaction. This was partially offset by \$28 million in dividends from the investment in associates and joint ventures and proceeds on the disposal of certain assets.

Financing activities

Q4 2022 vs. Q4 2021

Parkland used \$6 million of cash in financing activities for the fourth quarter of 2022. This was primarily attributable to: (i) \$242 million of net proceeds under the Credit Facility and other long-term debt, which was more than offset by: (i) \$84 million of payments for interest on leases and long-term debt, (ii) \$52 million of payments made on principal amount on leases, (iii) \$40 million of shares repurchased under the normal-course issuer bid ("NCIB") program, and (iv) \$38 million and \$35 million in cash dividends paid to shareholders and non-controlling interest, respectively.

In comparison, Parkland generated \$567 million of cash in financing activities for the fourth quarter of 2021. This was primarily attributable to: (i) \$1,009 million of net proceeds from the 4.625% US\$800 Senior Notes due 2030 on November 23, 2021, which was partially offset by: (i) \$303 million of payments primarily related to the one-time redemption of the 6.50% \$300 million Senior Notes, (ii) \$63 million of payments for interest on leases and long-term debt, (iii) \$38 million of payments made on principal amount on leases, (iv) \$32 million in cash dividends paid to shareholders, and (v) \$16 million related to the premiums paid on the one-time redemption of the 6.50% \$300 Senior Notes.

2022 vs. 2021

Parkland generated \$276 million of cash in financing activities for the year ended December 31, 2022. This was primarily attributable to: (i) \$973 million withdrawn under the Credit Facility to finance the 2022 Acquisitions and the increase in working capital driven by an increase in commodity prices, partially offset by: (i) \$293 million of payments for interest on leases and long-term debt, (ii) \$177 million of payments made on principal amount on leases, (iii) \$121 million and \$35 million in cash dividends paid to shareholders and non-controlling interest, respectively, (iv) \$40 million of repayments of long-term debt, and (v) \$40 million of shares repurchased under the NCIB program.

In comparison, Parkland generated \$655 million of cash in financing activities for the year ended December 31, 2021. This was primarily attributable to: (i) net proceeds of \$3,183 million from the issuance of the 2021 Senior Notes and (ii) \$22 million of cash generated from the common shares issued under the at-the-market ("ATM") equity program, which was offset by: (i) \$1,733 million related to the one-time redemption of the 2021 Redeemed Notes, (ii) \$227 million of payments for interest on leases and long-term debt, (iii) \$194 million of payments related to the settlement of the Intermediation Facility, (iv) \$142 million of payments made on principal amount on leases, (v) \$132 million and \$6 million in cash dividends paid to shareholders and non-controlling interest, respectively, (vi) \$67 million related to the premiums paid on the 2021 Redeemed Notes, and (vii) \$49 million of net repayments of the Credit Facility.

B. Dividends

(\$ millions)	Three months ended December 31,				Year ended December 31,			
	2022	2021	Change	%	2022	2021	Change	%
Dividends declared to shareholders	57	47	10	21 %	207	190	17	9 %
Dividends declared to non-controlling interest	—	—	—	— %	35	6	29	483 %
Dividends paid to shareholders, net of dividend reinvestment plan ("DRIP")	(38)	(32)	(6)	19 %	(121)	(132)	11	(8)%

Parkland increased the annual dividends by \$0.0204 per share to \$1.235 per share effective March 22, 2021 and by \$0.0652 per share to \$1.30 per share effective March 22, 2022. Dividends declared to shareholders increased by \$10 million in the fourth quarter of 2022 and \$17 million for the year ended December 31, 2022, primarily due to the increase in annual dividend per share and the increase in the number of outstanding common shares driven by (i) shares issued in the Share Exchange and the Crevier Acquisition, and (ii) issuances under the DRIP, the stock option plan, and on vesting of performance share units, partially offset by shares repurchased through the NCIB program.

On November 2, 2022, Parkland announced the suspension of its DRIP program for its common shares until further notice resulting in a DRIP participation rate of nil for the fourth quarter of 2022 and 19.8% for the year ended December 31, 2022 as compared to 29.7% and 29.4%, respectively, for the same periods in 2021.

Dividends paid to shareholders increased in the fourth quarter of 2022 by \$6 million to \$38 million, due to the increase in the number of outstanding common shares and per share annual dividends described above. Dividends paid to shareholders decreased in the year ended December 31, 2022 by \$11 million to \$121 million due to the change in dividend payment schedule from monthly to quarterly effective April 15, 2022.

C. Distributable cash flow and dividend payout ratio

	Trailing twelve months ended December 31,	
(\$ millions, unless otherwise noted)	2022	2021
Cash generated from (used in) operating activities ⁽¹⁾	1,326	904
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(64)	(92)
	1,262	812
Reverse: Change in other liabilities and other assets	(3)	(11)
Reverse: Net change in non-cash working capital	139	342
Include: Maintenance capital expenditures attributable to Parkland ⁽¹⁾	(253)	(217)
Exclude: Turnaround maintenance capital expenditures	7	11
Include: Proceeds on asset disposals	8	14
Reverse: Acquisition, integration and other costs	117	52
Include: Interest on leases and long-term debt	(295)	(223)
Exclude: Interest on leases and long-term debt attributable to NCI	2	4
Include: Payments of principal amount on leases	(177)	(142)
Exclude: Payments of principal amount on leases attributable to NCI	11	18
Distributable cash flow ⁽²⁾	818	660
Cash generated from (used in) operating activities per share ⁽¹⁾	8.29	5.97
Distributable cash flow per share ⁽²⁾⁽³⁾	5.11	4.34
Dividends ⁽¹⁾	207	190
Dividend payout ratio ⁽²⁾	25 %	29 %
Dividends paid to shareholders, net of dividend reinvestment plan ⁽¹⁾	121	132

⁽¹⁾ Supplementary financial measure. See Section 15 of this MD&A.

⁽²⁾ Non-GAAP financial measure or non-GAAP financial ratio. See Section 15 of this MD&A.

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

The distributable cash flows increased by \$158 million for the trailing twelve months ended December 31, 2022, as compared to the same period in 2021 due to record Adjusted EBITDA performance, partially offset by (i) higher maintenance capital expenditures due to the execution of capital projects previously deferred in the comparative period as a result of COVID-related restrictions, and (ii) higher interest expenses due to increased long-term debt to finance the Acquisitions and working capital requirements as a result of rising commodity prices and higher effective interest rates from borrowings under the Credit Facility.

The dividend payout ratio decreased by 4 p.p. for the trailing twelve months ended December 31, 2022, as compared to the same period in 2021. This result was primarily due to the increase in distributable cash flow driven by record Adjusted EBITDA offset by higher dividends as discussed in Section 6B.

In comparison, cash flow generated from operating activities for the trailing twelve months ended December 31, 2022, increased by \$422 million as compared to the same period in 2021. This result was driven by record Adjusted EBITDA performance, which was partially offset by: (i) the change in net non-cash working capital outflow due to an increase in commodity prices and higher activity levels as economic activity improved, (ii) higher acquisition and integration costs attributable to the Acquisitions, and (iii) higher tax expense driven by an increase in taxable earnings.

7. LIQUIDITY AND COMMITMENTS

A. Capital management

Parkland's key 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 capital and financing requirements, Parkland may (i) adjust its plan for capital spending, dividends paid to shareholders, and shares repurchase, or (ii) issue new shares or new debt.

The Leverage Ratio improved to 3.4 as at December 31, 2022, from 3.5 as at September 30, 2022 driven by lower working capital requirements due to declining commodity prices and a continued focus on deleveraging through (i) strong performance across all segments in the fourth quarter of 2022, (ii) realization of synergies from the Acquisitions, (iii) discipline in capital allocation and (iv) no acquisitions in the fourth quarter of 2022.

The Leverage Ratio increased to 3.4 as at December 31, 2022, from 3.3 as at December 31, 2021, primarily as a result of an increase in long-term debt due to (i) the 2022 Acquisitions, (ii) the revaluation of USD-denominated debt in a stronger USD environment, and (iii) the increase in working capital, offset by the increase in Adjusted EBITDA as discussed in Section 2 above and base business deleveraging.

	December 31, 2022	September 30, 2022	December 31, 2021
Leverage Debt	5,480	5,642	4,611
Leverage EBITDA	1,602	1,596	1,402
Leverage Ratio ⁽¹⁾	3.4	3.5	3.3

⁽¹⁾ Capital management measure. Refer to Section 15 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 year ended December 31, 2022.

B. Available sources of liquidity

Parkland's sources of liquidity as at December 31, 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. Management believes that cash flows from operations will be adequate to fund maintenance capital expenditures, interest, income taxes, dividends, and shares repurchase, if any. Any future acquisitions or commitments 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 be the Secured Overnight Financing Rate ("SOFR") in place of the London Inter-Bank Offered Rate ("LIBOR").

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 Prospectus¹⁷. The ATM equity program expired on September 17, 2022 concurrently with the expiry of the 2020 Shelf Prospectus. There were no common shares issued under the ATM equity program during the year ended December 31, 2022 (2021 - 550 thousand common shares 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 December 1, 2021, Parkland commenced an NCIB, which was effective until November 30, 2022, allowing Parkland to purchase a maximum of 15,091,885 common shares over the 12-month period.

On December 1, 2022, Parkland commenced a new NCIB, which is effective until November 30, 2023, allowing Parkland to purchase a maximum of 13,992,412 common shares over the 12-month period. Parkland can activate the automatic share purchase plan ("ASPP") with its broker to allow for the purchase of shares during quarterly pre-determined blackout periods,

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

when Parkland would not ordinarily be permitted to purchase shares. Outside of these predetermined trading blackout periods, purchases under the current NCIB will be completed at Parkland's discretion.

During the year ended December 31, 2022, Parkland purchased for cancellation 1,452,918 common shares for a total of \$40 million under both NCIB programs (December 31, 2021 - nil). As result of the transactions, Parkland's shareholders' capital was reduced by the average carrying value of the shares repurchased for cancellation. The excess paid over the average carrying value of the shareholders' capital was \$13 million and was recognized as a reduction to retained earnings (December 31, 2021 - nil).

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

(\$ millions)	December 31, 2022	December 31, 2021
Cash and cash equivalents	716	326
Unused credit facilities	768	1,270
	1,484	1,596

C. Contractual obligations

Parkland has contractual 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 contractual obligations increased from \$10,745 million as at December 31, 2021 to \$12,498 million as at December 31, 2022, primarily due to 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 driven by increased commodity prices, improved economic conditions and the 2022 Acquisitions.

As at December 31, 2022	Less than one year	Years two and three	Years four and five	Thereafter	Interest included in minimum lease payments	Total
Commitments						
Pipeline commitment ⁽¹⁾	51	102	102	764	—	1,019
Acquisition of property, plant and equipment	157	3	2	—	—	162
Total commitments	208	105	104	764	—	1,181
Other obligations						
Accounts payable and accrued liabilities	2,806	—	—	—	—	2,806
Dividends declared and payable	57	—	—	—	—	57
Risk management and other financial liabilities	69	—	—	—	—	69
Long-term debt	416	1,200	2,963	3,933	(283)	8,229
Provisions and other liabilities	99	15	9	33	—	156
Total other obligations	3,447	1,215	2,972	3,966	(283)	11,317
Total contractual obligations	3,655	1,320	3,076	4,730	(283)	12,498

⁽¹⁾ The commitment is over the contract term of 20 years, and is contingent upon completion of the pipeline.

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 December 31, 2022, Parkland provided \$3,650 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 December 31, 2022, Parkland issued \$52 million (December 31, 2021 - \$44 million) of letters of credit and \$319 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 Annual 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 December 31,		Year ended December 31,	
	2022	2021	2022	2021
Growth capital expenditures				
Canada ⁽²⁾	63	61	90	87
Corporate	30	2	50	13
Refining ⁽²⁾	15	12	53	24
International	12	12	28	28
USA	9	11	24	19
Growth capital expenditures including NCI	129	98	245	171
Attributable to NCI	–	3	4	7
Growth capital expenditures attributable to Parkland⁽¹⁾	129	95	241	164
Maintenance capital expenditures				
Canada ⁽²⁾	34	54	68	90
Refining ⁽²⁾	28	31	69	63
USA	27	16	57	32
International	31	11	62	32
Corporate	(2)	3	2	8
Maintenance capital expenditures including NCI	118	115	258	225
Attributable to NCI	–	3	5	8
Maintenance capital expenditures attributable to Parkland⁽¹⁾	118	112	253	217
Additions to property, plant and equipment and intangible assets	247	213	503	396
Attributable to NCI	–	6	9	15
Additions to property, plant and equipment and intangible assets attributable to Parkland⁽¹⁾⁽³⁾	247	207	494	381

⁽¹⁾ Supplementary financial measure. See Section 15 of this MD&A.

⁽²⁾ For comparative purposes, information for the three months and year ended December 31, 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 26 of the Annual Consolidated Financial Statements.

Parkland's combined growth and maintenance capital expenditures for the fourth quarter of 2022 and the year ended December 31, 2022 increased by \$40 million and \$113 million, respectively, as compared to the same periods in 2021 primarily due to the deferral of capital projects in the prior periods due to continued COVID-19-related restrictions.

Growth capital expenditures increased \$34 million for the fourth quarter of 2022 and \$77 million for the year ended December 31, 2022 as compared to the same periods in 2021. Growth capital expenditures during the fourth quarter of 2022 and the year ended December 31, 2022 were focused on (i) On the Run / Marché Express site conversion and rebranding in Canada and USA, (ii) low-carbon manufacturing initiatives, development and installation of refinery equipment, and future reliability and capacity improvement projects at the Burnaby Refinery, (iii) renewable energy initiatives and new infrastructure development including an aviation and LPG facility in International, (iv) site network expansion projects in USA and Canada, (v) EV infrastructure development in Canada, and (vi) digital capability enhancements, including branding and energy transition initiatives at selected retail sites.

In comparison, growth capital expenditures during the fourth quarter and the year ended December 31, 2021 were focused on (i) the construction of new-to-industry retail sites, (ii) upgrades and refreshes for retail stations, including On the Run / Marché Express site conversions and rebranding in Canada and USA, (iii) development of select network and infrastructure across our areas of operation, (iv) low-carbon manufacturing growth initiatives, and other upgrade projects at the Burnaby Refinery, and (v) marketing and data analytics projects for our digital capability enhancement.

Maintenance capital expenditures increased \$6 million for the fourth quarter of 2022 and increased by \$36 million for the year ended December 31, 2022 as compared to the same periods in 2021. Maintenance capital expenditures during the fourth quarter of 2022 and the year ended December 31, 2022 were focused on (i) plant reliability and maintenance of equipment, including projects in preparation of the 2023 planned turnaround at the Burnaby Refinery, (ii) retail site renovations and rebranding, and infrastructure and equipment upgrades including safety enhancements in our Canada and International markets, (iii) fleet and parts replacement in USA and Canada, and (iv) selected IT maintenance across our areas of operations.

In comparison, maintenance capital expenditures during the fourth quarter and the year ended December 31, 2021 were focused on (i) selected infrastructure and IT maintenance, (ii) the 2021 minor planned turnaround project at the Burnaby Refinery, (iii) equipment maintenance and upgrades across our areas of operation, and (iv) fleet replacements.

Committed capital expenditures

Contractual commitments for the acquisition of property, plant and equipment attributable to Parkland as at December 31, 2022 are \$162 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 a potential 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 acquired Husky and other sites 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 (LOSS)

A. Revenue

(\$ millions)	Canada ⁽¹⁾⁽²⁾		International		USA		Refining ⁽¹⁾⁽²⁾		Consolidated	
Three months ended December 31,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fuel and petroleum product revenue ⁽¹⁾	4,128	3,075	2,272	1,509	1,658	1,241	255	113	8,313	5,938
Food, convenience and other non-fuel revenue ⁽¹⁾	146	136	52	32	206	172	2	8	406	348
Sales and operating revenue ⁽²⁾⁽³⁾	4,274	3,211	2,324	1,541	1,864	1,413	257	121	8,719	6,286

(\$ millions)	Canada ⁽¹⁾⁽²⁾		International		USA		Refining ⁽¹⁾⁽²⁾		Consolidated	
Year ended December 31,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fuel and petroleum product revenue ⁽¹⁾	16,282	10,742	8,544	4,745	7,837	4,172	1,261	506	33,924	20,165
Food, convenience and other non-fuel revenue ⁽¹⁾	550	529	164	125	814	639	10	10	1,538	1,303
Sales and operating revenue ⁽²⁾⁽³⁾	16,832	11,271	8,708	4,870	8,651	4,811	1,271	516	35,462	21,468

⁽¹⁾ For comparative purposes, information for the three months and year ended December 31, 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 26 of the Annual 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 fourth quarter and the year ended December 31, 2022 increased by \$2,433 million and \$13,994 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 \$1,063 million for the fourth quarter of 2022 and \$5,561 million for the year ended December 31, 2022 due to: (i) higher fuel and petroleum product commodity prices, and (ii) the 2022 Canada Acquisitions

- Sales and operating revenue for International increased \$783 million for the fourth quarter of 2022 and \$3,838 million for the year ended December 31, 2022 due to: (i) higher fuel volumes as a result of tourism recovery across the region, (ii) higher fuel and petroleum product commodity prices, (iii) strengthening of US Dollar against Canadian Dollar, (iv) the contribution from the Jamaica Acquisition, and (v) an increase in aviation service fees.
- Sales and operating revenue for USA increased by \$451 million for the fourth quarter of 2022 and \$3,840 million for the year ended December 31, 2022 due to: (i) higher fuel and petroleum product commodity prices, (ii) the 2021 USA Acquisitions and continued focus on organic growth, and (iii) strengthening of US Dollar against Canadian Dollar.
- Sales and operating revenue for Refining increased \$136 million for the fourth quarter of 2022 and \$755 million for the year ended December 31, 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 (loss)

The following table outlines items other than Adjusted EBITDA that impacted net earnings (loss) for the year ended December 31, 2022.

(\$ millions)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	455	260	1,620	1,260
Add: Attributable to NCI	—	25	67	98
Adjusted EBITDA including NCI	455	285	1,687	1,358
Less:				
Acquisition, integration and other costs	41	24	117	52
Depreciation and amortization	212	156	743	616
Finance costs	94	86	331	323
(Gain) loss on foreign exchange – unrealized	8	6	(8)	(7)
(Gain) loss on risk management and other – unrealized	9	(11)	39	10
Other (gains) and losses ⁽¹⁾	(21)	15	23	190
Other adjusting items ⁽²⁾	21	4	26	12
Income tax expense (recovery)	22	(22)	70	36
Net earnings (loss)	69	27	346	126
Net earnings (loss) attributable to Parkland	69	22	310	97
Net earnings (loss) attributable to NCI	—	5	36	29

⁽¹⁾ Other (gains) and losses for the three months ended December 31, 2022 include the following: (i) \$19 million non-cash valuation gain (2021 - \$25 million gain) due to the change in redemption value of Sol Put Option; (ii) \$2 million non-cash valuation loss (2021 - \$34 million loss) due to the change in fair value of redemption options; and (iii) \$4 million gain (2021 - \$6 million loss) in Other items. Other (gains) and losses for the year ended December 31, 2022 include the following: (i) \$30 million non-cash valuation gain (2021 - \$87 million loss) due to change in redemption value of Sol Put Option; (ii) \$67 million non-cash valuation loss (2021 - \$86 million loss) due to change in fair value of redemption options; (iii) \$14 million gain (2021 - \$17 million loss) in Other items. Refer to Note 23 of the Annual Consolidated Financial Statements.

⁽²⁾ Other Adjusting Items for the three months ended December 31, 2022 and year ended December 31, 2022 mainly include: (i) the share of depreciation and income taxes for Isla joint venture of \$3 million (2021 - \$4 million) and \$11 million (2021 - \$7 million), respectively.

Net earnings was \$69 million, representing an increase of \$42 million, for the fourth quarter of 2022, and was \$346 million, representing an increase of \$220 million, for the year ended December 31, 2022 as compared to the same periods in 2021. The period-over-period variances were primarily due to:

- an increase in Adjusted EBITDA including NCI of \$170 million for the fourth quarter of 2022 and \$329 million for the year ended December 31, 2022 as discussed in Section 2 above; and
- an increase in non-cash valuation gain within other (gains) and losses of \$36 million for the fourth quarter of 2022 and \$167 million for the year ended December 31, 2022 primarily due to net changes in non-cash valuation gains on (i) the redemption options primarily driven by interest rate volatility, and (ii) environmental liabilities due to increase in the risk-free rates and credit spreads. Further, the non-cash valuation gains for the year ended December 31, 2022 were impacted by the valuation gain on the Sol Put Option driven by market dynamics.

These increases were primarily offset by:

- an increase in depreciation and amortization by \$56 million for the fourth quarter of 2022 and \$127 million for the year ended December 31, 2022 due to an expanding asset base driven by acquisitions and organic growth initiatives;

- an increase in acquisition, integration and other costs by \$17 million for the fourth quarter of 2022 and \$65 million for the year ended December 31, 2022 attributable to the 2022 Acquisitions and integration activities;
- an increase in income tax expense by \$44 million for the fourth quarter of 2022 and \$34 million for the year ended December 31, 2022, driven by higher taxable net earnings;
- an increase in unrealized risk management loss and other derivatives of \$20 million for the fourth quarter of 2022 and \$29 million for the year ended December 31, 2022 primarily driven by unrealized losses on commodity risk management contracts with the increase in commodity prices and unrealized losses on emission credit positions.
- an increase in finance costs of \$8 million for the fourth quarter of 2022 and the year ended December 31, 2022 due to an increase in long-term debt and leases to finance increased levels of working capital and the Acquisitions offset by higher finance costs in the comparative period driven by the one-time redemption of senior notes.

10. RISK FACTORS

Parkland is exposed to a number of risk factors through the pursuit of our strategic objectives and the nature of our operations. We use a proactive approach for enterprise risk management to enable effective decision-making through the consistent identification of risks inherent to our activities. Parkland performs an annual company-wide risk assessment using a systematic approach that includes significant engagement from Parkland's Senior Leadership Team, Senior Management Team, and individuals across the business. Current and emerging risks are assessed using Parkland's company-wide risk framework considering controls and mitigating factors to determine residual risk rankings. Accountability, responsibility and ownership for each risk are assigned. Key residual risk exposures are reassessed regularly by cross-functional teams. Reporting to the Board of Directors on identified risks and management action plans is done on a quarterly basis. In 2022, Parkland conducted a comprehensive enterprise risk management assessment, which included the Board's views on key risks to which Parkland is exposed. Throughout 2022, management and the Board continued to assess key risks and incorporate any additional risks identified.

An investment in Parkland's securities is subject to various risks, including those risks inherent to the industry in which we operate. Current and prospective purchasers of Parkland's securities should carefully consider the following risk factors, as well as the other information contained in documents filed by Parkland pursuant to applicable securities laws, including the Annual Information Form. If any event arising from these risks occurs, Parkland's business, prospects, financial condition, results of operations or cash flows, reputation, the value and trading price of the Common Shares and its ability to pay dividends could be materially adversely affected.

The following is a non-exhaustive list of risk factors. Additional risks and uncertainties not currently known to Parkland or that it currently views as immaterial may also materially and adversely affect its business, financial condition and results of operations. Readers should consult their own advisors and experts where necessary before making any investment decision.

Parkland's key risk themes and their residual ratings are summarized below based upon a calculated score of likelihood and impact for each key risk theme:

Risk Matrix	IMPACT					Legend
	Low				High	
High						Acceptable risks that are appropriately mitigated through management systems.
LIKELIHOOD		1				Risks that require oversight by senior management to monitor the continued effectiveness of management systems.
		7	2,3			Higher impact risks that require oversight by senior management to monitor the continued effectiveness of management systems.
		6,9	4,5,8			Exceeds Parkland's risk threshold and requires immediate action to reduce the risk or discontinue the applicable business operation to avoid the risk.
Low						

(1) Balance sheet resiliency during adverse macroeconomic conditions

Balance sheet resiliency

Parkland's business strategy and day-to-day operations are dependent on access to private and public debt markets. Access to and cost of capital may be affected by factors not specific to Parkland, such as adverse conditions in the credit markets, general and industry-specific market and economic conditions and interest rate fluctuations. Parkland's access to and cost of capital will also be dependent on long-term credit ratings, which are determined by, among other things, the level and quality of our earnings and our ability to meet financial obligations. Parkland has incurred debt that involves significant interest expenses and debt service obligations that may have a negative effect on our results of operations. A credit rating downgrade could potentially limit our access to private and public credit markets and increase the costs of borrowing under our existing credit facilities. A downgrade could also limit our access to short-term debt markets and increase the cost of borrowing in the short-term and long-term debt markets. Inability to access capital on a cost-effective or timely basis may result in a loss of liquidity, an increase in the cost of capital or inability to execute on value-added transactions requiring significant capital.

Parkland may find it necessary in the future to obtain additional debt or equity financing to support Parkland's ongoing operations, undertake capital expenditures, finance expansion, develop new services, respond to competitive pressures, acquire businesses, repay existing or future indebtedness or take advantage of unanticipated opportunities. There can be no assurance that such additional funding, if needed, will be available on terms acceptable to Parkland, or at all, and any volatility or uncertainty in the credit markets in the future may increase costs associated with issuing debt. In addition, capital markets are adjusting to the risks that climate change poses and as a result, Parkland's ability to access capital may also be adversely affected if institutional investors or lenders adopt more restrictive decarbonization policies.

Economic conditions and geopolitical instability

Parkland's business is subject to a number of general economic factors that may materially and adversely affect its business, prospects, results of operations, and financial condition. These include recessionary economic cycles and downturns in the business cycles of the industries in which our customers conduct business, as well as downturns in the principal regional economies where operations are located. In particular, certain sectors, such as oil and gas exploration, forestry, mining, farming and aviation are subject to changes in commodity prices, general economic conditions, limited access to capital and natural disasters, which can impact the demand for Parkland's products by customers operating within these sectors.

External factors that affect economic variables and consumer confidence over which Parkland exercises no influence include global trade tensions, unemployment rates, levels of personal disposable income, inflation, regional or economic conditions and any restrictions and associated disruptions due to war related activities. Changes in economic conditions could adversely affect consumer spending patterns, travel and tourism in certain of Parkland's market areas. Some of Parkland's sites are located in markets that are more severely affected by weak economic conditions.

Jurisdictional risk

Parkland operates in certain jurisdictions that are subject to the risks normally associated with any business conducted in emerging markets or developing countries including political or social unrest, changes in laws and regulations, changes in the tax regimes, currency fluctuations, inflation and hyperinflation, uncertainty regarding the enforceability of contractual, property, and other legal rights in local courts, unpredictable government actions, and delays in obtaining or the inability to obtain necessary governmental permits or the reimbursement of refundable tax from fiscal authorities. In addition, some of these jurisdictions present an increased risk of incidents of bribery, collusion, kickbacks, theft, improper commissions, facilitation payments, conflicts of interest and related party transactions, and may require additional compliance procedures with applicable anti-corruption legislation. Parkland's failure to identify, manage and mitigate instances of fraud, corruption, violations of its code of conduct or applicable legislative and regulatory requirements increase the risk that Parkland may be implicated in such incidents and require Parkland to incur costs compliance with any sanctions thereunder.

Collectively, these risks could result in a disruption of Parkland's operations, increase costs incurred by Parkland or have a material adverse effect on Parkland's business, financial condition and results of operations.

Russia-Ukraine conflict

On February 24, 2022, Russian military forces launched a full-scale military invasion of Ukraine. The outcome of the conflict is uncertain and is likely to have wide-ranging consequences on the peace and stability of the region and the world economy. Certain countries, including Canada and the United States, have imposed strict financial and trade sanctions against Russia and such sanctions may have far-reaching effects on the global economy. Russia is a major exporter of oil and gas and since the outbreak of the conflict, the supply and price of oil and gas has been volatile. A lack of supply and high prices of oil and natural gas could have a significant adverse impact on the world economy. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain. The Russia-Ukraine conflict has also given rise to elevated levels of cyber attacks. This may also increase Parkland's cyber risk. See "IT Cyber Security" below for additional information.

Epidemics, pandemics or outbreak of an infectious disease

Parkland's business, financial condition and results of operation could be materially and adversely affected by the outbreak of epidemics, pandemics and other health crises in geographic regions in which Parkland has operations, suppliers, customers or employees, including the outbreak and continuance of COVID-19. Such health crises and the actions taken by governmental authorities in response thereto may result in, among other things: increased volatility in financial markets, commodity prices and foreign currency exchange rates; disruptions to global supply chains; labour shortages; reductions in trade volumes; operational restrictions, quarantine orders, business closures and travel bans and restrictions imposed or recommended by governmental authorities; overall slowdown in the global economy; political and economic instability; and civil unrest. The COVID-19 pandemic, and responses thereto by governmental authorities, have affected, and may continue to affect, the industries in which Parkland operates. Such effects include but are not limited to: reductions in demand from our commercial customers, including the cruise ship and aviation industries; temporary and permanent site closures; reduced operational hours; human resource challenges, including labour disruptions; supply chain constraints and disruptions; restrictions and delays relating to construction, licensing, permitting and authorization processes; and increased cybersecurity risks associated with working remotely.

(2) Impact of climate change and sustainability / ESG requirements

Climate change and extreme weather

Parkland's sales volume and profitability can experience increased volatility due to abnormal weather patterns, particularly winter temperatures, forest fires, flooding and hurricanes in Canada and the northern United States and severe tropical storms, hurricanes, earthquakes and volcanoes in the southern United States and Caribbean, which may cause pipeline closures, downed telephone lines, flooded facilities, power outages, fuel shortages, damaged or destroyed property and equipment and work interruptions. Any of the foregoing may damage Parkland's assets, disrupt its supply channels, interrupt Parkland's ability to deliver goods and services and decrease demand for its products. Any of these events could occur and could have a material adverse effect on Parkland's business, financial condition, ability to realize the anticipated growth opportunities and synergies and future prospects. Climate change may increase the frequency or severity of severe weather conditions and events, which may increase the risk of damage to Parkland's assets or the interruption of Parkland's business. Furthermore, oil prices, wholesale motor fuel costs, motor fuel sales volumes, motor fuel gross profits and merchandise sales can be subject to seasonal fluctuations that impact consumers' demands.

Climate change regulations

Federal, provincial, state and territorial legislation, regulations and initiatives designed to reduce GHG emissions may adversely affect Parkland's operations and financial position by increasing costs and reducing gross margin. Parkland operates in several jurisdictions that regulate or have proposed to regulate GHG emissions, including through clean fuel standards, which seek to reduce the carbon intensity of fuels. Some of these regulations are in effect, while others remain in various phases of review, discussion or implementation. Uncertainties exist relating to the timing and effects of these emerging regulations, including how they may be harmonized, making it difficult to accurately determine the cost impacts and effects on Parkland. Additional changes to climate change legislation may adversely affect Parkland's business, financial condition, results of operations and cash flows.

The ultimate effects of climate change legislation, regulations and initiatives on Parkland's operations, and the timing of these effects, will depend on several factors. Such factors include, among others, the GHG emission reductions required for industrial sectors, the extent to which Parkland can adapt its fuel offerings or take advantage of incentive programs, including by purchasing compliance instruments on the open market or through auctions, the price and availability of credits, the extent to which Parkland is able to recover the costs incurred through the pricing of Parkland's products in the competitive marketplace, and the increasing penetration of EVs.

Tax incentives and other subsidies in jurisdictions in which we operate have also made renewable fuels as well as alternative powered and energy-efficient vehicles more competitive than they otherwise would have been, which may reduce the competitiveness of Parkland's renewable fuel offerings and may otherwise adversely impact our business, financial condition and results of operations.

Existing and proposed environmental legislation and regulations that do, or will, require lower-carbon-intensity fuels have and will result in increased compliance costs to Parkland. These regulations may negatively affect the marketing of refined petroleum products and may require us to alter our products or adapt operations to allow us to sell in such jurisdictions. These costs may not be able to be passed along to consumers, resulting in lower gross margin to Parkland on the sale of its products. Further, new environmental regulations may require Parkland to invest in new technologies and projects, which may require significant capital and resources. Such technologies and projects may face delays and interruptions, or Parkland may fail to effectively identify and implement appropriate technologies and projects, which may adversely affect Parkland's ability to compete with other companies.

ESG focus and targets

Parkland's ESG targets depend significantly on our ability to execute our business strategy, related milestones and schedules, each of which can be impacted by the numerous risks and uncertainties associated with the business and industry in which we operate. We recognize that our ability to adapt to and succeed in a lower-carbon economy will be compared against our peers. Investors and stakeholders increasingly compare companies based on ESG-related performance, including climate-related performance. Failure to achieve our ESG targets, or a perception among key stakeholders that our ESG targets are insufficient, could adversely affect our reputation and our ability to attract capital.

There is also a risk that some or all of the expected benefits and opportunities of achieving the various ESG targets may fail to materialize, may cost more to achieve or may not occur within the expected time periods. In addition, there are risks that actions taken by Parkland in implementing targets and ambitions relating to ESG focus areas may have a negative impact on our existing business and operations and increase capital expenditures, which could have a negative impact on our future operating and financial results.

Technological developments, changes in consumer preferences and reputation

The increase in focus on the timing and pace of the transition to a lower-carbon economy and resulting trends will likely affect global energy demand and usage, including the composition of the types of energy generally used by industry and individual consumers. New technologies that increase fuel efficiency or offer reliable and affordable alternative vehicle power sources have and will reduce consumption of and demand for petroleum-based motor fuels. These technological developments could potentially have a material adverse effect on the Company's business, financial condition and results of operations if the Company does not successfully identify changing consumer demands and develop and execute on its strategies in response thereto. The growing international concern regarding climate change may create negative sentiment towards fuel products, and in turn, cause consumers to reduce consumption of and a demand for Parkland's fuel. In addition, Parkland's success in part

depends on its ability to anticipate and respond in a timely manner to changing consumer demands and preferences while continuing to sell products and services that remain relevant to the consumer.

Reputational risk is inherent in every business decision and there is the potential that a decision or negative impact could result in the deterioration of the Company's reputation with key customers and suppliers. Public attitude towards Parkland may be negatively affected by new policies and emerging technologies that have the effect of steering the public away from petroleum-based fuels or non-fuel dependent means of transportation. In addition, certain hazards inherent to operating a petroleum-based business, including environmental hazards and sustainability concerns, could lead to a deterioration of Parkland's reputation with the public. Negative changes to Parkland's reputation could have a material adverse effect on the Company's business, financial condition and future prospects.

(3) Operational resiliency

Refinery operations

There are risks inherent to the operations and activities of a refinery, including risks related to incidents, availability of crude oil and other feedstocks, including bio-feedstocks, used at the Burnaby Refinery, failure to adequately contract with third parties for offtake of products from the Burnaby Refinery or interruptions in offtake, labour and material shortages, direct and indirect risks related to legislative and regulatory requirements including, without limitation, the discharges to air, the discharge and management of storm water and processed water, and risks related to local opposition. A major or catastrophic accident could cause significant damage and may result in operational interruptions, loss of operating license, fines, reputational damage, personal injuries and loss of life. See "Health, Safety and Environment" below for additional information. Parkland does not have full control over the supply of power, natural gas or water to the Burnaby Refinery and, as such, a key operational risk for the Burnaby Refinery is the availability of sufficient power, natural gas, and water supplies to support refinery operations. Large amounts of power, heat by way of natural gas and large volumes of water are used to refine crude oil, and even a temporary interruption of power, natural gas or water could adversely affect operations.

Scheduled and unscheduled maintenance and repairs at the Burnaby Refinery reduces Parkland's revenues and increases its operating expenses during the period of time that the processing units are not operating and, among other things, could reduce Parkland's ability to make distributions or payments of debt obligations. Furthermore, material unanticipated costs and delays may be incurred in scheduled and unscheduled maintenance, which may negatively impact Parkland's results of operations.

Refinery supply

Parkland contracts with third parties for the supply of crude oil and other feedstocks to the Burnaby Refinery and for the offtake of refined products from the Burnaby Refinery. Adequate supply and offtake arrangements are key operational risks of the Burnaby Refinery. An inability to conclude contracts for supply of crude oil or other feedstocks or for the offtake of any stream of refined products from the Burnaby Refinery, or any scheduled or unscheduled interruption in contracted supply or offtake, could have a material adverse effect on Parkland's business, financial condition and results of operations.

Substantially all of the crude oil sourced by the Burnaby Refinery is delivered from Alberta by the TMPL, as regulated by the Canada Energy Regulator, and operates under a published tariff. Under various market conditions, the Burnaby Refinery could see variability in its crude deliveries from the TMPL as the capacity on the pipeline fluctuates from time to time based on operating conditions and planned and/or unplanned maintenance. Tariffs on the TMPL may increase in the future, which may impact the competitiveness of fuel refined at the Burnaby Refinery. To manage month to month variability, Parkland has established systems, processes and resources to make the most economic supply decisions within the logistical and operational constraints. In addition to the TMPL line capacity, the Burnaby Refinery can also receive volumes of crude by rail, truck, and marine when economic. Further, extreme or unexpected weather events may affect the operation of the TMPL, such as the severe flooding in British Columbia in November and December 2021 that resulted in a temporary shutdown of the TMPL. As a result, Parkland temporarily ceased processing operations at the Burnaby Refinery. Similar and prolonged events in the future may materially and adversely affect Parkland's business, financial condition and results of operations.

Legal and regulatory matters, safety issues and global crises have impacted and continue to impact the construction of the TMPL expansion project and the timeline for completing the project remains uncertain. Delays on the construction of the TMPL expansion project may limit Parkland's ability to procure crude sourced from the TMPL.

Petroleum products

Parkland's business depends, to a large extent, on a small number of crude oil and other Burnaby Refinery feedstock suppliers, as well as refined fuel suppliers, a number of which are parties to long-term supply agreements with Parkland. An interruption or reduction in the supply of crude oil or petroleum products and services by such suppliers could adversely affect Parkland's financial condition. Furthermore, if any of the supply agreements are terminated or expire without being renewed, Parkland may experience disruptions in its ability to supply customers with products until a new source of supply can be secured. Such a disruption may have a material negative impact on Parkland's financial condition and its reputation. Additionally, Parkland cannot ensure that it will be able to renew such agreements or negotiate new agreements on similar terms that are favourable to Parkland.

Fuel storage and distribution

Operating fuel storage and distribution terminals and transporting fuel products involve inherent risks, including without limitation: oil spills and other environmental incidents; fires, collisions and other catastrophic disasters; injuries and loss of life; severe damage to and destruction of property and equipment; and loss of product and business interruption. Incidents associated with such aforementioned risks may result in material third-party claims or regulatory fines, which could impact our license to operate. We generally maintain insurance to mitigate these types of losses, but there can be no assurance that our insurance would be sufficient to cover the liabilities we might suffer from the occurrence of one or more of the risks described above. Further, a significant environmental incident could result in losses in excess of the insurance coverage currently maintained by Parkland and could have a material adverse impact on Parkland's business, financial condition, reputation and results of operations.

Calamitous events

Calamitous events, such as terrorist attacks, IT attacks, pandemics, escalation of military activity and trade disruption, may have significant effects on general economic conditions, consumer spending, travel and tourism, which may disproportionately impact various customers of the Company. Strategic targets, such as energy-related assets, may be at greater risk of possible future attacks within the geographic area that the Company operates.

Transportation

Parkland's products and feedstock are transported and supplied using a variety of methods, including by pipeline, truck, rail and ship. Any interruptions, restrictions, delays, technical malfunctions, adverse weather, derailment, incident, release or regulatory changes affecting any of the methods of transportation used by Parkland could materially and adversely affect Parkland's ability to deliver and receive its products, the economics associated with certain methods of transportation (including by rail), reputation, business, prospects, results of operations, and financial condition.

(4) Information technology, security breach and privacy

IT continuity

At the operational level, Parkland relies on electronic systems for recording of sales and accumulation of financial data and analytical information. A major failure of computer systems would disrupt the flow of information and could cause loss of data records or corruption of data, which could impact the accuracy of financial reporting and management information and Parkland's ability to operate its business. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches and computer viruses, which could result in a loss of sensitive business information, systems interruption or the disruption of Parkland's business operations.

Technological developments and digital transformation

There is significant change, disruption and growth in technology in the current environment. In such an environment, Parkland may not be able to, among other things: clearly define and prioritize technology requirements and infrastructure design; effectively implement new enterprise resource planning systems, technologies and changes to internal controls; effectively operate and maintain existing infrastructure; innovate new digital solutions and scalable data infrastructure for digital offering at the same pace as the larger market solutions based on digital design and advanced analytics; or establish organic growth platforms to better understand, target and engage our customers. Failure to do so could materially adversely affect Parkland's operations and its ability to compete in the market.

Personal information

In the normal course of business, Parkland obtains large amounts of data, including personal data such as financial information from our customers. This data is stored on both internal and external systems. Parkland continues to monitor and maintain protection of our IT systems and security controls over individually identifiable customer, employee and vendor data provided to us. However, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customers or other sensitive data could nonetheless occur. With respect to data stored externally, Parkland may not fully control the response and recovery plans maintained by the third-party provider.

IT cyber security

Cyber-attacks are rapidly evolving and becoming increasingly sophisticated. Parkland may not be able to rapidly recover backup files to appropriately capture and retain data in the event of a cyber-attack, resulting in a material loss of data or inability to operate. A successful cyber-attack resulting in the loss of sensitive customer, employee or vendor data could adversely affect our reputation, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. Parkland may be under increased risk of cyber-attacks and data breaches because of its increased size, prominence and financial strength, as well as its expansion of consumer data obtained through our JOURNIE™ Rewards loyalty program, all of which increases Parkland's profile for more serious cyber criminals.

(5) Skills, resource shortage, reliance on key personnel and labour relations

Parkland competes with companies to attract and retain employees and third-party contractors with appropriate technical skills necessary to continue operations. Hiring and retaining skilled personnel may be challenging if the employment market is strong and there is intense competition for skilled employees and contractors. There can be no assurance that Parkland will be able to attract and retain skilled and experienced employees and contractors, should Parkland fail to attract qualified personnel for its operations, Parkland's business may be harmed and its results of operations and its financial condition could be adversely affected. In addition, future federal or provincial labour legislation could result in labour shortages and higher costs, especially during critical maintenance periods.

Some of Parkland's employees are represented by labour unions (including a significant number of employees at the Burnaby Refinery and our terminal in Burnaby). There is no assurance that collective bargaining agreements will be reached without a strike, work stoppage or other labour action. Any prolonged strike, work stoppage, or other labour action, particularly at the Burnaby Refinery, would have an adverse effect on our financial condition and results of operations.

(6) Acquisition, integration and capital growth

Significant acquisitions and related costs

Parkland has incurred, and expects to incur in the future, a number of costs associated with transactions and integrating acquired business into Parkland's business. The majority of such costs will be non-recurring expenses resulting from the acquisitions and will consist of transaction costs, facilities and systems consolidation costs, and employment-related costs. Additional unanticipated costs may be incurred in the integration of the assets, operations and businesses, which may negatively impact Parkland's results of operations.

Failure to realize the anticipated benefits of acquisitions

Achieving the full benefits of any acquisition includes, without limitation: consolidating functions; integrating operations, procedures and personnel; and realizing the anticipated growth opportunities, synergies and operating expense reductions.

The integration of newly acquired assets and businesses is supported by the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and other operational matters. Notwithstanding Parkland's commitment to providing the labour and resources required to support the integration of newly acquired assets and businesses, there is a risk that the anticipated benefits of any given acquisition may not be fully realized if Parkland is unable to fully address and mitigate the risks of the integration process, including the loss of key employees and the disruption of ongoing business, supplier, customer and employee relationships.

Potential undisclosed liabilities associated with acquisitions

In pursuing acquisitions, Parkland conducts due diligence on the businesses or assets being acquired and seeks detailed representations and warranties with respect to these businesses or assets. Despite such efforts, there can be no assurance that Parkland will not become subject to undisclosed liabilities or litigation as a result of acquisitions, including, but not limited to, undisclosed and unknown liabilities related to acquisitions. In addition, liabilities may exist that were not discovered during the

due diligence process prior to completing an acquisition. This failure to discover potential liabilities may be due to various factors, such as failure to accurately assess all of the pre-existing liabilities of the operations acquired or vendors failing to comply with applicable laws. If this occurs, Parkland may be responsible for such liabilities, which could materially and adversely affect its business, prospects, results of operations or financial condition.

Future acquisition risk

Parkland's ability to acquire other fuel distributors or food and retail businesses, if any, will depend, in part, on Parkland's ability to: (i) identify suitable acquisition targets that are in line with Parkland's strategies and its customers' evolving needs; (ii) negotiate the purchase of or investment in those businesses on acceptable terms; (iii) complete the transactions within the expected timeframe; (iv) fund the transactions; (v) obtain the necessary approvals from the governmental agencies within the expected time frame; (vi) improve the results of the businesses acquired and integrate them successfully; (vii) achieve the anticipated synergies in the acquired businesses; (viii) retain key employees, customers and suppliers of the acquired businesses; and (ix) effectively identify and address any regulatory requirements in connection with these acquisitions.

(7) Regulatory compliance

Parkland's business and operations are subject to numerous federal, provincial, state, territorial and local laws and regulations. Parkland has incurred and expects to continue to incur significant expenses to comply with these laws and regulations. Parkland has established reserves for the future cost of known compliance obligations, such as remediation of identified environmental impacts. However, these reserves may prove inadequate to meet its actual liability. Moreover, future amendments and new requirements, more stringent interpretation of existing requirements or the discovery of currently unknown compliance issues may require Parkland to incur material expenditures or subject it to liabilities that it currently does not anticipate.

Parkland operates in several jurisdictions in highly regulated industries. Failure to appropriately operate within each regulatory jurisdiction could lead to fines, penalties and unfavourable tax assessments, which could adversely affect Parkland's business and operating results. Furthermore, transportation fuel sales are taxed by the federal, provincial, state and, in some cases, municipal governments. Material increases in taxes or changes in tax legislation, including the establishment of minimum effective taxation levels, could have a material effect on the profitability of Parkland. In addition, various federal, provincial, state, territorial and local agencies have the authority to prescribe product quality specifications to the sale of commodities. Given the magnitude of taxes collected and remitted by Parkland on behalf of varying levels of government, any non-compliance or error by Parkland in completing, collecting or remitting could lead to material fines and penalties.

Competition regulations

Parkland is exposed to competition and anti-trust laws and the risk of non-compliance with such laws could result in the imposition of significant fines or penalties, require Parkland to divest certain assets or result in Parkland being subject to other remedies, such as margin controls in certain markets. Such remedies could have a material adverse effect on our operating results and financial condition.

Environmental regulations

Parkland's business and properties are subject to extensive local, provincial, territorial, state and federal laws and regulations across Canada, the United States and numerous Caribbean and South American jurisdictions, including, but not limited to, those relating to emissions to the air, discharges into water, releases of hazardous and toxic substances and remediation of contaminated sites (collectively, "Applicable Environmental Laws"). Applicable Environmental Laws require that Parkland's operations, and certain properties associated with Parkland's retail and storage operations be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such Applicable Environmental Laws may require significant expenditures by Parkland, including capital costs to maintain and upgrade equipment and facilities and expenditures to ensure compliance with new Applicable Environmental Laws. Failure to comply with such Applicable Environmental Laws may result in penalties and costs that could adversely affect our business and our operating results. Any changes to the Applicable Environmental Laws that are adverse to Parkland or our properties could affect our operating and financial performance. In addition, new regulations and laws are proposed from time to time that if adopted, could have a material adverse effect on our operating results and financial condition.

Pending and future legal proceedings

Alleged failure by Parkland to comply with laws and regulations may lead to governmental authorities imposing fines or penalties or denying, revoking or delaying the renewal of permits or licenses. In addition, governmental authorities as well as

third parties may claim that Parkland is liable for loss or damage, such as environmental damage. Parkland may be the subject of litigation by customers, suppliers and other third parties. A significant judgment against Parkland, the loss of a significant permit or other approval, the imposition of a significant fine or penalty, or other unfavourable results, may, in certain circumstances, result in an event of default under certain of our agreements and, in any case, may materially and adversely affect Parkland's business, prospects, results of operations or financial condition. Unfavourable results, government investigations or settlements may also encourage other parties to commence additional legal proceedings, and may cause negative publicity and reputational damage to Parkland. Legal proceedings are expensive, time consuming and may divert management's attention away from the operation of Parkland's business.

Indigenous rights claims

Indigenous groups have claimed indigenous treaty, title and rights to certain regions of western Canada, particularly in British Columbia. Such claims may affect many businesses operating in western Canada, including Parkland, as the claims are litigated or settled with the federal and provincial governments through negotiation.

While the claims are outstanding, the federal and provincial governments have a duty to consult with Indigenous people on actions and decisions that may affect the asserted Indigenous or treaty rights and, in certain cases, accommodate their concerns. The government's duty to consult may be triggered if Parkland applies to obtain or renew significant permits, leases, licenses and other approvals for its operations in areas that are subject to outstanding Indigenous rights claims.

Parkland has numerous direct relations with Indigenous Nations, people and groups relating to our operations on treaty or traditional lands. Parkland's failure to develop and manage these relationships and engage openly, early and frequently could adversely affect our business and projects and damage our reputation.

(8) Commodity price and pricing pressure

Fuel and petroleum products pricing

Parkland's fuel and petroleum product revenue is a significant component of its total revenue. Petroleum, crude oil, and natural gas liquids ("NGLs") markets are volatile. The prices for these commodities can be influenced by global and regional supply and demand factors, which are outside of Parkland's control. Parkland is susceptible to interruptions in supply and changes in relative market pricing, including degradation of supply discounts for crude oil and NGLs that drive customer demand. General economic and market conditions, political conditions and instability in oil producing regions, particularly in the Middle East, Africa and South America, and the value of the U.S. or Canadian dollars relative to other foreign currencies, particularly those of oil producing nations, could significantly and adversely affect crude oil supplies and wholesale production costs. Volatility in fuel and petroleum product supply and costs could result in significant changes in the retail price of petroleum products, fuel gross margins per litre, and refining gross margins. Higher supply and product costs can also result in increased working capital and corresponding financing requirements. In addition, increases and volatility in wholesale motor fuel costs could result in an increase in the retail price of petroleum products, which could dampen consumer demand for motor fuel. These factors could materially influence Parkland's fuel and petroleum product volume and overall customer traffic that, in turn, could have a material adverse effect on the Company's operating results, adjusted gross profit and overall financial condition. Production at these refining facilities is subject to production interruptions, which can periodically disrupt the availability and price of refined product in the region. Certain of Parkland's sales and volumes are driven by the opportunity to market variations in pricing of crude oil and NGLs between geographical regions and markets and changes in pricing and relative pricing of crude oil and NGLs may result in losses.

Pricing pressure and competition

The motor fuel industry is very competitive. Parkland competes with major national and international integrated oil companies, independent marketers, branded and unbranded independent wholesalers, independent retail stations, dealers who purchase fuel from Parkland, other commercial fuel and propane marketers, convenience store chains, independent convenience stores, large and small food retailers. Parkland also competes with several non-traditional retailers that have entered the retail fuel business in recent years, including major grocery chains, supermarkets, club stores and mass merchants, which have obtained a significant share of the motor fuel market and are significant retail competitors. The petroleum industry also competes with other industries in supplying energy, fuel, and other related products to industrial, commercial, and retail consumers. In some of Parkland's markets, competitors have been in existence longer and have greater financial, marketing and other resources than Parkland. Parkland may not be able to compete successfully against current and future competitors, and competitive and pricing pressures faced by Parkland could materially and adversely affect Parkland's business, prospects, results of operations or financial condition.

Refining commodity supply

Refining gross margins are primarily driven by commodity prices and are a function of the difference between the costs of feedstock (primarily crude oil) and the market prices for the marketing of finished products (such as gasoline, diesel, jet fuel, lubricants, fuel oil, fuel and lubricant additives and asphalt). Prices for commodities are determined by global and regional marketplaces and are influenced by many factors including supply/demand balances, inventory levels, industry refinery operations, import/export balances, currency fluctuations, seasonal demand, political climate, disruptions at the refinery resulting from unplanned outages due to severe weather, fires or other operational events and plant capacity utilization. Sustained low refining margins may have a material adverse effect on Parkland's revenue, profitability and ability to service debt and pay dividends.

Derivative financial instruments and hedging

Parkland uses derivative financial and physical instruments related to the future price of crude oil, fuel products and environmental compliance instruments and their relationship with each other, with the intent of fulfilling customer requirements while reducing volatility in our cash flows due to fluctuations in their prices and relative spreads. Such hedging activities may not be effective in reducing the volatility of our cash flows and may reduce our earnings, profitability and cash flows. Furthermore, Parkland may not be able to enter into derivative financial or physical instruments to reduce the volatility of the prices of special products it sells if there is no established derivative market for such products, or market prices are distressed, leading to it being uneconomic to do so. In addition, a portion of Parkland's hedging activities are subject to the risks that a counterparty may not perform its obligations under the applicable derivative instrument, or if the terms of the derivative instruments are imperfect.

(9) Health, safety and environment

Parkland is subject to hazards and risks inherent in its operations and the industries that we service. Such risks include, but are not limited to, equipment failures, vehicle accidents, human error, accidental release of harmful substances including through transportation of petroleum products by road, rail, barge or other marine vessels and pipeline, proximity to marine environments, explosions, fires and natural disasters. Commodity storage, refining and transportation activities involve numerous risks that may result in environmental damage or otherwise adversely affect the operations of Parkland's business. Environmental risks inherent in the storage, refining and transportation of crude oil and other petroleum products include, but are not limited to, accidental spills or releases of crude oil, liquid petroleum products, chemicals or other hazardous substances, including without limitation, storm water and processed water. The Burnaby Refinery is subject to hazards of transporting and processing hydrocarbons including, but not limited to: blowouts; fires; explosions; railcar incidents including, without limitation, derailment; marine vessel incidents including, without limitation, sinking; gaseous leaks; migration of harmful substances; oil spills; corrosion; acts of vandalism and terrorism; and other accidents or hazards that may occur at or during transport to or from commercial or industrial sites. Any of these hazards can interrupt operations, impact Parkland's reputation, cause loss of life or personal injury, result in loss of or damage to equipment, property, IT systems, related data and control systems, and cause environmental damage that may include polluting water, land or air. These could expose Parkland to: potential liability for personal injury, loss of life or debilitating injury; business interruption; property damage or destruction; curtailment of offshore shipping activity; modifications to or revocation of existing regulatory approvals; fines and other environmental damages under applicable federal, provincial, territorial, state and municipal safety and environmental laws and regulations.

The consequences of an accidental spill or release at or near any marine terminal used in connection with Parkland's operations could be significant, given the complexities of addressing releases occurring in marine environments or along populated coastlines. Releases or other incidents involving marine vessels could result in significant disruptions to offshore shipping activities and impede Parkland's ability to operate in any affected areas.

Parkland has obtained insurance in accordance with industry practice in an effort to address and mitigate such risks, established operational and emergency response procedures, and adopted safety and environmental programs to reduce potential loss exposure. There can be no assurance that the potential liabilities will not exceed the applicable coverage limits under its insurance policies. Consistent with industry practice, not all hazards and risks are covered by insurance and no assurance can be given that insurance will be consistently available or will be consistently available on an economically feasible basis. Parkland maintains insurance coverage for most environmental risk areas, excluding underground tanks at service stations. Although not insured, these risks are managed through ongoing monitoring, inventory reconciliations and tank replacement programs. Liability for uninsured risks could significantly increase expenses and the occurrence of a significant event for which Parkland is not fully insured could materially and adversely affect Parkland's business, prospects, results of operations or financial condition.

Parkland, as a convenience and food retailer, is also subject to risks related to food safety. These include, but are not limited to risks associated with food preparation, transportation and storage and timely disposal.

Financial instruments and financial risks

Financial instruments recorded at fair value through profit or loss

Parkland uses various financial instruments recorded at fair value through profit or 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 Options¹⁸, and other investments.

Commodities swaps, forwards and futures contracts, emission credits and allowances forward and option contracts, and currency forward exchange contracts

On the consolidated balance sheets, commodities swaps, forwards and futures contracts, emission credits and allowances forward and option contracts, and US dollar forward contracts are recorded within risk management and other financial assets and financial liabilities. Parkland periodically enters into derivative contracts that are believed to be economically effective at managing exposure to movements in commodity prices and foreign exchange rates. The commodity price risk management contracts are used to lock in margins with customers on commodities to be delivered. Any gains or losses on such risk management contracts are expected to largely offset, upon realization, any gains or losses on physical products at the time of sale.

Redemption Options

The Senior Notes contain Redemption Options that allow Parkland to redeem the notes prior to maturity at a premium. These Redemption Options are accounted for as an embedded derivative financial instrument. For more information on Parkland's financial instruments and related financial risk factors, see Note 15 of the Annual Consolidated Financial Statements.

Net Investment Hedge

Parkland has designated certain USD-denominated debt balances as a net investment hedge to mitigate foreign exchange risk related to foreign operations ("Net Investment Hedge"). The effective portion of the hedge is recognized in other comprehensive income (loss). See Note 14 of the Annual Consolidated Financial Statements for further details on the Net Investment Hedge.

Fair value measurement

Parkland's financial assets and liabilities measured at fair value through profit or loss are categorized into a three-level hierarchy depending on the degree to which the inputs are observable as follows:

- Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - Inputs that are not based on observable market data (unobservable inputs).

The fair values of Parkland's recurring measurements of risk management and other are determined based on Level 2 inputs. Parkland used the following techniques to value financial instruments categorized in Level 2:

- fair values of the outstanding heating oil, gasoline and refined products put and call option contracts are determined using external counterparty information, which is compared to observable data;
- fair values of commodities forward contracts, futures contracts, emission credits and allowances forward and option contracts, and currency forward exchange contracts are determined using independent price publications, third-party pricing services, market exchanges and investment dealer quotes; and,
- fair values of the redemption options are determined using a valuation model based on inputs from observable market data, including independent price publications, third-party pricing services, and market exchanges.

The fair value of the Sol Put Option was determined based on Level 3 by discounting Sol's contractually defined trailing-twelve month adjusted EBITDA, multiplied by 8.5, and including other adjustments as defined in the Sol Business Combination Agreement.

¹⁸ Parkland's issued and outstanding senior notes contain optional redemption features that allow Parkland to redeem the notes prior to maturity at a premium (the "Redemption Options").

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

(\$ millions)	Year ended December 31,	
	2022	2021
Gain (loss) on risk management and other - realized ⁽¹⁾⁽⁴⁾	(336)	(114)
Gain (loss) on risk management and other - unrealized ⁽¹⁾⁽⁵⁾	(39)	(10)
Gain (loss) on risk management and other	(375)	(124)
Change in fair value of Redemption Options ⁽²⁾	(67)	(86)
Change in redemption value of Sol Put Option ⁽²⁾	30	(87)
Gain (loss) on Intermediation Facility derivatives - realized ⁽³⁾	—	(16)
Impact on consolidated statements of income (loss)	(412)	(313)

⁽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 this 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.

⁽⁴⁾ Realized losses (gains) on risk management contracts are offset by gains (losses) on physical products delivered and recorded within "Sales and operating revenue" and "Cost of purchases" (i.e. gross margin) during the period.

⁽⁵⁾ Unrealized losses (gains) on commodity risk management contracts are expected to largely offset upon realization any gains or losses on physical products at the time of sale.

Credit risk

Parkland is exposed to credit risk from operating activities and certain financing activities. Parkland's exposure to concentrations of significant credit risk to any individual customer is limited. Credit risk is minimized by Parkland's broad and geographically diverse customer base, spread across several countries and currencies. Parkland manages its exposure to credit risk through a variety of means, including, but not limited to: (i) rigorous credit granting procedures, including review of each new customer's credit history before extending credit, and imposing short payment terms or security interests where applicable; (ii) ongoing customer credit evaluations, including review of customer financial conditions and credit performance; (iii) ongoing close monitoring of outstanding amounts; and (iv) use of standby and commercial letters of credit for certain customers, where applicable. Parkland's allowances for receivables are maintained at levels considered adequate to provide for future credit losses.

Counterparties for all risk management and other derivatives transacted by Parkland are major financial institutions or counterparties with investment grade credit ratings.

Foreign currency risk

Parkland is exposed to foreign currency risk relating to its operating and financing activities, which arises from purchasing and selling certain products and services, and borrowing in a currency that is not the functional currency of the relevant group entity. Parkland mitigates the risk using derivative financial instruments including US dollar forward contracts. The impact on Parkland's net earnings (loss) is driven by the impact of changes in foreign exchange rates on the carrying values of monetary assets and liabilities, including the USD-denominated debt, and is offset by the impact on Parkland's other comprehensive income (loss) as a result of designation of certain USD-denominated debt as a net investment hedge to mitigate foreign exchange risk related to foreign operations.

Parkland is primarily exposed to changes in the exchange rates between the US dollar and the functional currencies noted in the following table, which demonstrates the sensitivity to changes in exchange rates, with all other variables held constant, on financial instruments denominated in US dollars at the end of the reporting period.

For the years ended	December 31, 2022		December 31, 2021	
	Net earnings (loss)	OCI, net of tax	Net earnings (loss)	OCI, net of tax
USD/CAD - 10% change	(15)	(168)	(23)	(166)
USD/EUR - 10% change	(14)	—	(10)	—
USD/SRD - 25% change ⁽¹⁾	(10)	—	(1)	—
	(39)	(168)	(34)	(166)

⁽¹⁾ A higher sensitivity is used to reflect the reasonably possible changes between the US dollar to the Surinamese dollar exchange rate.

Interest rate risk

Parkland is normally exposed to market risk from changes in the Canadian and US prime interest rates, bankers' acceptance rate linked to the CDOR (Canadian Dollar Overnight Rate) and SOFR, which can impact Parkland's borrowing costs on the Credit Facility. Parkland monitors and analyzes interest rate risk on a regular basis and mitigates interest rate risk by considering refinancing, credit line renewals, hedging options and issuing long-term debt at a fixed rate. As at December 31, 2022, a 100-basis point change in these interest rates, with all other variables held constant, including the amount of borrowings and letters of credit drawn under the Credit Facility, would have caused an increase or decrease to interest on long-term debt and net earnings (loss) of approximately \$17 million (2021 - \$6 million).

Liquidity risk

Liquidity risk is the risk that Parkland will not be able to meet its financial obligations as they become due. Parkland's process for managing liquidity risk includes forecasting spending and cash flow requirements, considering seasonality of working capital needs and ensuring, to the extent possible, that it has access to multiple sources of capital including cash and cash equivalents, cash from operating activities, undrawn credit facilities, access to various credit products at competitive rates, and the market offering of common shares, preferred shares, subscription receipts, warrants, debentures, notes and convertible securities. As at December 31, 2022, Parkland's available liquidity was \$1,484 million, comprised of cash and cash equivalents of \$716 million (December 31, 2021 - \$326 million) and borrowing capacity available under the Credit Facility of \$768 million (December 31, 2021 - \$1,270 million).

Parkland is committed to retaining positive credit ratings to support access to capital markets. Parkland currently has the following credit ratings:

	Standard & Poor's	Dominion Bond Rating Service	Moody's
Corporate	BB	BB	Ba2
3.875% \$600 Senior Notes, due 2026	BB	BB	not rated
5.875% US\$500 Senior Notes, due 2027	BB	BB	Ba3
6.00% \$400 Senior Notes, due 2028	BB	BB	not rated
4.375% \$600 Senior Notes, due 2029	BB	BB	not rated
4.50% US\$800 Senior Notes, due 2029	BB	BB	Ba3
4.625% US\$800 Senior Notes, due 2030	BB	BB	Ba3

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

Highlights of Parkland's 2023 guidance metrics include:

- Adjusted EBITDA attributable to Parkland of \$1,700 million - \$1,800 million (the "2023 Adjusted EBITDA Guidance"¹⁹ Range).
- Growth capital expenditures attributable to Parkland of \$200 million - \$225 million and maintenance capital expenditures attributable to Parkland of \$300 million - \$325 million (the "2023 Capital Program").
- Reduce Leverage Ratio to approximately 3 times (the "2023 Leverage Ratio Guidance"¹⁹) by December 31, 2023 .

The 2023 Adjusted EBITDA Guidance Range reflects the key assumptions for refining, fuel and non-fuel margin forecasts based on our view of future market condition. Additionally, the low end of our 2023 Adjusted EBITDA Guidance Range accounts for potential adverse market conditions or interruptions to our operations as well as the potential for lower margins than currently observable, while the high-end accounts for greater-than-expected contributions from acquisition synergies, organic growth, and higher margins than currently observable. See Section 16 of this MD&A for further information on the key material assumptions underlying our 2023 Adjusted EBITDA Guidance Range.

The 2023 Capital Program supports our Adjusted EBITDA growth targets in the current economic environment and is focused on targeted network and EV infrastructure development, expanding digital capabilities to further improve customer value

¹⁹ Supplementary financial measure. See Section 15 of this MD&A.

proposition, enhancing our supply and logistics capability and investing in our low-carbon advantage, together with some other ongoing maintenance projects. Parkland's balanced capital allocation approach is focused on integration, capturing synergies, deleveraging and enhancing long-term shareholder returns. Growth capital expenditures include construction and acquisition of new-to-industry retail sites, On The Run / Marché Express conversions and site upgrades, supply infrastructure commercial bulk fuel propane expansion and low-carbon initiatives at the Burnaby Refinery, and is expected to be largely funded by anticipated network optimization dispositions. Maintenance capital expenditures include retail and commercial site upgrades, fleet maintenance, infrastructure improvements, the planned turnaround and other projects to maintain operational excellence at the Burnaby Refinery.

Parkland achieved Adjusted EBITDA of \$1,620 million for the year ended December 31, 2022, within the previously disclosed Revised 2022 Guidance range of \$1,600 million - \$1,700 million. Growth and maintenance capital expenditures attributable to Parkland were \$241 million and \$253 million, respectively for the year ended December 31, 2022, at par with the guidance metrics of \$225 million - \$275 million for growth capital expenditures attributable to Parkland and \$200 million - \$250 million for maintenance capital expenditures attributable to Parkland.

For additional details regarding the 2023 Adjusted EBITDA Guidance Range and the 2023 Capital Program, refer to Parkland's press release dated December 7, 2022, which is available at www.sedar.com. The factors and assumptions that contribute to Parkland's assessment of the 2023 Adjusted EBITDA 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 within this MD&A and the Annual Information Form for a description of such factors, assumptions, risks and uncertainties.

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 December 31, 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 December 31, 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		Year ended	
(\$ millions)	December 31, 2022	(\$ millions)	December 31, 2022
Current assets	142	Sales and operating revenue	346
Non-current assets	763	Net earnings (loss)	2
Current liabilities	76		
Non-current liabilities	196		

Changes in internal controls over financial reporting

There were no changes in Parkland's ICFR during the year ended December 31, 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 December 31, 2022, Parkland had approximately 175.4 million (December 31, 2021 - 154.2 million) common shares, 4.1 million (December 31, 2021 - 3.8 million) share options, 2.0 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 2.8 million (December 31, 2021 - 2.7 million) share options that are currently exercisable into common shares.

C. Fuel and petroleum product volume

(million litres)	Canada		International		USA		Refining		Consolidated	
Three months ended December 31, 2022	2022	2021 ⁽³⁾	2022	2021	2022	2021	2022	2021 ⁽³⁾	2022	2021
Retail ⁽¹⁾	1,670	1,557	436	396	435	449	—	—	2,541	2,402
Commercial ⁽¹⁾⁽²⁾	1,788	1,761	1,326	1,145	690	945	—	—	3,804	3,851
Refining	—	—	—	—	—	—	292	144	292	144
Fuel and petroleum product volume ⁽⁴⁾	3,458	3,318	1,762	1,541	1,125	1,394	292	144	6,637	6,397

(million litres)	Canada		International		USA		Refining		Consolidated	
Year ended December 31, 2022	2022	2021 ⁽³⁾	2022	2021	2022	2021	2022	2021 ⁽³⁾	2022	2021
Retail ⁽¹⁾	6,339	6,076	1,626	1,613	2,051	1,417	—	—	10,016	9,106
Commercial ⁽¹⁾⁽²⁾	6,817	6,610	4,941	3,683	4,012	3,734	—	—	15,770	14,027
Refining	—	—	—	—	—	—	1,250	767	1,250	767
Fuel and petroleum product volume ⁽⁴⁾	13,156	12,686	6,567	5,296	6,063	5,151	1,250	767	27,036	23,900

⁽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 months and year ended December 31, 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

All Parkland's related party transactions are in the normal course of business, unless otherwise noted. We purchase and sell fuel, petroleum products and limited services at market terms from and to certain companies, which are considered related parties due to Parkland having joint control or significant influence over them. This includes the SARA Refinery and the Isla JV. Transactions with related parties are measured at the negotiated contract prices at the time of sale. There were no material commitments to related parties as at December 31, 2022.

Further details of the related companies and transactions are disclosed in Note 11, Investments in Associates and Joint Ventures, and Note 24, Related Party Transactions in the Annual Consolidated Financial Statements.

E. Proposed transactions

As part of Parkland's portfolio optimization strategy, management committed to a plan to sell certain assets within the Canada segment in the next 12 months. The amount of assets and the related liabilities held for sale as at December 31, 2022 comprised \$79 million and \$20 million, respectively.

F. Site count by business model

	As at December 31, 2022			
	Canada	USA	International ⁽²⁾	Total
Company-owned/leased, company-operated ⁽³⁾	63	138	15	216
Company-owned/leased, dealer-operated	—	—	242	242
Company-owned/leased, retailer-operated	801	73	—	874
Dealer-owned, dealer-operated / consignment dealer	1,291	429	236	1,956
Franchisee-operated ⁽¹⁾⁽³⁾	250	—	—	250
Cardlock	166	49	—	215
	2,571	689	493	3,753

	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 / consignment dealer	1,153	420	196	1,769
Cardlock	162	49	—	211
	1,974	681	421	3,076

⁽¹⁾ In addition, as at December 31, 2022, Parkland had arrangements with 2,761 third-party retailers to distribute and sell M&M Food Market products at the retailers' sites under the name "M&M Express".

⁽²⁾ Site count excludes Parkland's 50% interest in the Isla JV. As at December 31, 2022, Isla JV includes 109 company sites, and 127 dealer sites.

⁽³⁾ Includes company-operated food stores where Parkland owns the food inventory, previously reported under Franchisee-operated stores.

The change in site count as at December 31, 2022 is mainly attributable to the 2022 Acquisitions. As at December 31, 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 for a summary of significant accounting policies and estimates.

Critical accounting estimates, assumptions and judgments

The preparation of Parkland's MD&A requires management to make estimates, assumptions and judgments that affect the reported amounts of income, expenses, assets and liabilities. These estimates and judgments are subject to change based on experience and new information. Significant 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. Estimates and judgments are reviewed on an ongoing basis, and impact all of Parkland's reporting segments. Revisions to estimates are recognized prospectively. The areas of critical accounting estimates and judgments are as follows:

Asset retirement and other obligations

ARO and provisions for remediation of environmental impacts represent the present value estimates of Parkland's cost to remediate sites and perform other environmental activities and impact primarily the provisions and other liabilities, property, plant and equipment, operating expense and finance cost line items within the consolidated financial statements. Parkland applies judgment in assessing the existence, extent and expected method of remediation of decommissioning, and other environmental activities required at the end of each reporting period. Parkland also uses judgment to determine whether the nature of the activities performed is related to decommissioning and remediation activities or normal operating activities. Further, Parkland considers anticipated methods and extent of remediation, technological advances, possible future uses of the site, and regulatory, environmental, and safety.

On average, the decommissioning and remediation cost estimate per site ranges from \$0.3 million to \$0.6 million (2021: \$0.2 million to \$0.4 million), due to the variability in the size of the site, level of contamination, location, and other factors. Actual costs are uncertain, and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technologies, operational experience, prices, and closure plans. The estimated timing of future decommissioning and

remediation may change due to factors such as closure plans and regulatory considerations. Changes to estimates relating to future expected costs, discount rates, changes in the regulatory environment, and timing may have a material impact on the amounts presented.

Business combinations

Parkland uses judgment in determining fair values of the identifiable assets and liabilities in business combinations. The most significant estimates include free cash flow projections determined based on the forecasted revenue, operating costs and maintenance capital expenditures. Forecasted revenue and operating costs are based on spend levels adjusted for future growth rates estimated based on the historic performance and future market expectations and can range up to 2% (2021 - up to 2%). Free cash flows are discounted using the rates of return on comparable investments reflecting market participant assumptions and could range from 5% to 15% (2021 - 9% to 15%). The values placed on the acquired assets and liabilities assumed affect the amount of goodwill recorded on an acquisition. Estimates around business combinations have an impact on the non-financial assets on the Parkland's consolidated financial statements, including intangible assets and goodwill.

Asset impairment

Asset impairment tests require the allocation of assets to cash generating units ("CGUs") or group of CGUs ("CGU group"), which requires significant judgment and interpretation with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared resources and assets, and the way in which management monitors the operations. The assessment of whether there is any indication of impairment is performed at the end of each reporting period, and requires the application of judgment, historical experience, and use of external and internal sources of information. Assumptions around asset impairment may impact certain non-financial assets on the consolidated financial statements, including property, plant, and equipment, intangible assets and goodwill.

Asset impairment tests requires the estimation of the recoverable amount of the non-financial asset, CGU or the CGU group. Parkland calculates the recoverable amounts using fair value less costs of disposal. The fair value less costs of disposal calculation is based on an earnings multiple approach. Parkland references adjusted EBITDA forecasts and implied earnings multiples and appropriate discount rates for the recoverable amount calculations. The forecasts do not include restructuring activities that Parkland is not yet committed to, or significant future investments that will enhance the performance of the asset or CGU being tested. The implied multiples are determined by utilizing multiples of comparable public companies and recently completed transactions by operating segment. The recoverable amount is sensitive to adjusted EBITDA forecasts and implied earnings multiples. For the details of the key assumptions used during 2022, including the sensitivity disclosures, refer to the Note 9, Goodwill in the Annual Consolidated Financial Statements.

Judgments and estimates made in assessing the impact of climate change

Parkland considers the impacts of climate change, including transition to a low-carbon economy, in the preparation of its consolidated financial statements. The impacts could be significant as they could result in lower future demand for refined products, significant change in the regulations or increase in catastrophic events. Climate change factors are considered by Parkland in making significant accounting judgments and assumptions including (i) preparation of management forecasts used in testing assets for impairment, (ii) determination of useful lives for calculation of depreciation and amortization, (iii) determination of net realizable value of inventories, and (iv) calculations and asset retirement obligations (estimated timing and costs of future decommissioning). As at December 31, 2022, climate change has no material impact on these judgments and assumptions.

Amended standards adopted by Parkland

Parkland has adopted the following accounting amendments that are effective for annual consolidated financial statements starting January 1, 2022. These standards are adopted prospectively, and the adoption of these standards does not have a material impact to the consolidated financial statements.

- Amendments to IFRS 3 - Business Combinations updated a reference in IFRS 3 to now refer to the Conceptual Framework, which clarifies that an acquirer should not recognize contingent assets at the acquisition date.
- Amendments to IAS 16 - Property, Plant and Equipment was amended to prohibit reducing the cost of property, plant and equipment by proceeds from sale of test production while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.
- Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets started to specify costs an entity should include in determining the "cost of fulfilling" a potential onerous contract.

- Amendments to IFRS 9 - Financial Instruments was amended to address which fees should be included in the test for derecognition of financial liabilities.

Recently announced accounting pronouncements

The standards, amendments and interpretations that are issued, but not yet effective up to the date of authorization of the consolidated financial statements and that may have an impact on the disclosures and financial position of the Company are disclosed below. Parkland intends to adopt these standards, amendments and interpretations when they become effective.

Amendments to IAS 12 and IFRS 1 - Deferred taxes related to assets and liabilities arising from a single transaction

In May 2021, the IASB issued amendments to IAS 12 - Income Taxes, which requires companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. Parkland does not expect a material impact from these amendments on the consolidated financial statements as a result of the initial application.

Amendments to IAS 1 - Classification of liabilities as current or non-current

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements, to clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. The IASB made additional clarifications to IAS 1 in October 2022 addressing the classification of debt with covenants. Only covenants that a company is obliged to comply with on or before the reporting date affect the classification of a liability as current or non-current. Further, disclosure is required for any information that enables users of financial statements to comprehend the possibility that non-current liabilities with covenants may become payable within twelve months. The amendments to IAS 1 are effective January 1, 2024, with early acceptance permissible. The amendments are required to be adopted retrospectively. Parkland does not expect a material impact from these amendments on the consolidated financial statements as a result of the initial application.

Amendments to IAS 1 and IAS 8 - accounting policies and accounting estimates

In February 2021, narrow scope amendments were introduced to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors to improve accounting policy disclosures and to distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective January 1, 2023. Parkland does not expect a material impact from these amendments on the consolidated financial statements as a result of the application.

Amendments to IFRS 16 - Lease liability in a sale and leaseback

In September 2022, the IASB issued amendments to IFRS 16 - Leases on sale and leaseback transactions that specify the requirement that a seller-lessee uses in its subsequent measurement of the lease liability in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 with early adoption permitted. The amendments are to be applied retrospectively. Parkland does not anticipate a material impact from these amendments on the consolidated financial statements as a result of the initial application.

14. SEGMENT DESCRIPTIONS

Canada

Overview

Canada owns, supplies, and supports a coast-to-coast network of 2,092²⁰ convenience and fuel stores, 313 frozen food retail locations, 166 cardlock sites, bulk fuel, propane, heating oil, lubricants, and other related services to commercial, industrial, and residential customers. Canada's retail business operates under its leading food and convenience store brands, M&M Food Market and On the Run / Marché Express, providing locally relevant food offerings and convenience merchandise, and under key retail fuel brands: Ultramar, Esso, Chevron, Pioneer, and Fas Gas Plus. Canada also serves its commercial customer base through a family of brands including Ultramar, Bluewave Energy, Pipeline Commercial, Chevron, Columbia Fuels and Sparlings Propane. Canada is also responsible for managing fuel supply contracts, marketing fuel, transporting and distributing fuel through ships, rail and highway carriers, and storing fuel in terminals and other owned and leased facilities. Canada also maintains fuel supply contracts with multiple oil refiners, and wholesale and trading suppliers. This diversity of supply contracts, combined with strategic storage and logistics infrastructure, allows Parkland to obtain fuel at competitive prices and enhances fuel supply security for Parkland-owned sites and for all Parkland customers.

Additionally, Canada engages in low-carbon activities, such as emission credit and renewable fuel trading transactions and blending of low-carbon-intensity fuels (bio-diesel, ethanol and others) to produce renewable fuels resulting in emission credits. Within the Canada segment, Parkland tracks the results from renewable and conventional business activities separately.

Business models

Canada operates and generates profit from the following two main channels:

- **Retail** - Canada's retail operations are carried out under three main business models:
 - **Company**

The Company business model includes sites that are owned or leased by Parkland and are operated and managed by either Parkland or independent retailers on its behalf. Parkland owns the fuel inventory and maintains control of the retail selling price at the fuel pumps. Convenience store inventory may be owned by the retailer or Parkland. If the site is operated by a retailer, Parkland pays the retailer a commission on fuel sales and collects, from the retailer, percentage fees on the convenience store sales or gross margins. Parkland owns the inventory at food stores. Sites operating under industry models such as "company-owned, retailer-operated" ("CORO") and "company-owned, company-operated" ("COCO") are included under the Company business model.
 - **Dealer**

The Dealer business model includes sites owned or leased by an independent dealer and are operated and managed by the independent dealer. Parkland secures long-term fuel supply contracts with the dealer, usually between 5 and 20 years in length, and supplies fuel to the dealer based on independently published rack prices. The dealer owns the fuel inventory and maintains control of the retail price selling at the fuel pumps, unless the inventory was sold to the dealer by Parkland on consignment, in which case Parkland owns the fuel inventory and maintains control of the retail price selling at the pumps. Convenience store inventory is owned by the dealer. Sites operating under industry models such as "dealer-owned, dealer-operated" ("DODO") or consignment dealer-operated fall under the Dealer business model.
 - **Franchisee**

The Franchisee business model includes food stores operated and managed by franchisees. Parkland has entered into long-term agreements with the franchisees pursuant to which Parkland receives a percentage royalty fee on the food store sales, grants the franchisees the right to access brand names and trademarks and provides the franchisees initial training, operating assistance and advice, marketing and product sourcing arrangements.

²⁰ Includes 801 company sites and 1,291 dealer sites.

- **Commercial** - Canada's commercial business delivers bulk fuel, heating oil, lubricants and other related products and services to commercial, industrial and residential customers across Canada through an extensive delivery network. The commercial business also has an extensive cardlock network that includes commercial truck fueling stations and marine fuel facilities. Parkland uses a variety of regionally relevant trade names, service marks and trademarks in the businesses that are considered by Parkland to be important and valuable in marketing its products. Our commercial customer base is diverse, supplying a broad cross-section of industries across Canada including oil and gas, construction, mining, agriculture, forestry, fishing and transportation. Parkland also sells propane and heating oil to residential and commercial customers across Canada. The commercial segment operates through five Regional Operating Centres ("ROC")²¹, which enables us to meet local market needs effectively and maintain a high level of customer service. Additionally, Canada's commercial operations are responsible for fuel supply and wholesale transactions, which includes the marketing, transportation and distribution of fuel combined with storage in terminals and other owned and leased facilities.

Seasonality

Generally, results of Canada's retail operations fluctuate based on seasonality and experience higher volumes in the second and third quarters of the year during the summer driving season. In contrast, Canada's commercial operations generally experience higher volumes in the first and fourth quarters of the year as a result of higher demand for diesel, propane and heating oil in the winter. The results of the commercial operations also fluctuate based on seasonality, degree days in its residential home heat business and local gross domestic product.

International

Overview

International, which operates primarily as Sol and is made up of Sol and its subsidiaries, is the largest independent fuel marketer in the Caribbean, with sales and operations in 23 countries. International has an integrated supply chain backed by an extensive distribution network, a premier brand portfolio and an exceptional team. International's businesses and assets are predominantly located in the Caribbean and the northeast coast of South America and consist of: (i) retail businesses, which, as at December 31, 2022, included 257 Company sites and 236 Dealer sites under the Esso, Mobil, Shell, Texaco and Sol brands, and a 50% joint venture interest in Isla's retail network consisting of 236 sites, including 109 Company sites and 127 Dealer sites; (ii) supply and distribution operations, comprised of owned or leased infrastructure assets, including import terminals, storage facilities, pipelines, marine berths and charter ships; (iii) commercial and industrial businesses, which supply gasoline, diesel, fuel oil, propane and lubricants; (iv) aviation fuel operations at 16 airports in the region; and (v) Sol Ecolution, International's renewable energy business, which provides commercial solar and other renewable energy solutions. In addition, the business owns a 29% non-operating financial stake in the entity that owns and operates the Société Anonyme de la Raffinerie des Antilles ("SARA Refinery") located in Fort-de-France, Martinique, which has a nameplate capacity of approximately 18,000 barrels per day and supplies refined products to Guadeloupe, French Guiana and Martinique. International extends Parkland's supply reach internationally and builds on Parkland's supply advantage strategy, providing Parkland with a strategic growth platform and access to key markets and comprehensive supply infrastructure in the Caribbean and the northeast coast of South America.

Business model

International operates and generates profit from the following two main channels:

- **Retail** - International's retail business operates under the Esso, Mobil, Shell, Texaco and Sol brands. International is also the owner of the Sol Shop convenience store brand. The new Sol convenience stores take advantage of the newest technology to minimize the time from order to serve and have proprietary food and drink offers, including made-to-order hot food, bakery, cold food, and hot and chilled beverages. International's retail business operates in 21 countries under one of the two main business models:
 - **Company** - These sites are owned or leased by Parkland and operated by a dealer or employees of Parkland. Sites operating under industry models such as "company-owned, dealer operated" ("CODO"), "company-leased, dealer-operated" ("CLDO") and COCO are included in this model. In CODO and CLDO sites, the dealer owns the convenience store and fuel inventory. In COCO sites, Parkland owns the convenience store and fuel inventory.
 - **Dealer** - These sites are owned, managed and operated by the dealer. Parkland secures long-term fuel supply contracts with the dealer and supplies fuel to the dealer. The dealer owns the fuel inventory. Convenience store inventory is usually owned by the dealer. Other operating model variants where the site is not owned or leased by Parkland are also included in this category.

²¹ See Section 15E for a description of Parkland's Regional Operating Centres.

- **Commercial and Wholesale** - International's commercial and wholesale business delivers and supplies gasoline, diesel, fuel oil, propane and lubricants to customers in various geographies and sectors, including power, oil and gas, mining and hospitality. In addition, International's aviation business operates at 16 airports in the region, supplying aviation fuel and services to airlines.

International has sales and operations in 23 countries in the Caribbean. International also maintains offices in 21 countries, which are organized into five ROCs as follows:

Eastern Caribbean	Western Caribbean	Spanish Caribbean	French Caribbean	South America
Anguilla	Bahamas	Belize	French Guiana	Guyana
Barbados	Bermuda	Dominican Republic	Guadeloupe	Suriname
British Virgin Islands	Cayman Islands	Puerto Rico	Martinique	
Dominica	Jamaica			
Grenada				
St. Kitts & Nevis				
St. Lucia				
St. Maarten				
St. Vincent & Grenadines				

Seasonality

International results are influenced by a variety of inherent business factors. The volumes and Adjusted EBITDA of the Eastern, Western, Spanish and French Caribbean are expected to be higher in the first and fourth quarters of the year during tourism high season as compared to the second and third quarters of the year during tourism low season. South America's volumes and Adjusted EBITDA are expected to be influenced by volume of activity in the oil and gas, and mining industries. In addition to the regional variations, International's Adjusted EBITDA is also influenced by fluctuations in quantity and timing of volumes related to third-party wholesale spot sales as well as the crude supply to the SARA Refinery.

USA

Overview

USA delivers fuel, lubricants and other related products and services to customers, and operates a network of 640²² retail fuel and convenience stores and 49 cardlock sites under various brands throughout the United States. USA operates a wide variety of terminals, storage facilities and trucks, and contracts with pipeline, storage facilities and third-party carriers to support its network.

Business model

USA operates and generates profits from the following two main channels:

- **Retail** - USA's retail fuel business includes retail sites that operate under the Company and Dealer models, which are described under the "Canada" heading above. These retail sites operate under various brands including, without limitation, On the Run, ARCO, Cenex, Chevron, Conoco, Exxon, and other brands. USA's convenience store business operates under various brands including, without limitation, Superpumper, On the Run, KJ's, Hart's, KB Express, Casey's Corner, Mr. Gas, and U Shop. USA offers a diverse product mix at its convenience stores, including food and drink offers. Further, USA supplies independent retail sites under the Dealer model, which include multi-site dealer chains and branded and unbranded relationships.
- **Commercial and Wholesale** - USA's commercial business delivers gasoline, diesel, marine fuel oil, propane, lubricants, and ancillary products to customers in various geographies and sectors, including commercial, industrial, automotive, retail, agricultural, construction, mining, energy and marine customers. Fuel is primarily delivered to customers by truck. USA is a supplier of ExxonMobil lubricants and Ridgeline, Parkland's private label offering for lubricants and other ancillary products. USA's commercial business also operates a network of cardlocks that are compatible with major fueling networks. USA's commercial business operates under various brands including, without limitation, Rhinehart Oil, Farstad Oil, Conrad & Bischoff, Tropic Oil and National Fuel Network (NFN). USA's wholesale business supplies gasoline, diesel and other fuels to wholesale customers. Fuel is primarily delivered to customers by truck, railcar, pipeline or third-party rack facilities. USA's wholesale business primarily operates under Parkland (U.S.) Supply Corp., a wholly-owned U.S. subsidiary of Parkland.

²² Includes 211 company sites and 429 dealer sites.

Seasonality

USA results fluctuate based on seasonality. The demand for fuel and petroleum products increases during the second and third quarters because of the agriculture, construction and mining seasons and increased consumer travel. In the first and the fourth quarters, marine fuel demand increases due to active cruise ship operations and the cold weather conditions improve propane sales. As a result, USA Adjusted EBITDA is generally higher in the second and third quarters.

Refining

Overview

Refining operations include the Burnaby Refinery, which is owned and operated by Parkland. The Burnaby Refinery is a 55,000-bpd light / medium crude refinery in Burnaby, British Columbia, which is ideally located to serve the British Columbia market with pipeline access to Canadian light crude. It is the only refinery in the Vancouver area and the largest of only two refineries in the province. Additionally, the Burnaby Refinery is highly integrated with the Canada retail, commercial, and wholesale businesses, as the majority of its production is sold to the Canada segment.

Corporate

Corporate includes the costs of centralized administrative services and expenses incurred to support operations. Certain Corporate costs are allocated to the other divisions that include direct costs attributable to operating segments as well as other non-direct costs incurred by Corporate. Allocations of non-direct costs are based on the consumption of Corporate administrative resources by operating segments estimated using various cost drivers such as headcount and time spent by Corporate employees to support the operating segments. The remaining costs in Corporate are not allocated to Parkland's operating segments due to their nature.

15. 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 Total of segment measures. Refer to Note 26 of the Annual 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. Concurrently with Parkland entering into the Share Exchange Agreement, effective August 4, 2022, 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 ⁽⁴⁾		International ⁽⁴⁾		USA ⁽⁴⁾		Refining ⁽⁴⁾		Consolidated ⁽⁴⁾	
For the three months ended December 31,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Food and convenience store ⁽¹⁾	75	39	4	3	23	21	—	—	102	63
Other retail ⁽²⁾	4	1	5	4	1	1	—	—	10	6
Lubricants and other ⁽³⁾	24	12	24	16	25	25	3	6	76	59
Food, convenience and other adjusted gross margin	103	52	33	23	49	47	3	6	188	128

(\$ millions)	Canada ⁽⁴⁾		International ⁽⁴⁾		USA ⁽⁴⁾		Refining ⁽⁴⁾		Consolidated ⁽⁴⁾	
For the year ended December 31,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Food and convenience store ⁽¹⁾	242	156	14	10	96	62	—	—	352	228
Other retail ⁽²⁾	11	7	22	19	6	2	—	—	39	28
Lubricants and other ⁽³⁾	74	41	70	57	118	105	10	9	272	212
Food, convenience and other adjusted gross margin	327	204	106	86	220	169	10	9	663	468

⁽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⁾ Other retail revenue include facilities rental revenue, advertising revenue and other miscellaneous retail-related revenues.

⁽³⁾ Lubricants and other include lubricants, freight, tanks and parts installation, cylinder exchanges, royalties, emission allowances and other products and services.

⁽⁴⁾ For comparative purposes, information for the three months and year ended December 31, 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 December 31,	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⁾	129	142	3,412	3,307	3,541	3,449	—	—	1,054	731	1,054	731	129	142	4,466	4,038	1,762	1,541	1,129	1,394	—	—	(849)	(718)	6,637	6,397	
Sales and operating revenue	179	146	4,364	3,297	4,543	3,443	122	70	1,145	660	1,267	730	301	216	5,509	3,957	2,324	1,541	1,872	1,413	1	—	(1,046)	(638)	8,961	6,489	
Sub-segment eliminations ⁽²⁾					(179)	(146)					(63)	(57)													(242)	(203)	
Sales and operating revenue - after eliminations					4,364	3,297					1,204	673					2,324	1,541	1,872	1,413	1	—	(1,046)	(638)	8,719	6,286	
Cost of purchases	173	138	3,938	2,979	4,111	3,117	121	47	933	588	1,054	635	294	185	4,871	3,567	2,129	1,367	1,675	1,279	—	—	(1,045)	(638)	7,924	5,760	
Sub-segment eliminations ⁽²⁾					(179)	(146)					(63)	(57)													(242)	(203)	
Cost of purchases - after eliminations					3,932	2,971					991	578					2,129	1,367	1,675	1,279	—	—	(1,045)	(638)	7,682	5,557	
Fuel and petroleum product adjusted gross margin, before the following:	6	8	323	266	329	274	1	23	209	66	210	89	7	31	532	332	162	151	148	87	—	—	—	—	849	601	
Gain (loss) on risk management and other - realized	2	2	(2)	(1)	—	1	1	—	(21)	(6)	(20)	(6)	3	2	(23)	(7)	(8)	(17)	(28)	(6)	—	—	—	—	(56)	(28)	
Gain (loss) on foreign exchange - realized	—	—	—	—	—	—	—	—	4	1	4	1	—	—	4	1	(6)	1	—	—	1	—	—	—	(1)	2	
Other adjusting items to adjusted gross margin ⁽³⁾	—	—	(2)	—	(2)	—	—	—	4	—	4	—	—	—	2	—	4	(3)	10	—	(1)	—	—	—	15	(3)	
Fuel and petroleum product adjusted gross margin	8	10	319	265	327	275	2	23	196	61	198	84	10	33	515	326	152	132	130	81	—	—	—	—	807	572	
Food, convenience and other adjusted gross margin	—	—	103	52	103	52	—	—	3	6	3	6	—	—	106	58	33	23	49	47	1	—	(1)	—	188	128	
Total adjusted gross margin	8	10	422	317	430	327	2	23	199	67	201	90	10	33	621	384	185	155	179	128	1	—	(1)	—	995	700	
Operating costs	1	1	169	133	170	134	2	—	67	70	69	70	3	1	236	203	57	40	112	64	(1)	—	—	—	407	308	
Marketing, general and administrative	2	—	62	40	64	40	1	—	3	4	4	4	3	—	65	44	28	24	20	24	29	27	(1)	—	144	119	
Share in (earnings) loss of associates and joint ventures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(5)	(5)	—	—	—	—	—	—	(5)	(5)	
Other adjusting items to Adjusted EBITDA	—	—	(1)	—	(1)	—	—	—	—	—	—	—	—	—	(1)	—	(5)	(7)	1	—	(1)	—	—	—	(6)	(7)	
Adjusted EBITDA (loss) including NCI	5	9	192	144	197	153	(1)	23	129	(7)	128	16	4	32	321	137	110	103	46	40	(26)	(27)	—	—	455	285	
Attributable to NCI	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	25	—	—	—	—	—	—	—	—	25
Adjusted EBITDA (loss) attributable to Parkland ("Adjusted EBITDA (loss)")	5	9	192	144	197	153	(1)	23	129	(7)	128	16	4	32	321	137	110	78	46	40	(26)	(27)	—	—	455	260	
Add: Adjusted EBITDA attributable to NCI																									—	25	
Less:																											
Acquisition, integration and other costs																									41	24	
Depreciation and amortization																									212	156	
Finance costs																									94	86	
(Gain) loss on foreign exchange - unrealized																									8	6	
(Gain) loss on risk management and other - unrealized																									9	(11)	
Other (gains) and losses																									(21)	15	
Other adjusting items																									21	4	
Income tax expense (recovery)																									22	(22)	
Net earnings (loss)																									69	27	
Less: Net earnings (loss) attributable to NCI																									—	5	
Net earnings (loss) attributable to Parkland																									69	22	

⁽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 gain and \$7 million (2021 - nil) of realized risk management loss related to underlying physical sales activity in another period.

⁽⁴⁾ Includes inter-segment sales and cost of purchases. See Note 26 of the Annual 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 ⁽⁵⁾		Consolidated	
Sub-segments	Renewable		Conventional		Total		Renewable		Conventional		Total		Total Renewable Sub-segment		Total Conventional Sub-segment ⁽⁶⁾											
For the year ended December 31,	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⁾	586	528	12,928	12,485	13,514	13,013	—	—	4,065	3,343	4,065	3,343	586	528	16,993	15,828	6,567	5,296	6,147	5,151	—	—	(3,257)	(2,903)	27,036	23,900
Sales and operating revenue	871	568	17,252	11,515	18,123	12,083	418	303	4,700	2,680	5,118	2,983	1,289	871	21,952	14,195	8,708	4,870	8,760	4,811	1	—	(4,149)	(2,472)	36,561	22,275
Sub-segment eliminations ⁽²⁾					(871)	(568)					(228)	(239)													(1,099)	(807)
Sales and operating revenue - after eliminations					17,252	11,515					4,890	2,744					8,708	4,870	8,760	4,811	1	—	(4,149)	(2,472)	35,462	21,468
Cost of purchases	841	542	15,746	10,328	16,587	10,870	373	219	3,810	2,134	4,183	2,353	1,214	761	19,556	12,462	7,867	4,201	8,051	4,367	—	—	(4,148)	(2,472)	32,540	19,319
Sub-segment eliminations ⁽²⁾					(871)	(568)					(228)	(239)													(1,099)	(807)
Cost of purchases - after eliminations					15,716	10,302					3,955	2,114					7,867	4,201	8,051	4,367	—	—	(4,148)	(2,472)	31,441	18,512
Fuel and petroleum product adjusted gross margin, before the following:	30	26	1,179	983	1,209	1,009	45	84	880	537	925	621	75	110	2,059	1,520	735	583	489	275	—	—	—	—	3,358	2,488
Gain (loss) on risk management and other - realized	7	10	3	(8)	10	2	—	—	(123)	(22)	(123)	(22)	7	10	(120)	(30)	(138)	(73)	(85)	(21)	—	—	—	—	(336)	(114)
Gain (loss) on foreign exchange - realized	1	—	—	(1)	1	(1)	—	—	(12)	2	(12)	2	1	—	(12)	1	(7)	(1)	—	—	2	3	—	—	(16)	3
Other adjusting items to adjusted gross margin ⁽³⁾	—	—	—	—	—	—	—	—	4	—	4	—	—	—	4	—	1	(3)	—	—	2	1	—	—	7	(2)
Fuel and petroleum product adjusted gross margin	38	36	1,182	974	1,220	1,010	45	84	749	517	794	601	83	120	1,931	1,491	591	506	404	254	4	4	—	—	3,013	2,375
Food, convenience and other adjusted gross margin	—	—	327	204	327	204	—	—	10	9	10	9	—	—	337	213	106	86	220	169	1	—	(1)	—	663	468
Total adjusted gross margin	38	36	1,509	1,178	1,547	1,214	45	84	759	526	804	610	83	120	2,268	1,704	697	592	624	423	5	4	(1)	—	3,676	2,843
Operating costs	6	4	620	503	626	507	9	6	262	227	271	233	15	10	882	730	186	146	393	223	—	—	—	—	1,476	1,109
Marketing, general and administrative	4	1	217	145	221	146	1	—	16	15	17	15	5	1	233	160	98	83	105	68	113	94	(1)	—	553	406
Share in (earnings) loss of associates and joint ventures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(21)	(16)	—	—	—	—	—	—	(21)	(16)
Other adjusting items to Adjusted EBITDA ⁽⁴⁾	—	—	(2)	(1)	(2)	(1)	—	—	—	—	—	—	—	—	(2)	(1)	(16)	(13)	—	—	(1)	—	—	—	(19)	(14)
Adjusted EBITDA including NCI	28	31	674	531	702	562	35	78	481	284	516	362	63	109	1,155	815	450	392	126	132	(107)	(90)	—	—	1,687	1,358
Attributable to NCI	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	67	98	—	—	—	—	—	—	67	98
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	28	31	674	531	702	562	35	78	481	284	516	362	63	109	1,155	815	383	294	126	132	(107)	(90)	—	—	1,620	1,260
Add: Adjusted EBITDA attributable to NCI																									67	98
Less:																										
Acquisition, integration and other costs																									117	52
Depreciation and amortization																									743	616
Finance costs																									331	323
(Gain) loss on foreign exchange - unrealized																									(8)	(7)
(Gain) loss on risk management and other - unrealized																									39	10
Other (gains) and losses																									23	190
Other adjusting items																									26	12
Income tax expense (recovery)																									70	36
Net earnings (loss)																									346	126
Less: Net earnings (loss) attributable to NCI																									36	29
Net earnings (loss) attributable to Parkland																									310	97

⁽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 \$4 million (2021 - nil) of realized risk management loss related to underlying physical sales activity in another period.

⁽⁴⁾ Other adjusting items to Adjusted EBITDA mainly include the share of depreciation and income taxes for the Isla joint venture of \$11 million (2021 - \$7 million). See Note 11 of the Annual Consolidated Financial Statements for further details.

⁽⁵⁾ Includes inter-segment sales and cost of purchases. See Note 26 of the Annual Consolidated Financial Statements.

⁽⁶⁾ 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. Concurrently with Parkland entering into the Share Exchange Agreement, effective August 4, 2022, Parkland does not allocate a portion of Adjusted net earnings or loss to NCI and includes 100 percent 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 December 31,		Year ended December 31,	
	2022	2021	2022	2021
Net earnings (loss) attributable to Parkland	69	22	310	97
Add: Net earnings (loss) attributable to NCI	–	5	36	29
Net earnings (loss)	69	27	346	126
Add:				
Acquisition, integration and other costs	41	24	117	52
Loss on modification of long-term debt	–	18	2	77
(Gain) loss on foreign exchange – unrealized	8	6	(8)	(7)
(Gain) loss on risk management and other – unrealized	9	(11)	39	10
Other (gains) and losses ⁽¹⁾	(21)	15	23	190
Other adjusting items ⁽²⁾	21	4	26	12
Tax normalization ⁽³⁾	(10)	(13)	(46)	(42)
Adjusted earnings (loss) including NCI	117	70	499	418
Less: Adjusted earnings (loss) attributable to NCI	–	15	31	46
Adjusted earnings (loss)	117	55	468	372
Weighted average number of common shares (million shares) ⁽⁴⁾	173	153	160	151
Weighted average number of common shares adjusted for the effects of dilution (million shares) ⁽⁴⁾	174	153	161	152
Adjusted earnings (loss) per share (\$ per share)				
Basic	0.67	0.36	2.93	2.46
Diluted	0.67	0.36	2.91	2.45

⁽¹⁾ Other (gains) and losses for the three months ended December 31, 2022 include the following: (i) \$19 million non-cash valuation gain (2021 - \$25 million gain) due to the change in redemption value of Sol Put Option; (ii) \$2 million non-cash valuation loss (2021 - \$34 million loss) due to the change in fair value of Redemption Options; and (iii) \$4 million gain (2021 - \$6 million loss) in Other items. Other (gains) and losses for the year ended December 31, 2022 include the following: (i) \$30 million non-cash valuation gain (2021 - \$87 million loss) due to change in redemption value of Sol Put Option; (ii) \$67 million non-cash valuation loss (2021 - \$86 million loss) due to change in fair value of redemption options; (iii) \$14 million gain (2021 - \$17 million loss) in Other items. Refer to Note 23 of the Annual Consolidated Financial Statements.

⁽²⁾ Other Adjusting Items for the three months ended December 31, 2022 and for the year ended December 31, 2022 mainly include: (i) the share of depreciation and income taxes for Isla joint venture of \$3 million (2021 - \$4 million) and \$11 million (2021 - \$7 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 adjust 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 DRIP. 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)	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	December 31, 2022
Cash generated from (used in) operating activities ⁽¹⁾	(48)	343	402	629	1,326
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(26)	(27)	(11)	–	(64)
	(74)	316	391	629	1,262
Reverse: Change in other liabilities and other assets	(2)	(1)	23	(23)	(3)
Reverse: Net change in non-cash working capital	436	36	(112)	(221)	139
Include: Maintenance capital expenditures attributable to Parkland	(29)	(44)	(62)	(118)	(253)
Exclude: Turnaround maintenance capital expenditures	–	–	4	3	7
Include: Proceeds on asset disposals	1	2	1	4	8
Reverse: Acquisition, integration and other costs	13	18	45	41	117
Include: Interest on leases and long-term debt	(64)	(71)	(74)	(86)	(295)
Exclude: Interest on leases and long-term debt attributable to NCI	1	1	–	–	2
Include: Payments on principal amount on leases	(37)	(38)	(50)	(52)	(177)
Exclude: Payments on principal amount on leases attributable to NCI	5	4	2	–	11
Distributable cash flow	250	223	168	177	818
Weighted average number of common shares (million shares)					160
Distributable cash flow per share					5.11
Dividends ⁽¹⁾	49	51	50	57	207
Dividend payout ratio					25 %

⁽¹⁾ Supplementary financial measure. See Section 15 of this MD&A.

	Three months ended				Trailing twelve months ended
(\$ millions, unless otherwise noted)	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	December 31, 2021
Cash generated from (used in) operating activities ⁽¹⁾⁽²⁾	264	322	200	118	904
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(23)	(21)	(26)	(22)	(92)
	241	301	174	96	812
Reverse: Change in other liabilities and other assets	(14)	(9)	4	8	(11)
Reverse: Net change in non-cash working capital ⁽³⁾	53	22	119	148	342
Include: Maintenance capital expenditures attributable to Parkland	(20)	(45)	(40)	(112)	(217)
Exclude: Turnaround maintenance capital expenditures	–	–	3	8	11
Include: Proceeds on asset disposals	5	1	4	4	14
Reverse: Acquisition, integration and other costs	5	11	12	24	52
Include: Interest on leases and long-term debt	(54)	(54)	(56)	(59)	(223)
Exclude: Interest on leases and long-term debt attributable to NCI	1	1	1	1	4
Include: Payments on principal amount on leases	(35)	(33)	(36)	(38)	(142)
Exclude: Payments on principal amount on leases attributable to NCI	4	4	5	5	18
Distributable cash flow	186	199	190	85	660
Weighted average number of common shares (million shares)					152
Distributable cash flow per share					4.34
Dividends ⁽²⁾	47	48	48	47	190
Dividend payout ratio					29 %

⁽¹⁾ For comparative purposes, information for certain comparative periods was restated due to a change in presentation of cash generated 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⁾ Supplementary financial measure. See Section 15 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".

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.

	Three months ended December 31, 2022			Twelve months ended December 31, 2022		
(\$ millions)	2022	2021	% ⁽¹⁾	2022	2021	% ⁽¹⁾
Food and Company C-Store revenue	88	93		359	390	
Add:						
Point-of-sale ("POS") value of goods and services sold at Food and Company C-Store operated by retailers and franchisees ⁽²⁾	306	141		1,029	590	
Less:						
Rental and royalty income from retailers, franchisees and others ⁽³⁾	(43)	(26)		(144)	(105)	
Same Store revenue adjustments ⁽⁴⁾⁽⁵⁾ (excluding cigarettes)	(164)	(15)		(460)	(44)	
Food and Company C-Store same-store sales	187	193	(3.5)%	784	831	(5.7)%
Less:						
Same Store revenue adjustments ⁽⁴⁾ (cigarettes)	(87)	(99)		(375)	(434)	
Food and Company C-Store same-store sales (excluding cigarettes)	100	94	6.0 %	409	397	3.1 %

	Three months ended December 31, 2021			Twelve months ended December 31, 2021		
(\$ millions)	2021	2020	% ⁽¹⁾	2021	2020	% ⁽¹⁾
Food and Company C-Store revenue	93	95		390	406	
Add:						
Point-of-sale ("POS") value of goods and services sold at Food and Company C-Store operated by retailers ⁽²⁾	141	143		590	582	
Less:						
Rental income from retailers and others ⁽³⁾	(26)	(23)		(105)	(99)	
Same Store revenue adjustments ⁽⁴⁾⁽⁵⁾ (excluding cigarettes)	(9)	(9)		(30)	(28)	
Food and Company C-Store same-store sales	199	206	(3.2)%	845	861	(1.8)%
Less:						
Same Store revenue adjustments ⁽⁴⁾⁽⁵⁾ (cigarettes)	(102)	(114)		(441)	(479)	
Food and Company C-Store same-store sales (excluding cigarettes)	97	92	4.7%	404	382	5.8%

⁽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.

(\$ millions)	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	2022	2021
Adjusted Food and Company C-Store revenue	328	208	1,182	877
Adjusted Food and Company C-Store cost of sales	(209)	(147)	(773)	(622)
Adjusted Food and Company C-Store gross margin	119	61	409	255
Food and Company C-Store gross margin percentage	36.3 %	29.3 %	34.6 %	29.1 %
Food and Company C-Store revenue	88	93	359	390
Add:				
POS value of goods and services sold at Food and Company C-Store operated by retailers and franchisees ⁽¹⁾	306	141	1,029	590
Less:				
Rental and royalty income from retailers, franchisees and others ⁽²⁾	(66)	(26)	(206)	(103)
Adjusted Food and Company C-Store revenue	328	208	1,182	877
Food and Company C-Store cost of sales	13	55	117	234
Add:				
Cost of goods and services sold at Food and Company C-Store operated by retailers and franchisees ⁽¹⁾	196	92	656	388
Adjusted Food and Company C-Store cost of sales	209	147	773	622

⁽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 16 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		Year ended December 31,	
	December 31, 2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
Corporate Marketing, General and Administrative expenses	29	27	113	94
Parkland's Adjusted gross margin	995	700	3,676	2,843
Corporate Marketing, General and Administrative expenses as a % of Parkland's Adjusted gross margin	2.9 %	3.9 %	3.1 %	3.3 %

⁽¹⁾ Certain amounts for the periods in 2021 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 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.

	For the year ended	For the three months ended			
	Dec 2021	Dec 2021	Sep 2021	Jun 2021	Mar 2021
Corporate Marketing, General and Administrative expenses as a % of Parkland's gross margin	3.3%	3.9%	3.1%	3.3%	3.0%

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 was retrospectively restated as follows due to a change in segment presentation. Refer to Note 26 of the Annual Consolidated Financial Statements for additional information on Parkland's segments.

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

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. Not applicable for annual reporting periods.	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. Not applicable for annual reporting periods.	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.
Cash generated from (used in) operating activities per share	Measure represents the amount of cash per share generated from (used in) by the company from operating activities.	Cash generated from (used in) operating activities divided by the weighted average number of common shares for the period.	This measure is used to guide investors on the company's cash operating performance on a per share basis.
Dividends per share	Measure represents the dividends paid per share for the respective period.	Dividends per share is the sum of the 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, cash and cash equivalents - restricted, and unused credit facilities.	This measure is used by management to assess Parkland's ability to meet its short-term commitments.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
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.
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 15A 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).
Leverage Ratio Guidance	Measure represents our forecast of the Leverage Ratio.	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 the Leverage Ratio. See Section 15D for further detail on the composition of the Leverage Ratio.	Parkland uses this measure to provide guidance to shareholders, investors and analysts on Parkland's overall financial strength, capital structure flexibility, and ability to service debt and meet future commitments.

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:

	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
Leverage Debt	5,253	5,264	5,642	5,480
Leverage EBITDA ⁽¹⁾	1,482	1,635	1,596	1,602
Leverage Ratio	3.5	3.2	3.5	3.4

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

	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
Long-term debt	6,371	6,637	6,768	6,972
Less:				
Lease obligations	(698)	(755)	(812)	(828)
Cash and cash equivalents	(507)	(663)	(361)	(716)
Add:				
Letters of credit	87	45	47	52
Leverage Debt	5,253	5,264	5,642	5,480

	Three months ended				Trailing twelve months ended
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	December 31, 2022
Adjusted EBITDA including NCI	414	478	340	455	1,687
Share incentive compensation	9	5	7	9	30
Reverse: IFRS 16 impact ⁽¹⁾	(44)	(46)	(49)	(58)	(197)
	379	437	298	406	1,520
Acquisition pro-forma adjustment ⁽²⁾					51
Other adjustments ⁽³⁾					31
Leverage EBITDA					1,602

⁽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, 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, 2022	June 30, 2022	September 30, 2022	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 to 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.

16. 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 our strategic pillars and focus on developing the existing business in resilient markets, growing our food, convenience and renewable energy businesses, and helping customers to decarbonize;
- capital investment philosophy, including continuing to prudently invest in growth across the organization and fund maintenance expenditures;
- "Drive to Zero" strategy encompassing 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;
- expectation to meet our target to reduce our customers' GHG emissions up to 1 MT per year by 2026 through increased production of low-carbon fuels, blending of renewables and selling carbon offsets;
- plan to build one of western Canada's largest ultra-fast EV charging networks and the funding and status thereof;
- D&I strategy and plans relating thereto;
- commitment to enhancing our community and Indigenous engagement by implementing best practices, including progressing through the PAR certification program and the timing thereof;
- continued growth of our carbon offset and renewable fuel business;
- commitments with respect to HSE and the impact thereof, including driving long-term sustainable LTIF and TRIF improvements;
- anticipated sources of liquidity to fund maintenance capital, interest, income taxes, targeted dividends, future acquisitions, if any, other committed capital expenditures and debt servicing payments;
- planned turnaround at the Burnaby Refinery in the first quarter of 2023, including expectations relating to the duration, capital expenditure, and impact thereof, specifically with respect to Adjusted EBITDA;
- contractual commitments for the acquisition of property, plant and equipment attributable to Parkland as at December 31, 2022 and expectations relating to such commitments, including the timing, funding and projects relating thereto, if such projects are completed;
- expectations regarding the anticipated benefits, costs and synergies of completed acquisitions and any future acquisitions;
- ability to safely and reliably operate;
- ability to deliver competitive returns to shareholders;
- expectations regarding the effects of seasonality on demand for products offered by the Canada, USA and International business segments;
- expected capital resources and its ability to meet payment obligations as they come due;
- future dividend payments;
- ability to adjust capital spending and to adjust dividends paid to shareholders;
- outlook, including the 2023 Adjusted EBITDA Guidance Range, 2023 Capital Program and the 2023 Leverage Ratio Guidance; and
- focus of the 2023 Capital Program, including with respect to its growth and maintenance capital expenditures, including funding growth capital expenditures by anticipated network optimization dispositions.

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 adapt its business in a changing regulatory environment;
- Parkland's ability to win new customers in the various markets where it operates;
- Parkland's ability to identify customers' evolving needs;
- Parkland's ability to successfully integrate completed acquisitions into its operations;
- Parkland's ability to identify and successfully negotiate accretive acquisitions, if applicable;
- 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;
- commodity prices and volumes for gasoline, diesel, propane, lubricants, heating oil and other petroleum products;
- refining crack spreads per barrel;
- financial market conditions, including interest rates, inflation and exchange rates;
- ability of suppliers to meet commitments;
- Parkland's 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;
- Parkland's ability to largely fund its growth capital expenditures through dispositions, including with respect to identifying buyers, completing such dispositions, if any, on terms reasonable to Parkland and in a timely manner, and generating sufficient proceeds therefrom; and
- Parkland's ability to continue to compete in a competitive landscape, as well as the additional factors referenced in the Annual Information Form.

In addition, the key material assumptions underlying the 2023 Adjusted EBITDA Guidance Range, which is described in Section 11 of the MD&A, include:

- an increase in the retail fuel and petroleum product volumes by approximately 10% as compared to the year ended December 31, 2022, reflecting the full year contribution of 2022 acquisitions, integration and synergy capture, and organic growth initiatives;
- Food, convenience and other gross margin of approximately 30% of total retail gross margin and approximately 20% of total commercial gross margin.
- Refining adjusted gross margin of approximately \$40/bbl. and average Burnaby Refinery utilization of between 75% and 85% based on the Burnaby Refinery's crude processing capacity of 55,000 bpd;
- an approximate \$100 million Adjusted EBITDA impact as a result of the eight-week turnaround planned at the Burnaby Refinery in the first quarter of 2023; maintenance capital expenditure of approximately \$100 million for the planned turnaround at the Burnaby Refinery.

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 subject to certain risks and uncertainties including, without limitation, those described under the heading "Risk Factors" in this MD&A and the Annual Information Form and set forth below:

- general market conditions, including the duration and effect of COVID-19;
- micro and macroeconomic trends and conditions, including increases in interest rates, inflation and commodity prices;
- ability to execute on our business objectives, projects and strategies and realize the benefits therefrom;
- ability to meet our commitments and targets including with respect to our "Drive to Zero" strategy and HSE matters;
- ability to realize the benefits from our core capabilities;
- ability to capture value in each step of the value chain;
- ability to realize the expected benefits, synergies and opportunities from completed acquisitions and, if applicable, those of future acquisitions as well;
- ability to identify future acquisition targets, if applicable;
- ability to secure future capital to support and develop our business, including the issuance of additional common shares;

- ability to secure funding to finance projects and consideration payable for future acquisitions, if any;
- ability to largely fund capital growth expenditures through dispositions, if any;
- 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, including the failure of Parkland to obtain or maintain required permits;
- risk of pending or future litigation;
- 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.

17. FOURTH QUARTER SEGMENT INFORMATION

Line of business information

	Retail		Commercial		Refining		Corporate		Eliminations		Consolidated	
For the three months ended December 31,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fuel and petroleum product volume (million litres)												
External fuel and petroleum product volume	2,541	2,402	3,804	3,851	292	144	—	—	—	—	6,637	6,397
Internal fuel and petroleum product volume	—	—	1,810	1,928	762	587	—	—	(2,572)	(2,515)	—	—
Total fuel and petroleum product volume	2,541	2,402	5,614	5,779	1,054	731	—	—	(2,572)	(2,515)	6,637	6,397
Sales and operating revenue												
Revenue from external customers	3,652	2,717	4,810	3,448	257	121	—	—	—	—	8,719	6,286
Inter-business line revenue	—	—	1,946	1,506	947	552	1	—	(2,894)	(2,058)	—	—
Total sales and operating revenue	3,652	2,717	6,756	4,954	1,204	673	1	—	(2,894)	(2,058)	8,719	6,286
Cost of purchases	3,239	2,384	6,345	4,653	991	578	—	—	(2,893)	(2,058)	7,682	5,557
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	301	264	338	248	210	89	—	—	—	—	849	601
Gain (loss) on risk management and other derivatives - realized	(2)	—	(34)	(22)	(20)	(6)	—	—	—	—	(56)	(28)
Gain (loss) on foreign exchange - realized	—	—	(6)	1	4	1	1	—	—	—	(1)	2
Other adjusting items to adjusted gross margin ⁽¹⁾	(1)	—	13	(3)	4	—	(1)	—	—	—	15	(3)
Fuel and petroleum product adjusted gross margin	298	264	311	224	198	84	—	—	—	—	807	572
Food, convenience and other adjusted gross margin	112	69	73	53	3	6	1	—	(1)	—	188	128
Total adjusted gross margin	410	333	384	277	201	90	1	—	(1)	—	995	700
Operating costs	157	117	182	121	69	70	(1)	—	—	—	407	308
Marketing, general and administrative	53	33	59	55	4	4	29	27	(1)	—	144	119
Share in (earnings) loss of associates and joint ventures	(2)	(3)	(3)	(2)	—	—	—	—	—	—	(5)	(5)
Other adjusting items to Adjusted EBITDA ⁽²⁾	(4)	(3)	(1)	(4)	—	—	(1)	—	—	—	(6)	(7)
Adjusted EBITDA including NCI	206	189	147	107	128	16	(26)	(27)	—	—	455	285
Attributable to NCI	—	13	—	12	—	—	—	—	—	—	—	25
Adjusted EBITDA	206	176	147	95	128	16	(26)	(27)	—	—	455	260

⁽¹⁾ Other adjusting items to adjusted gross margin mainly include \$10 million (2021 - nil) of unrealized gain and \$7 million (2021 - nil) of realized risk management loss related to underlying physical sales activity in another period.

⁽²⁾ Other adjusting items to Adjusted EBITDA mainly include the share of depreciation and income taxes for Isla joint venture of \$3 million (2021 - \$4 million).