

Q4 2023

Management's Discussion and Analysis



Parkland

Report to shareholders

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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 February 27, 2024, should be read in conjunction with our December 31, 2023 consolidated financial statements (the "Annual Consolidated Financial Statements"). All financial information contained herein, unless stated otherwise, has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), 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 the most recent Annual Information Form (the "Annual Information Form"), is available online at System for Electronic Data Analysis and Retrieval + ("SEDAR+") at www.sedarplus.ca and Parkland's website at www.parkland.ca.

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 12 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 18 of this MD&A for further details.

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 Accounting Standards and therefore may not be comparable to similar measures presented by other entities. Refer to Section 17 of this MD&A for a list of specified financial measures and non-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

1. PARKLAND OVERVIEW

Parkland is an international fuel distributor, marketer, and convenience retailer with operations in 26 countries across the Americas. We serve over one million customers each day. Our retail network meets the fuel and convenience needs of everyday consumers. Our commercial operations provide businesses with industrial fuels so that they can better serve their customers. 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 renewable fuels sourcing, manufacturing and blending, carbon and renewables trading, solar power, and ultra-fast EV charging. 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.

Our strategy is focused on two pillars: our Customer Advantage and our Supply Advantage. Through our Customer Advantage, we aim to be the first choice of our customers, cultivating their loyalty through proprietary brands, differentiated offers, our extensive network, competitive pricing, reliable service, and our compelling loyalty program. Our Supply Advantage is based on achieving the lowest cost to serve among independent fuel marketers and distributors in the hard-to-serve markets in which we operate, through our well-positioned assets, significant scale, and deep supply and logistics capabilities. 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,		
	2023	2022	2021	2023	2022	2021
Sales and operating revenue ⁽¹⁾	7,746	8,719	6,286	32,452	35,462	21,468
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA") ⁽²⁾	463	455	260	1,913	1,620	1,260
Canada	190	197	153	713	702	562
International	157	110	78	678	383	294
USA	39	46	40	186	126	132
Refining	106	128	16	441	516	362
Corporate	(29)	(26)	(27)	(105)	(107)	(90)
Net earnings (loss) attributable to Parkland	86	69	22	471	310	97
Net earnings (loss) per share – basic (\$ per share)	0.49	0.39	0.15	2.68	1.94	0.64
Net earnings (loss) per share – diluted (\$ per share)	0.48	0.39	0.15	2.63	1.92	0.64
Adjusted earnings (loss) attributable to Parkland ("Adjusted earnings") ⁽³⁾	151	117	55	626	468	372
Cash generated from (used in) operating activities	417	629	118	1,780	1,326	904
Trailing-twelve-month ("TTM") Cash generated from (used in) operating activities per share ⁽⁴⁾	10.13	8.29	5.97	10.13	8.29	5.97
Available cash flow ⁽³⁾	181	118	53	812	708	612
TTM available cash flow per share ⁽³⁾	4.61	4.43	4.05	4.61	4.43	4.05
TTM Dividend payout ratio ⁽³⁾	30%	29%	31%	30%	29%	31%
Dividends	60	57	47	240	207	190
Dividends per share ⁽⁴⁾	0.3400	0.3250	0.3087	1.3600	1.2891	1.2314
Weighted average number of common shares (million shares)	176	173	153	176	160	151
TTM Return on invested capital ⁽³⁾	9.8 %	8.4 %	8.0 %	9.8 %	8.4 %	8.0 %
Growth capital expenditures attributable to Parkland ⁽⁴⁾	49	129	95	197	241	164
Maintenance capital expenditures attributable to Parkland ⁽⁴⁾	93	118	112	285	253	217
Total assets	13,866	14,288	11,550	13,866	14,288	11,550
Non-current financial liabilities	6,192	6,811	6,033	6,192	6,811	6,033

⁽¹⁾ Certain amounts within sales and operating revenue and cost of purchases were revised to conform to the presentation used in the current period.

⁽²⁾ Total of segments measure. See Section 17 of this MD&A.

⁽³⁾ Non-GAAP financial measure or non-GAAP financial ratio. See Section 17 of this MD&A.

⁽⁴⁾ Supplementary financial measure. See Section 17 of this MD&A.

A. Adjusted EBITDA, Net earnings (loss) and Adjusted earnings (loss)

Adjusted EBITDA

Parkland achieved Adjusted EBITDA of \$463 million for the fourth quarter of 2023 and a record \$1,913 million for the year ended December 31, 2023, representing an increase of \$8 million and \$293 million, respectively, as compared to the same periods in 2022. Overall, the period-over-period variances in Adjusted EBITDA are due to the following:

- Canada's Adjusted EBITDA decreased by \$7 million for the fourth quarter of 2023 and increased by \$11 million for the year ended December 31, 2023. The decrease for the fourth quarter of 2023 was primarily driven by unseasonably warm weather reducing volume demand in our logistics and commercial home heating businesses, partially offset by (i) stronger fuel and petroleum unit margins due to favourable market conditions and continued optimization of our supply and integrated logistic capabilities, and (ii) volume growth in our company retail network. The increase for the year ended December 31, 2023 was primarily due to the (i) stronger unit margins and company retail network volume growth as discussed above, (ii) strong food and convenience store ("C-Store") performance and same-store sales growth ("SSSG"), and (iii) the incremental contributions from the 2022 Canada Acquisitions¹, partially offset by higher operating costs due to inflation.
- International achieved an increase in Adjusted EBITDA of \$47 million for the fourth quarter of 2023 and \$295 million for the year ended December 31, 2023, primarily driven by (i) additional volumes captured in the wholesale business, (ii) strong unit fuel margins due to favourable market conditions, (iii) organic growth in the aviation and commercial business, (iv) the contributions from the Jamaica Acquisition¹ including the realization of related synergies, and (v) higher non-fuel aviation service fees. This was partially offset by increased costs driven by volume growth and general inflation. In addition, the increase for the year ended was also driven by the impact of the acquisition of the remaining 25% shares of Sol in the Share Exchange².
- USA's Adjusted EBITDA decreased by \$7 million for the fourth quarter of 2023, and increased by \$60 million for the year ended December 31, 2023. Excluding the impact of the spot wholesale inventory and risk management losses recognized in the third quarter of 2022, the decrease for the fourth quarter and the year ended December 31, 2023 were driven by (i) a normalized margin environment for 2023 as compared to the last year, where fuel margins were exceptionally strong in the highly volatile environment, and (ii) unfavourable market conditions, impacting commercial unit fuel margins for the fourth quarter of 2023. This was partially offset by (i) strong C-Store and lubricant margins driven by margin management initiatives, and (ii) reduced operating costs due to lower commodity prices and continued focus on operational efficiencies.
- Refining's Adjusted EBITDA decreased by \$22 million for the fourth quarter of 2023, primarily driven by lower throughput due to a B.C. Hydro power outage and unplanned maintenance, and decreased by \$75 million for the year ended December 31, 2023 as a result of the 2023 Turnaround³, partially offset by the impact of strong refinery margins.
- Corporate Adjusted EBITDA expense remained relatively flat for the fourth quarter and the year ended December 31, 2023, as Parkland continued to maintain a disciplined approach towards managing Marketing, general and administrative expenses.

¹ Parkland completed the acquisition of (i) all of the issued and outstanding equity interests of Pétroles Crevier Inc., one of the largest independent fuel wholesalers 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 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's scheduled eight-week turnaround at Parkland's refinery in Burnaby, British Columbia (the "Burnaby Refinery") began in early February 2023 and was successfully completed subsequent to the first quarter of 2023 (the "2023 Turnaround"). The facility returned to normal operations in early April 2023.

Net earnings (loss) attributable to Parkland

Net earnings attributable to Parkland increased by \$17 million to \$86 million for the fourth quarter of 2023 and by \$161 million to a record \$471 million for the year ended December 31, 2023, as compared to the same periods in 2022. In addition to the Adjusted EBITDA results discussed above, the period-over-period variances were primarily due to an increase in net earnings from (i) net changes in non-cash valuation gains on redemption options driven by volatility in interest rates and changes in credit spread, (ii) unrealized non-cash risk management and other gains on commodity risk management contracts due to commodity price volatility, which are expected to largely offset upon realization of any gain or loss on physical products at the time of sale, and (iii) decrease in income tax expense due to higher taxable income earned in the jurisdictions with lower tax rates. These increases were partially offset by (i) higher depreciation due to an expanding asset base driven by the 2022 Acquisitions¹ and organic growth initiatives, (ii) increase in finance costs driven by higher effective interest rates and increase in lease obligations to support growth, partially offset by lower borrowing under the Credit Facility, as part of our deleveraging strategy, (iii) higher unrealized losses on foreign exchange with offsetting realized gains, and (v) an increase in integration costs including major IT systems implementations and restructuring costs.

Adjusted earnings (loss)

Parkland achieved an increase in Adjusted earnings of \$34 million for the fourth quarter of 2023 and \$158 million for the year ended December 31, 2023, as compared to the same periods in 2022. The period-over-period variances were primarily due to (i) the Adjusted EBITDA results as discussed above, (ii) decrease in income tax expense due to higher proportion of taxable income earned in the jurisdictions with lower tax rates, partially offset by (i) higher depreciation due to an expanding asset base driven by the 2022 Acquisitions and organic growth initiatives, and (ii) higher finance costs for the year ended December 31, 2023, due to higher effective interest rates under the Credit Facility, partially offset by the debt repayments resulting in lower average borrowing under the Credit Facility, as well as higher lease obligations.

B. Cash flows, liquidity and capital allocation

Parkland achieved cash generated from operating activities of \$1,780 million for the trailing twelve months ended December 31, 2023, reflecting record operational performance.

- Cash generated from operating activities for the fourth quarter and the year ended December 31, 2023 fully funded (i) capital expenditures, (ii) payments for interest on leases and long-term debt, and (iii) dividends. It also enabled the repayment of a portion of the Credit Facility and purchase of common shares for cancellation, demonstrating strong execution and capital allocation discipline, and providing Parkland with continued balance sheet strength and financial flexibility.
- Available cash flow per share increased slightly to \$4.61 from \$4.43, for the trailing twelve months ended December 31, 2023, as compared to the same period in 2022, driven by strong performance, offset by the impact of the increased number of weighted average outstanding common shares.
- Leverage Ratio⁴ was reduced to 2.8 from 3.4 for the trailing twelve months ended December 31, 2023, as compared to the same period in 2022, demonstrating the Company's delivery on its deleveraging commitment. Parkland was in compliance with and well below the covenant restrictions with respect to all of its Credit Facility covenants.
- Return on invested capital ("ROIC") improved to 9.8% from 8.4% for the trailing twelve months ended December 31, 2023, as compared to the same period in 2022, driven by robust economic performance and growth from our previously completed acquisitions. ROIC results demonstrate Parkland's continued success at efficient capital allocation and value creation for the shareholders.
- Liquidity available⁵ as at December 31, 2023 was \$1,339 million, comprising cash and cash equivalents and borrowing capacity available under the Credit Facility.

C. Dividends and dividend payout ratio

Parkland declared dividends to shareholders of \$60 million and \$240 million, for the fourth quarter of 2023 and the year ended December 31, 2023, respectively. The dividends declared were higher when compared to the same periods in 2022, due to (i) an increase, for the 11th consecutive year, in annual dividend by \$0.06 per share to \$1.36 per share, and (ii) an increase in the number of common shares outstanding driven by shares issued as part of the Share Exchange in the third quarter of 2022.

⁴ Capital management measure. See Section 17 of this MD&A.

⁵ Supplementary financial measure. See Section 17 of this MD&A.

The dividend payout ratio was 30% for the trailing twelve months ended December 31, 2023, remaining relatively flat as compared to the same period in 2022. This was primarily due to higher available cash flow as a result of record Adjusted EBITDA performance and strong cash flows, offset by an increase in dividends paid to shareholders.

D. Capital expenditures attributable to Parkland

Parkland continues to invest in growth across the organization and fund capital expenditures using a disciplined capital allocation approach. Combined growth capital expenditures attributable to Parkland and maintenance capital expenditures attributable to Parkland for the fourth quarter of 2023 and the year ended December 31, 2023 decreased by \$105 million and \$12 million, respectively, as compared to the same periods in 2022. The decrease is primarily attributable to higher than usual capital expenditures during the fourth quarter of 2022, related to projects for On the Run / Marché Express site conversions, rebranding activities and other site renovations, which were deferred due to COVID-19-related restrictions.

- Growth capital expenditures attributable to Parkland decreased by \$80 million for the fourth quarter of 2023 and \$44 million for the year ended December 31, 2023 and were focused on (i) On the Run / Marché Express site conversions and rebranding activities in Canada and USA, (ii) low-carbon manufacturing growth initiatives at the Burnaby Refinery, (iii) fleet, storage tank and equipment purchases to support new contracts, (iv) site network expansion projects in Canada, including EV charging, and (v) enhancements to the JOURNIE™ Rewards programs, including the introduction of the Aeroplan partnership.
- Maintenance capital expenditures attributable to Parkland decreased by \$25 million for the fourth quarter of 2023 and increased by \$32 million for the year ended December 31, 2023 and were focused on (i) fleet replacement and equipment upgrades across Canada, USA and International markets, (ii) the 2023 Turnaround, (iii) retail sites renovations and maintenance in Canada, USA and International markets, (iv) terminals renovations and maintenance, and (v) plant reliability and maintenance at the Burnaby Refinery.

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 2023, Parkland published its fourth annual Sustainability Report highlighting our accomplishments and goals. Key updates for Parkland as we continue to advance in our sustainability journey include the following:

- Parkland co-processed over 26 million litres of bio-feedstocks during the fourth quarter of 2023 and over 91 million litres in the year ended December 31, 2023 (2022 - 29 million litres and 111 million litres, respectively)
- Parkland anticipates meeting our target to reduce our customers' greenhouse gas emissions by up to 1 megatonne per year by 2026 through increased production of low-carbon fuels, blending of renewables and selling carbon offsets.
- Parkland continues to make progress in building one of Canada's largest ultra-fast electric vehicle ("EV") charging networks. As at December 31, 2023, Parkland had successfully built 50 operational EV-charging locations and 95 chargers as part of its plan to build an ultra high speed charging network along major highways in British Columbia and Alberta.
- 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 2023, International's renewable energy division ("Sol Ecolution"), which facilitates the development of diverse renewable and low-carbon energy solutions in the Caribbean, completed additional state-of-the-art solar photovoltaic systems, bringing its total number of completed sites, as at December 31, 2023, to 56.
- In recognition of our commitment to sustainability, Parkland maintains an AA ESG rating from Morgan Stanley Capital International ("MSCI"). 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. The 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 and control hazards to protect themselves, their co-workers, and the communities we operate in and complements our "Drive to Zero" strategy. Finally, our "8 Life Saving Rules" establish clear job performance standards that help to mitigate risks and reduce the potential for Serious Injury and Fatality events.

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. Parkland continues to be committed to safety and we are confident that a continued focus on our HSE indicators will drive long-term sustainable LTIF and TRIF improvements.

	December 31, 2023	December 31, 2022
TTM LTIF ⁽¹⁾	0.26	0.16
TTM TRIF ⁽¹⁾	1.07	1.05

⁽¹⁾ Non-financial measure. See Section 17 of this MD&A.

4. SEGMENT OVERVIEW, HIGHLIGHTS AND RESULTS

Refer to Section 16 of the Annual MD&A for a description of Parkland's segments.

A. Canada

(\$ millions, unless otherwise noted)	Three months ended December 31,				Year ended December 31,			
	2023	2022	Change	%	2023	2022	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	3,367	3,458	(91)	(3)%	13,351	13,156	195	1%
Fuel and petroleum product adjusted gross margin ⁽²⁾⁽³⁾	335	327	8	2%	1,253	1,220	33	3%
Food, convenience and other adjusted gross margin ⁽²⁾	105	103	2	2%	382	327	55	17%
Adjusted gross margin ⁽⁴⁾	440	430	10	2%	1,635	1,547	88	6%
Operating costs	187	170	17	10%	700	626	74	12%
Marketing, general and administrative	63	64	(1)	(2)%	241	221	20	9%
Other adjusting items to Adjusted EBITDA ⁽⁵⁾	—	(1)	1	(100)%	(19)	(2)	(17)	850%
Adjusted EBITDA ⁽²⁾	190	197	(7)	(4)%	713	702	11	2%
Key performance measures:								
Company Volume SSSG ⁽⁶⁾	6.9%	(0.6)%	7.5p.p		6.9%	0.6%	6.3p.p	
Food and Company C-Store SSSG (excluding cigarettes) ⁽⁷⁾	1.2%	6.0%	(4.8)p.p		3.2%	3.1%	0.1p.p	
Food and Company C-Store SSSG (including cigarettes) ⁽⁷⁾	1.1%	(3.5)%	4.6p.p		2.1%	(5.7)%	7.8p.p	
Food and Company C-Store gross margin percentage ⁽⁷⁾	36.0%	36.3%	(0.3)p.p		34.7%	34.6%	0.1p.p	

⁽¹⁾ Includes gasoline, diesel and propane volumes.

⁽²⁾ Measure of segment profit (loss). See Section 17 for additional information and breakdown of food, convenience and other adjusted gross margin.

⁽³⁾ Fuel and petroleum product adjusted gross margin (cpl) was 9.95 for the fourth quarter of 2023 (2022 - 9.46) and 9.39 for the year ended December 31, 2023 (2022 - 9.27). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. See Section 17 of this MD&A for a description of supplementary financial measures.

⁽⁴⁾ Total of segments measure. See Section 17 of this MD&A.

⁽⁵⁾ Other items for the fourth quarter of 2023 includes other income of nil (2022 - \$1 million). Other items for the year ended December 31, 2023 includes other income of \$16 million (2022 - \$2 million); and effect of market-based performance conditions for equity-settled share-based award settlements of \$3 million (2022 - nil).

⁽⁶⁾ Non-financial measure. SSSG denotes same-store sales growth. Includes gasoline and diesel volumes, but excludes propane volumes sold at retail sites. See Section 17 of this MD&A.

⁽⁷⁾ Non-GAAP financial ratio. See Section 17 of this MD&A.

Q4 and Q4 YTD Performance - 2023 vs. 2022

Canada delivered Adjusted EBITDA of \$190 million for the fourth quarter of 2023 and \$713 million for the year ended December 31, 2023, representing a decrease of \$7 million and an increase of \$11 million, respectively, as compared to the same periods in 2022. The changes in Adjusted EBITDA are primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased by \$8 million for the fourth quarter of 2023 and \$33 million for the year ended December 31, 2023, mainly due to (i) stronger unit margins resulting from favourable market conditions, (ii) continued optimization of our supply and integrated logistics capabilities, (iii) volume growth in our Company retail network, and (iv) incremental benefit of the 2022 Canada Acquisitions⁶. This was partially offset by unseasonably warm weather reducing volume demand in our logistics and commercial home heating businesses in the fourth quarter of 2023.
- Food, convenience and other adjusted gross margin remained relatively flat for the fourth quarter of 2023 and increased by \$55 million for the year ended December 31, 2023, due to continued strength of our Food and C-Store optimization initiatives along with the benefit of the 2022 Canada Acquisitions.
- Food and Company C-Store SSSG (excluding cigarettes) was 1.2% for the fourth quarter of 2023 reflecting continued growth in C-store categories such as centre of store, beverages and prepaid cards, driven by successful marketing programs and merchandising initiatives. This was partially offset by the softness in our food business due to lower discretionary holiday spending, resulting in the decrease from 6.0% in the comparative period in 2022. Food and Company C-Store SSSG (excluding cigarettes) for the year ended December 31, 2023 was relatively flat compared to the same period in 2022. Food and Company C-Store SSSG (including cigarettes) increased from (3.5)% to 1.1% for the fourth quarter of 2023 and from (5.7)% to 2.1% for the year ended December 31, 2023, mainly due to improved cigarette market share along with the C-Store growth noted above. Food and convenience store revenue for Canada

⁶ Impacts the changes for the first nine months of 2023 only as the 2022 Canada Acquisitions were completed by the third quarter of 2022.

increased by \$4 million for the fourth quarter of 2023 due to organic growth as discussed above and decreased by \$36 million for the year ended December 31, 2023, primarily due to the change in our revenue business model for cigarettes, partially offset by the organic growth as discussed above and the incremental benefit of the 2022 Canada Acquisition of M&M Food Market.

- Food and Company C-Store gross margin percentage remained relatively flat for the fourth quarter of 2023, and for the year ended December 31, 2023, demonstrating the resilience of our retail network in an inflationary environment.
- Operating costs increased by \$17 million for the fourth quarter of 2023 primarily due to general inflation and credit losses relating to certain customers, partially offset by strong cost control initiatives. Operating costs increased by \$74 million for the year ended December 31, 2023, primarily due to the 2022 Canada Acquisitions in addition to the items noted above.
- Marketing, general and administrative expenses remained relatively flat for the fourth quarter of 2023, reflecting the benefits of effective cost management initiatives, and increased by \$20 million for the year ended December 31, 2023, primarily due to the 2022 Canada Acquisitions and general inflation, partially offset by strong cost control initiatives.

B. International

(\$ millions, unless otherwise noted)	Three months ended December 31,				Year ended December 31,			
	2023	2022	Change	%	2023	2022	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	1,898	1,762	136	8%	7,872	6,567	1,305	20%
Fuel and petroleum product adjusted gross margin ⁽¹⁾⁽²⁾⁽³⁾	201	152	49	32%	826	591	235	40%
Food, convenience and other adjusted gross margin ⁽¹⁾⁽²⁾	33	33	—	—%	126	106	20	19%
Adjusted gross margin ⁽¹⁾⁽²⁾⁽⁴⁾	234	185	49	26%	952	697	255	37%
Operating costs ⁽¹⁾	63	57	6	11%	234	186	48	26%
Marketing, general and administrative ⁽¹⁾	26	28	(2)	(7)%	115	98	17	17%
Other adjusting items to Adjusted EBITDA ⁽⁵⁾	(12)	(10)	(2)	20%	(75)	(37)	(38)	103%
Adjusted EBITDA including NCI ⁽¹⁾⁽⁶⁾	157	110	47	43%	678	450	228	51%
Less: Adjusted EBITDA attributable to NCI ⁽⁶⁾	—	—	—	—%	—	67	(67)	(100)%
Adjusted EBITDA ⁽²⁾	157	110	47	43%	678	383	295	77%

⁽¹⁾ Including NCI.

⁽²⁾ Measure of segment profit (loss). See Section 17 of this MD&A.

⁽³⁾ Fuel and petroleum product adjusted gross margin (cpl) was 10.59 for the fourth quarter of 2023 (2022 - 8.63) and 10.49 for the year ended December 31, 2023 (2022 - 9.00). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. See Section 17 of this MD&A for a description of supplementary financial measures.

⁽⁴⁾ Total of segments measure. See Section 17 of this MD&A.

⁽⁵⁾ Other items for the fourth quarter of 2023 includes share of depreciation, income taxes and other adjustments for investments in joint ventures and associates of \$4 million (2022 - \$2 million); share of earnings of associates and joint ventures of \$3 million (2022 - \$5 million); impact of hyperinflation of \$3 million (2022 - nil); and other income of \$2 million (2022 - \$3 million). Other items for the year ended December 31, 2023 includes non-recurring⁹ realized foreign exchange gains on settlement of financing balances of \$31 million (2022 - nil); share of earnings of associates and joint ventures of \$20 million (2022 - \$21 million); share of depreciation, income taxes and other adjustments for investments in joint ventures and associates of \$15 million (2022 - \$11 million); impact of hyperinflation of \$3 million (2022 - nil) and other income of \$6 million (2022 - \$5 million).

⁽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 - 2023 vs. 2022

International delivered Adjusted EBITDA of \$157 million for the fourth quarter of 2023 and \$678 million for the year ended December 31, 2023, representing an increase of \$47 million⁷ and \$295 million respectively, compared to the same periods in 2022. In addition to the impact of the acquisition of the remaining 25% share of Sol in the Share Exchange, for the year ended December 31, 2023 the increase in Adjusted EBITDA is primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased by \$49 million for the fourth quarter of 2023 and \$235 million for the year ended December 31, 2023, primarily due to (i) additional volume captured and strong unit margin in the wholesale business, partially offset by higher freight costs, (ii) organic growth in the aviation and commercial business, and (iii) contributions from the Jamaica Acquisition⁸, including the realization of related synergies.

⁷ The U.S. dollar strengthened against the Canadian dollar by 0.3% in the fourth quarter of 2023 and 3.8% in the year ended December 31, 2023 when compared to the same periods in 2022, which impacted the reported growth and translation of the other financial metrics into Canadian dollars.

⁸ Impacts the changes for the first six months of 2023 only as the Jamaica Acquisition was completed in the third quarter of 2022.

- Food, convenience and other adjusted gross margin remained flat for the fourth quarter of 2023 and increased \$20 million for the year ended December 31, 2023, primarily due to the contributions from the Jamaica Acquisition, and increases of non-fuel aviation service fees.
- Operating costs increased by \$6 million for the fourth quarter of 2023 and \$48 million for the year ended December 31, 2023, due to (i) volume growth, and (ii) inflationary pressures.
- Marketing, general and administrative expenses decreased by \$2 million for the fourth quarter of 2023, primarily driven by cost control measures, and increased by \$17 million for the year ended December 31, 2023, primarily due to persistent inflationary pressures in the region, partially offset by strong cost control initiatives.

C. USA

(\$ millions, unless otherwise noted)	Three months ended December 31,				Year ended December 31,			
	2023	2022	Change	%	2023	2022	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	1,125	1,125	—	—%	4,987	6,063	(1,076)	(18)%
Fuel and petroleum product adjusted gross margin ⁽²⁾⁽³⁾	93	130	(37)	(28)%	418	404	14	3%
Food, convenience and other adjusted gross margin ⁽²⁾	71	49	22	45%	251	220	31	14%
Adjusted gross margin ⁽⁴⁾	164	179	(15)	(8)%	669	624	45	7%
Operating costs	99	112	(13)	(12)%	386	393	(7)	(2)%
Marketing, general and administrative	26	20	6	30%	109	105	4	4%
Other adjusting items to Adjusted EBITDA ⁽⁵⁾	—	1	(1)	(100)%	(12)	—	(12)	—%
Adjusted EBITDA ⁽²⁾	39	46	(7)	(15)%	186	126	60	48%
Key performance measures:								
Company Volume SSSG ⁽⁶⁾⁽⁷⁾	(11.6)%				(4.6)%			
Food and Company C-Store SSSG (excluding cigarettes) ⁽⁷⁾⁽⁸⁾	0.4%				3.3%			
Food and Company C-Store SSSG (including cigarettes) ⁽⁷⁾⁽⁸⁾	0.2%				2.5%			
Food and Company C-Store gross margin percentage ⁽⁷⁾⁽⁸⁾	29.3%	28.4%	0.9p.p		30.6%	29.9%	0.7p.p	

⁽¹⁾ Includes gasoline, diesel and propane volumes.

⁽²⁾ Measure of segment profit (loss). See Section 17 of this MD&A.

⁽³⁾ Fuel and petroleum product adjusted gross margin (cpl) was 8.27 for the fourth quarter of 2023 (2022 - 11.56) and 8.38 for the year ended December 31, 2023 (2022 - 6.66). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. Refer to Section 17 of this MD&A for a description of supplementary financial measures.

⁽⁴⁾ Total of segments measure. See Section 17 of this MD&A.

⁽⁵⁾ Other items for the fourth quarter of 2023 includes other expense of nil (2022 - \$1 million). Other items for the year ended December 31, 2023 includes non-recurring⁹ realized foreign exchange gains on settlement of financing balances of \$8 million (2022 - nil); the effect of market-based performance conditions for equity-settled share-based award settlements of \$3 million (2022 - nil); and other income of \$1 million (2022 - nil).

⁽⁶⁾ Non-financial measure. SSSG denotes same-store sales growth. Includes gasoline and diesel volumes, but excludes propane volumes sold at retail sites. See Section 17 of this MD&A.

⁽⁷⁾ USA started reporting these metrics in the second quarter of 2023. The comparative information for the fourth quarter and the year ended December 31, 2022 has not been disclosed as it was impractical to present such information on a consistent basis due to multiple acquired businesses not fully integrated in 2021.

⁽⁸⁾ Non-GAAP financial ratio. See Section 17 of this MD&A.

Q4 and Q4 YTD Performance - 2023 vs. 2022

USA delivered Adjusted EBITDA of \$39 million for the fourth quarter of 2023 and \$186 million for the year ended December 31, 2023, representing a decrease of \$7 million¹⁰ and an increase of \$60 million, respectively, as compared to the same periods in 2022. The changes in Adjusted EBITDA are primarily due to the following:

- Fuel and petroleum product adjusted gross margin decreased by \$37 million for the fourth quarter of 2023, primarily due to unfavourable market conditions, largely impacting commercial unit fuel margins, while slightly benefiting retail unit fuel margins. Excluding the impact of the spot wholesale inventory and risk management losses of \$65 million recognized in the third quarter of 2022, fuel gross margins in the USA's base business decreased for the year ended December 31, 2023, driven by a normalized margin environment, as compared to the same period in 2022, where fuel margins were exceptionally strong in the highly volatile environment.

⁹ Realized foreign exchange gains of this magnitude are not expected to reoccur in the future as these relate to the settlement of older financing balances issued at significantly less favourable exchange rates relative to the exchange rates at the date of settlement.

¹⁰ The U.S. dollar strengthened against the Canadian dollar by 0.3% in the fourth quarter of 2023 and 3.8% in the year ended December 31, 2023 when compared to the same periods in 2022, which impacted the reported growth and translation of the other financial metrics into Canadian dollars.

- Food, convenience and other adjusted gross margin increased \$22 million for the fourth quarter of 2023 and \$31 million for the year ended December 31, 2023 driven by margin management initiatives resulting in improved lubricants margins and continued focus on improving C-Store gross margins through (i) consolidation of suppliers, (ii) performance of On the Run rebrands, and (iii) execution of C-Store category management initiatives.
- Food and Company C-Store SSSG excluding and including cigarettes of 0.4% and 0.2%, respectively, for the fourth quarter of 2023 and 3.3% and 2.5%, respectively, for the year ended December 31, 2023 was due to the execution and the benefits of our retail initiatives as noted above. These initiatives also contributed to strong Food and convenience store revenue that remained relatively flat for the fourth quarter of 2023 and increased by \$22 million for the year ended December 31, 2023.
- Food and Company C-Store gross margin percentage increased to 29.3% for the fourth quarter of 2023 from 28.4% and to 30.6% from 29.9% for the year ended December 31, 2023, driven by the impacts of our margin optimization initiatives at C-Stores.
- Operating costs decreased by \$13 million for the fourth quarter of 2023 and by \$7 million for the year ended December 31, 2023. The decreases were primarily driven by i) lower variable costs, such as credit card fees, and distribution costs due to lower commodity prices, and ii) continued focus on operational efficiencies and effective cost management initiatives.
- Marketing, general and administrative expenses increased by \$6 million for the fourth quarter of 2023, due to the timing of certain expenses, and increased by \$4 million for the year ended December 31, 2023, primarily driven by general inflation and partially offset by effective cost management initiatives.

D. Refining

(\$ millions, unless otherwise noted)	Three months ended December 31,				Year ended December 31,			
	2023	2022	Change	%	2023	2022	Change	%
External fuel and petroleum product volume ⁽¹⁾ (million litres)	320	292	28	10%	1,403	1,250	153	12%
Internal fuel and petroleum product volume (million litres)	654	762	(108)	(14)%	2,658	2,815	(157)	(6)%
Total fuel and petroleum product volume (million litres)	974	1,054	(80)	(8)%	4,061	4,065	(4)	—%
Fuel and petroleum product adjusted gross margin ⁽²⁾	186	198	(12)	(6)%	755	794	(39)	(5)%
Food, convenience and other adjusted gross margin ⁽²⁾	—	3	(3)	(100)%	—	10	(10)	(100)%
Adjusted gross margin ⁽³⁾	186	201	(15)	(7)%	755	804	(49)	(6)%
Operating costs	74	69	5	7%	292	271	21	8%
Marketing, general and administrative	6	4	2	50%	23	17	6	35%
Other adjusting items to Adjusted EBITDA ⁽⁴⁾	—	—	—	—%	(1)	—	(1)	—%
Adjusted EBITDA ⁽²⁾	106	128	(22)	(17)%	441	516	(75)	(15)%
Key performance measures:								
Crude utilization ⁽⁵⁾	86.3%	94.0%	(7.7)p.p		76.8 %	89.6 %	(12.8)p.p	
Composite utilization ⁽⁵⁾	89.7%	97.7%	(8.0)p.p		79.6 %	93.1 %	(13.5)p.p	
Crude throughput ⁽⁵⁾ (000's bpd)	47.5	51.7	(4.2)	(8)%	42.2	49.3	(7.1)	(14)%
Bio-feedstock throughput ⁽⁵⁾ (000's bpd)	1.8	2.0	(0.2)	(10)%	1.6	1.9	(0.3)	(16)%

⁽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⁾ Measure of segment profit (loss). See Section 17 of this MD&A.

⁽³⁾ Total of segments measure. See Section 17 of this MD&A.

⁽⁴⁾ Other adjusting items for the year ended December 31, 2023 includes the effect of market-based performance conditions for equity-settled share-based award settlements of \$1 million (2022 - nil).

⁽⁵⁾ Non-financial measure. See Section 17 of this MD&A.

Q4 and Q4 YTD Performance - 2023 vs. 2022

Refining delivered Adjusted EBITDA of \$106 million for the fourth quarter of 2023 and \$441 million for the year ended December 31, 2023 representing a decrease of \$22 million and \$75 million, respectively, as compared to the same periods in 2022. The changes in Adjusted EBITDA are primarily due to the following:

- Adjusted gross margin decreased by \$15 million for the fourth quarter of 2023 and decreased by \$49 million for the year ended December 31, 2023. The decrease for the fourth quarter of 2023 was primarily driven by lower throughput due to a B.C. Hydro power outage and unplanned maintenance. The decrease for the year ended December 31, 2023 was mainly due to the 2023 Turnaround, partially offset by the impact of strong refinery margins. The composite utilization decreased for the fourth quarter of 2023 to 89.7%, as compared to 97.7% for the same period in 2022, due to

the B.C. Hydro power outage and unplanned maintenance mentioned above, and decreased for the year ended December 31, 2023 to 79.6%, as compared to 93.1% for the same period in 2022, as a result of the 2023 Turnaround.

- Operating costs increased by \$5 million for the fourth quarter of 2023, mainly due to increased labour costs, and increased by \$21 million for the year ended December 31, 2023, primarily due to increased costs associated with the execution of the 2023 Turnaround.
- Marketing, general and administrative expenses increased by \$2 million for the fourth quarter of 2023 and \$6 million for the year ended December 31, 2023, primarily due to general inflation and timing of certain costs.

E. Corporate

(\$ millions)	Three months ended December 31,				Year ended December 31,			
	2023	2022	Change	%	2023	2022	Change	%
Marketing, general and administrative	29	29	—	—%	118	113	5	4%
Other adjusting items to Adjusted EBITDA ⁽¹⁾	—	(3)	3	(100)%	(13)	(6)	(7)	117%
Adjusted EBITDA ⁽²⁾	29	26	3	12%	105	107	(2)	(2)%

⁽¹⁾ Other items for the fourth quarter of 2023 include non-fuel internal revenue of \$1 million (2022 - \$1 million); realized foreign exchange gains including adjustments related to cash pooling arrangements of \$1 million (2022 - nil); and other income of nil (2022 - \$2 million). Other items for the year ended December 31, 2023 include the effect of market-based performance conditions for equity-settled share-based award settlements of \$6 million (2022 - nil); non-fuel internal revenue of \$5 million (2022 - \$1 million); realized foreign exchange gains including adjustments related to cash pooling arrangements of \$2 million (2022 - \$4 million); and other income of nil (2022 - \$1 million).

⁽²⁾ Measure of segment profit or loss. See Section 17 of this MD&A.

Corporate Adjusted EBITDA expense remained relatively flat for the fourth quarter of 2023 and the year ended December 31, 2023, respectively, as compared to the same periods in 2022, as Parkland continued to maintain a disciplined approach towards cost management.

5. QUARTERLY FINANCIAL DATA

The following is a summary of selected consolidated financial information derived from our most recent interim and annual consolidated financial statements.

(\$ millions, unless otherwise noted) For the three months ended	2023				2022			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Financial Summary								
Sales and operating revenue ⁽¹⁾	7,746	8,731	7,819	8,156	8,719	9,422	9,715	7,606
Adjusted gross margin ⁽²⁾	1,012	1,097	963	929	995	864	949	868
Adjusted EBITDA ⁽²⁾	463	585	470	395	455	328	450	387
Canada	190	206	150	167	197	140	174	191
International	157	170	168	183	110	104	87	82
USA	39	52	74	21	46	(18)	51	47
Refining	106	188	109	38	128	135	164	89
Corporate	(29)	(31)	(31)	(14)	(26)	(33)	(26)	(22)
Net earnings (loss) attributable to Parkland	86	230	78	77	69	105	81	55
Net earnings (loss) per share - basic (\$ per share)	0.49	1.31	0.44	0.44	0.39	0.67	0.52	0.36
Net earnings (loss) per share - diluted (\$ per share)	0.48	1.28	0.44	0.43	0.39	0.66	0.52	0.35
Adjusted earnings (loss) ⁽³⁾	151	231	130	114	117	49	166	136
Adjusted earnings (loss) per share ⁽³⁾ - basic (\$ per share)	0.86	1.31	0.74	0.65	0.67	0.31	1.07	0.88
Adjusted earnings (loss) per share ⁽³⁾ - diluted (\$ per share)	0.84	1.28	0.73	0.64	0.67	0.31	1.06	0.87

⁽¹⁾ Certain amounts within sales and operating revenue and cost of purchases were revised to conform to the presentation used in the current period.

⁽²⁾ Total of segments measure. See Section 17 of this MD&A.

⁽³⁾ Non-GAAP financial measure or ratio. See Section 17 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) recovery to pre-COVID-19 business activities and tourism, resulting in increased volumes, (ii) fluctuations in the price of fuel and petroleum products, (iii) market conditions impacting unit margins, (iv) Parkland's acquisitions and the realization of related synergies, (v) organic growth, (vi) the impact of the Russia-Ukraine conflict on commodity prices and margins, (vii) the spot wholesale inventory and risk management losses in USA in a rapidly declining and volatile market in the third quarter of 2022, (viii) a B.C. Hydro power outage in the second quarter of 2022 and the fourth

quarter of 2023, (ix) the 2023 Turnaround, (x) non-recurring¹¹ realized gains on foreign exchange arising on the settlement of financing balances, (xi) continued optimization of our supply and integrated logistic capabilities, (xii) unseasonably warm weather reducing volume demand in our logistics and commercial home heating businesses in the fourth quarter of 2023, and (xiii) general inflation.

The fluctuations in Refining results are largely driven by (i) crack spreads, which change based on market conditions and drive refining margins, (ii) the refinery utilization, which is impacted by the timing of the maintenance turnaround and extreme weather events, and (iii) price fluctuation and optimization activities, which include maximizing product sales in local markets and reducing compliance costs through co-processing.

6. CASH FLOWS AND DIVIDENDS

A. Cash flows

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

	Three months ended December 31,		Year ended December 31,	
(\$ millions, unless otherwise noted)	2023	2022	2023	2022
Cash generated from (used in) operating activities	417	629	1,780	1,326
Cash generated from (used in) investing activities	(112)	(256)	(516)	(1,227)
Cash generated from (used in) financing activities	(335)	(6)	(1,573)	276
Increase (decrease) in cash and cash equivalents	(30)	367	(309)	375
Impact of foreign currency translation on cash	(11)	(12)	(20)	15
Cash and cash equivalents at beginning of period	428	361	716	326
Cash and cash equivalents at end of period	387	716	387	716
Cash generated from (used in) operating activities per share ⁽¹⁾	2.37	3.65	10.13	8.29

⁽¹⁾ Supplementary financial measure. See Section 17 of this MD&A.

Operating activities

Q4 2023 vs. Q4 2022

Parkland generated \$417 million in cash from operating activities for the fourth quarter of 2023. This was primarily attributable to: (i) Adjusted EBITDA of \$463 million, partially offset by: (i) \$42 million in acquisition, integration and other costs primarily related to the integration and restructuring activities, and (ii) \$11 million of current income taxes.

In comparison, Parkland generated \$629 million in cash from operating activities for the fourth quarter of 2022. This was primarily attributable to: (i) Adjusted EBITDA of \$455 million, and (ii) an inflow of \$232 million from net change in 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. This increase was partially offset by: (i) \$41 million in acquisition, integration and other costs primarily related to the enterprise-wide system implementation and business integration activities, and (ii) current income taxes of \$27 million.

2023 vs. 2022

Parkland generated \$1,780 million in cash from operating activities for the year ended December 31, 2023. This was primarily attributable to: (i) Adjusted EBITDA of \$1,913 million, and (ii) an inflow of \$124 million from net change in non-cash working capital due to lower receivables balance as a result of a decrease in commodity prices and negotiation of better payment terms with vendors. The increases were partially offset by: (i) \$146 million in acquisition, integration and other costs primarily related to the enterprise-wide system implementation, business integration and restructuring activities, and (ii) current income taxes of \$75 million.

In comparison, Parkland generated \$1,326 million in cash from 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 \$144 million from net change in non-cash working capital, largely attributable to higher receivables and inventories balances,

¹¹ Realized foreign exchange gains of this magnitude are not expected to reoccur in the future as these relate to the settlement of older financing balances issued at significantly less favourable exchange rates relative to the exchange rates at the date of settlement.

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 integration activities, and (iii) current income taxes of \$90 million.

Investing activities

Q4 2023 vs. Q4 2022

Parkland invested \$112 million in the fourth quarter of 2023, primarily attributable to combined \$142 million of growth capital expenditures and maintenance capital expenditures as discussed in Section 8 of this MD&A. This was partially offset by \$26 million in dividends received from investments in associates and joint ventures and proceeds on the disposal of certain assets.

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

2023 vs. 2022

Parkland invested \$516 million in the year ended December 31, 2023, primarily attributable to: (i) combined \$482 million of growth capital expenditures and maintenance capital expenditures as discussed in Section 8 of this MD&A, and (ii) \$96 million net change in non-cash working capital outflow largely attributable to payment of the deferred consideration relating to the Vopak Acquisition. This was partially offset by: (i) \$52 million in proceeds on the disposal of certain assets as part of our portfolio optimization strategy, and (ii) \$25 million in dividends received from the investment in associates and joint ventures.

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

Financing activities

Q4 2023 vs. Q4 2022

Parkland used \$335 million of cash in financing activities for the fourth quarter of 2023. This was primarily attributable to: (i) \$106 million of net repayments under the Credit Facility as we continue to progress on our deleveraging strategy, (ii) \$81 million of payments for interest on leases and long-term debt, (iii) \$71 million of payments made on the principal amount owing on leases, (iv) \$60 million in cash dividends paid to shareholders, and (v) \$26 million of shares repurchased under the normal-course issuer bid ("NCIB") programs.

In comparison, Parkland used \$6 million of cash in financing activities during the fourth quarter of 2022. This was primarily attributable to \$242 million of net proceeds under the Credit Facility and other long-term debt, which were partially used for: (i) \$84 million of payments for interest on leases and long-term debt, (ii) \$52 million of payments made on the principal amount owing on leases, (iii) \$40 million of shares repurchased under the NCIB programs, and (iv) \$38 million and \$35 million in cash dividends paid to shareholders and non-controlling interest, respectively.

2023 vs. 2022

Parkland used \$1,573 million of cash in financing activities in the year ended December 31, 2023. This was primarily attributable to: (i) \$747 million of net repayments under the Credit Facility as we continue to progress on our deleveraging strategy, (ii) \$351 million of payments for interest on leases and long-term debt, (iii) \$237 million in cash dividends paid to shareholders, (iv) \$235 million of payments made on the principal amount owing on leases, and (v) \$26 million of shares repurchased under the NCIB program.

In comparison, Parkland generated \$276 million of cash from 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. This was partially used for: (i) \$293 million of payments for interest on leases and long-term debt, (ii) \$177 million of payments made on the principal amount owing 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 programs.

B. Available cash flow and Available cash flow per share

	Three months ended December 31		Year ended December 31	
(\$ millions, unless otherwise noted)	2023	2022	2023	2022
Cash generated from (used in) operating activities ⁽¹⁾	417	629	1,780	1,326
Exclude: Adjusted EBITDA attributable to NCI, net of tax	—	—	—	(64)
	417	629	1,780	1,262
Reverse: Change in other assets and other liabilities	(4)	(23)	3	(3)
Reverse: Net change in non-cash working capital related to operating activities ⁽²⁾	17	(232)	(124)	144
Include: Maintenance capital expenditures attributable to Parkland ⁽¹⁾	(93)	(118)	(285)	(253)
Include: Dividends received from investments in associates and joint ventures	3	—	25	17
Include: Interest on leases and long-term debt	(88)	(86)	(352)	(295)
Exclude: Interest on leases and long-term debt attributable to NCI	—	—	—	2
Include: Payments of principal amount on leases	(71)	(52)	(235)	(177)
Exclude: Payments of principal amount on leases attributable to NCI	—	—	—	11
Available cash flow ⁽³⁾	181	118	812	708
Weighted average number of common shares (millions) ⁽⁴⁾			176	160
TTM Available cash flow per share ⁽³⁾			4.61	4.43

⁽¹⁾ Supplementary financial measure. See Section 17 of this MD&A.

⁽²⁾ Starting the fourth quarter of 2023, "Changes in risk management and other" are included within net change in non-cash working capital.

⁽³⁾ Non-GAAP financial measure or non-GAAP financial ratio. See Section 17 of this MD&A.

⁽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.

Available cash flow increased by \$63 million for the three months ended December 31, 2023 as compared to the same period in 2022, as a result of strong Adjusted EBITDA performance and lower capital maintenance expenditures due to the timing of certain projects, offset by an increase in lease payments due to the 2022 Acquisitions and organic growth initiatives.

Available cash flow increased by \$104 million for the year ended December 31, 2023, as compared to the same period in 2022, as a result of record Adjusted EBITDA performance, offset by an increase in financing costs and lease payments due to the 2022 Acquisitions, organic growth initiatives, and rising interest rates.

Available cash flow per share increased slightly to \$4.61 from \$4.43, for the trailing twelve months ended December 31, 2023, as compared to the same period in 2022, as the impact of the increase in Available cash flow was largely offset by the increase in the weighted average number of outstanding common shares driven by (i) shares issued in the Share Exchange, and (ii) issuances under the Dividend Reinvestment Plan ("DRIP")¹², the stock option plan, and on vesting of performance share units, partially offset by shares repurchased under the NCIB.

Cash generated from operating activities for the three months ended December 31, 2023, decreased by \$212 million as compared to the same period in 2022, primarily as a result of the inflow related to changes in non-cash working capital in the comparative period, driven by a decrease in commodity prices.

Cash generated from operating activities for the year ended December 31, 2023, increased by \$454 million as compared to the same period in 2022. This result was driven by record Adjusted EBITDA performance and net change in non-cash working capital driven by lower commodity prices and negotiation of better payment terms with vendors, partially offset by integration costs attributable to the 2022 Acquisitions and restructuring activities.

¹² Parkland announced the suspension of the DRIP program for its common shares on November 2, 2022.

C. Dividends

(\$ millions)	Three months ended December 31,				Year ended December 31,			
	2023	2022	Change	%	2023	2022	Change	%
Dividends declared to shareholders	60	57	3	5%	240	207	33	16%
Dividends paid to shareholders, net of DRIP	(60)	(38)	(22)	58%	(237)	(121)	(116)	96%

Parkland increased the annual dividend by \$0.0652 per share to \$1.30 per share effective March 22, 2022 and by \$0.06 per share to \$1.36 per share effective March 22, 2023. Dividends declared to shareholders increased by \$3 million in the fourth quarter of 2023 and by \$33 million for the year ended December 31, 2023, primarily due to the increase in annual per-share dividend and the increase in the number of outstanding common shares driven by (i) shares issued in the Share Exchange, and (ii) issuances under the DRIP in 2022, the stock option plan, and on vesting of performance share units, partially offset by shares repurchased under the NCIB.

Dividends paid to shareholders increased in the fourth quarter of 2023 by \$22 million to \$60 million, and by \$116 million to \$237 million in the year ended December 31, 2023, due to the change in timing of dividend payments as a result of (i) transitioning from a monthly to quarterly schedule, effective April 15, 2022, (ii) the increase in the number of outstanding common shares, and (iii) the increase in the annual per-share dividends described above.

On November 2, 2022, Parkland announced the suspension of its DRIP program for its common shares until further notice.

D. Dividend payout ratio

(\$ millions, unless otherwise noted)	Trailing twelve months ended December 31,	
	2023	2022
Available cash flow ⁽¹⁾	812	708
Dividends ⁽²⁾	240	207
Dividend payout ratio ⁽¹⁾	30%	29%

⁽¹⁾ Non-GAAP financial measure or non-GAAP financial ratio. See Section 17 of this MD&A.

⁽²⁾ Supplementary financial measure. See Section 17 of this MD&A.

The dividend payout ratio remained relatively flat for the trailing twelve months ended December 31, 2023, as compared to the same period in 2022, as the impact of an increase in available cash flow, as discussed in Section 6B was offset by an increase in dividends, as discussed in Section 6C.

7. CAPITAL MANAGEMENT, LIQUIDITY AND COMMITMENTS

A. Capital management

Leverage ratio

Leverage Ratio is one of Parkland's key capital management measures, 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 share repurchases, or (ii) issue new shares or new debt.

The Leverage Ratio was reduced to 2.8 from 3.4 for the trailing twelve months ended December 31, 2023, as compared to the same period in 2022, which was driven by (i) strong Adjusted EBITDA and cash flow performance, which enabled Parkland to repay a portion of the debt owing under the Credit Facility (ii) discipline in capital allocation, and (iii) no acquisitions in 2023.

	December 31, 2023	December 31, 2022
Leverage Debt	4,976	5,480
Leverage EBITDA	1,780	1,602
Leverage Ratio ⁽¹⁾	2.8	3.4

⁽¹⁾ Capital management measure. Refer to Section 17 of this MD&A for additional details.

ROIC

ROIC is used by Parkland as a key measure to monitor the return on investments and assess its efficiency at allocating the capital under its control. In addition, ROIC is also used as a metric to measure effectiveness of allocating capital over the long-term, relative to the Company's cost of capital.

	December 31, 2023	December 31, 2022
Net operating profit after tax	908	732
Average invested capital	9,223	8,722
TTM ROIC ⁽¹⁾	9.8 %	8.4 %

⁽¹⁾ Non-GAAP financial ratio. See Section 17 of this MD&A.

ROIC improved to 9.8% from 8.4% for the trailing twelve months ended December 31, 2023 as compared to the same period in 2022, driven by robust economic performance and growth from our previously completed acquisitions. The ROIC results demonstrate Parkland's continued success at efficient capital allocation and value creation for shareholders.

Normal course issuer bid program

On December 1, 2022, Parkland commenced an NCIB, which was effective until November 30, 2023, allowing Parkland to purchase a maximum of 13,992,412 common shares over the 12-month period.

On December 1, 2023, Parkland commenced a new NCIB, which is effective until November 30, 2024, allowing Parkland to purchase a maximum of 14,056,984 common shares over the 12-month period. In connection with the current NCIB, Parkland entered into an automatic share purchase plan ("ASPP") with its designated broker, that, among other things, allows the purchase of shares during quarterly predetermined blackout periods and other periods when Parkland may be in possession of material undisclosed information and would not ordinarily be permitted to purchase common shares. Purchases under the ASPP are determined by the designated broker in its sole discretion based on the purchasing parameters set by Parkland in accordance with the rules of the Toronto Stock Exchange ("TSX"), applicable securities laws and the terms of the ASPP. Outside of the periods above, purchases under the current NCIB will be completed at Parkland's discretion.

During the year ended December 31, 2023, Parkland purchased and cancelled 583,159 common shares (December 31, 2022 - 1,452,918 common shares) for a total of \$26 million (December 31, 2022 - \$40 million) under both NCIB programs.

As of December 31, 2023, the maximum obligation of \$106 (December 31, 2022 - nil) relating to share purchases under the ASPP was recognized in Provisions and other liabilities.

Credit Facility covenants

In addition to the internal capital management measures, Parkland was in compliance with 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 years ended December 31, 2023 and 2022. See the Credit Agreement available on SEDAR+ at www.sedarplus.ca.

B. Available sources of liquidity

Parkland's sources of liquidity as at December 31, 2023 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 share repurchases, 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.

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

(\$ millions)	December 31, 2023	December 31, 2022
Cash and cash equivalents	387	716
Unused credit facilities	952	768
	1,339	1,484

Credit facility

On April 14, 2022, Parkland amended and restated the Credit Facility agreement to 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 ("Term Loan"). On December 18, 2023, the Term Loan was repaid resulting in a reduction in available borrowings under the Credit Facility as we continue to optimize our Credit Facility and reduce standby fees.

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.

Parkland can obtain various types of loans under the Credit Facility, including loans at Canadian and U.S. Prime rates, the Secured Overnight Financing Rate ("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.

Base shelf prospectus

On August 19, 2022, Parkland filed a base shelf prospectus (the "Shelf Prospectus") for common shares, preferred shares, subscription receipts, warrants, debentures, notes and other evidence of indebtedness, as well as convertible securities and units composed of one or more of the aforementioned (collectively, the "Prospectus Securities"). The Shelf Prospectus allows Parkland to, from time to time, offer and sell the Prospectus Securities, separately or together, in amounts, at prices and on terms set forth in one or more prospectus supplements. The Shelf Prospectus expires on September 19, 2024.

Non-recourse project financing

On November 15, 2023, Parkland, through its wholly-owned subsidiary ("EVCo"), entered into a non-recourse project financing agreement of up to \$210 with the Canada Infrastructure Bank ("CIB loan"). The CIB loan is accessible specifically for funding the expansion of the electric vehicle ("EV") charging network across Canada. The CIB loan has a term of eighteen years at a base rate of 3.65% per annum plus step-up margins should the financed EV charging ports exceed pre-determined utilization expectations. Quarterly repayments of principal and interest are expected to commence in 2028, one year after the construction and installation of the financed charging ports is complete. Principal repayments are based on agreed utilization targets and may be reduced if such targets are not met.

The CIB loan is secured by a first-priority security interest over specified assets and insurance policies maintained by the EVCo in connection with the financed charging ports. As at December 31, 2023, no amounts have been drawn on the CIB loan.

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 \$12,498 million as at December 31, 2022, to \$12,686 million as at December 31, 2023, primarily due to an increase in pipeline commitments driven by increase in tolls, which was partially offset by the repayment of long-term debt balances as part of Parkland's deleveraging strategy.

As at December 31, 2023	Less than one year	Years two and three	Years four and five	Thereafter	Interest included in minimum lease payments	Total
Commitments						
Pipeline commitment ⁽¹⁾	46	170	178	1,653	–	2,047
Acquisition of property, plant and equipment	121	10	–	–	–	131
Total commitments	167	180	178	1,653	–	2,178
Other obligations						
Accounts payable and accrued liabilities	2,830	–	–	–	–	2,830
Dividends declared and payable	60	–	–	–	–	60
Risk management and other financial liabilities	56	–	–	–	–	56
Long-term debt - including interest ⁽²⁾	454	1,335	2,525	3,385	(314)	7,385
Provisions and other liabilities	137	7	7	26	–	177
Total other obligations	3,537	1,342	2,532	3,411	(314)	10,508
Total contractual obligations	3,704	1,522	2,710	5,064	(314)	12,686

⁽¹⁾ The commitment is over the contract term of 20 years, and is contingent upon completion of the pipeline. The tolls are estimated based on the service provider's latest published tolling structure and are subject to further revision as the pipeline is completed.

⁽²⁾ Inclusive of interest on long-term debt. During 2023, Parkland entered into interest rate swaps for US\$200 million maturing in April 2025 to limit exposure to variable interest rate.

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.

Guarantees

As at December 31, 2023, Parkland provided \$4,092 million (December 31, 2022 - \$3,650 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, 2023, Parkland issued \$53 million (December 31, 2022 - \$52 million) of letters of credit and \$436 million (December 31, 2022 - \$319 million) of surety bonds to provide guarantees on behalf of its subsidiaries in the ordinary course of business, which are not recognized in the consolidated financial statements. Maturity dates for these guarantees vary and are up to and including March 31, 2035.

8. CAPITAL EXPENDITURES

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

(\$ millions)	Three months ended		Year ended December 31,	
	December 31, 2023	2022	2023	2022
Growth capital expenditures				
Canada	24	63	94	90
International	2	12	11	28
USA	2	9	9	24
Refining	13	15	41	53
Corporate	8	30	42	50
Growth capital expenditures including NCI	49	129	197	245
Attributable to NCI	—	—	—	4
Growth capital expenditures attributable to Parkland⁽¹⁾	49	129	197	241
Maintenance capital expenditures				
Canada	30	34	70	68
International	23	31	38	62
USA	9	27	33	57
Refining	31	28	143	69
Corporate	—	(2)	1	2
Maintenance capital expenditures including NCI	93	118	285	258
Attributable to NCI	—	—	—	5
Maintenance capital expenditures attributable to Parkland⁽¹⁾	93	118	285	253
Additions to property, plant and equipment and intangible assets	142	247	482	503
Attributable to NCI	—	—	—	9
Additions to property, plant and equipment and intangible assets attributable to Parkland⁽¹⁾⁽²⁾	142	247	482	494

⁽¹⁾ Supplementary financial measure. See Section 17 of this MD&A.

⁽²⁾ Refer to Note 26 of the Annual Consolidated Financial Statements.

Parkland's combined growth capital expenditures attributable to Parkland and maintenance capital expenditures attributable to Parkland for the fourth quarter of 2023 and the year ended December 31, 2023, decreased by \$105 million and \$12 million, respectively, as compared to the same periods in 2022. The decrease is primarily attributable to higher than usual capital expenditures during the fourth quarter of 2022, related to projects for On the Run / Marché Express site conversions, rebranding activities and other site renovations that were deferred due to COVID-19-related restrictions.

Growth capital expenditures attributable to Parkland decreased by \$80 million for the fourth quarter of 2023 and \$44 million for the year ended December 31, 2023 and were focused on (i) On the Run / Marché Express site conversions and rebranding activities in Canada and USA, (ii) low-carbon manufacturing growth initiatives at the Burnaby Refinery, (iii) fleet, storage tank and equipment purchases to support new contracts, (iv) site network expansion projects in Canada, including EV charging, and (v) enhancements to the JOURNIE™ Rewards program in various digital platforms, including the introduction of the Aeroplan partnership.

Maintenance capital expenditures attributable to Parkland decreased by \$25 million for the fourth quarter of 2023, and increased by \$32 million for the year ended December 31, 2023, and were focused on (i) fleet and storage tank replacements and equipment upgrades, (ii) the 2023 Turnaround, (iii) retail sites renovations in the Canada, USA and International markets, (iv) terminal renovations and maintenance, and (v) plant reliability and maintenance at the Burnaby Refinery.

Committed capital expenditures

Contractual commitments for the acquisition of property, plant and equipment attributable to Parkland as at December 31, 2023 are \$131 million (December 31, 2022 - \$162 million). These contractual commitments are expected to be incurred primarily over the next 12 months and relate mainly to (i) ongoing maintenance projects at the Burnaby Refinery, (ii) ongoing infrastructure upgrades, renovations, site rebranding and equipment upgrades in our Canada and International markets, and (iii) the construction of new-to-industry retail sites and upgrading of existing retail sites, including projects to retrofit and rebrand

sites to the On the Run / Marché Express brand. 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⁾		International ⁽¹⁾		USA ⁽¹⁾		Refining ⁽¹⁾		Consolidated	
Three months ended December 31,	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Fuel and petroleum product revenue	3,545	4,128	2,303	2,272	1,239	1,658	262	255	7,349	8,313
Food, convenience and other non-fuel revenue	144	146	47	52	206	206	–	2	397	406
Sales and operating revenue ⁽²⁾	3,689	4,274	2,350	2,324	1,445	1,864	262	257	7,746	8,719

(\$ millions)	Canada ⁽¹⁾		International ⁽¹⁾		USA ⁽¹⁾		Refining ⁽¹⁾		Consolidated	
Year ended December 31,	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Fuel and petroleum product revenue	14,810	16,282	9,287	8,544	5,678	7,837	1,129	1,261	30,904	33,924
Food, convenience and other non-fuel revenue	525	550	181	164	842	814	–	10	1,548	1,538
Sales and operating revenue ⁽²⁾	15,335	16,832	9,468	8,708	6,520	8,651	1,129	1,271	32,452	35,462

⁽¹⁾ Refer to Note 26 of the Annual Consolidated Financial Statements for additional information on Parkland's segments.

⁽²⁾ Sales and operating revenue includes revenue from external customers only.

Sales and operating revenue for the fourth quarter of 2023 and for the year ended December 31, 2023 decreased by \$973 million and \$3,010 million, respectively, as compared to the same periods in 2022. Overall, the period-over-period variances in sales and operating revenue are as follows:

- Sales and operating revenue for Canada decreased by \$585 million for the fourth quarter of 2023 and \$1,497 million for the year ended December 31, 2023. The decrease was mainly due to (i) lower petroleum product commodity prices, and (ii) reduced volume demand in our logistics and commercial home heating businesses due to unseasonably warm weather in the fourth quarter of 2023. This was partially offset by (i) the incremental benefit of the 2022 Acquisitions¹³, and (ii) volume growth in our company retail network.
- Sales and operating revenue for International increased by \$26 million for the fourth quarter of 2023 and \$760 million for the year ended December 31, 2023. The increase was driven by (i) higher volumes due to organic growth in wholesale and aviation business, (ii) contributions from the Jamaica Acquisition¹⁴, and (iii) strengthening of the US dollar against the Canadian dollar. This was partially offset by lower fuel and petroleum product commodity prices in the current period.
- Sales and operating revenue for USA decreased by \$419 million for the fourth quarter of 2023 and \$2,131 million for the year ended December 31, 2023 due to reduced fuel and petroleum product volumes as a result of lower commodity prices and the decision to limit spot wholesale activities in the US starting in the fourth quarter of 2022. This was partially offset by the strengthening of the U.S. dollar against the Canadian dollar.
- Sales and operating revenue for Refining remained relatively flat for the fourth quarter of 2023 and decreased by \$142 million for the year ended December 31, 2023 due to lower commodity prices and the 2023 Turnaround, partially offset by increased sales from (i) efficient management of pipeline capacity, and (ii) importing products during the 2023 Turnaround.

¹³ Impacts the changes for the first nine months of 2023 only as the 2022 Canada Acquisitions were completed by the end of third quarter of 2022.

¹⁴ Impacts the changes for the first six months of 2023 only as the Jamaica Acquisition was completed in the beginning of the third quarter of 2022.

B. Net earnings (loss)

The following table shows the reconciliation of Adjusted EBITDA to net earnings (loss) for the year ended December 31, 2023.

(\$ millions)	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	463	455	1,913	1,620
Add: Attributable to NCI	—	—	—	67
Adjusted EBITDA including NCI	463	455	1,913	1,687
Less/(add):				
Acquisition, integration and other costs	42	41	146	117
Depreciation and amortization	222	212	823	743
Finance costs	89	94	384	331
(Gain) loss on foreign exchange – unrealized	—	8	35	(8)
(Gain) loss on risk management and other – unrealized	28	9	(34)	39
Other (gains) and losses ⁽¹⁾	5	(21)	3	23
Other adjusting items ⁽²⁾	6	21	48	26
Income tax expense (recovery)	(15)	22	37	70
Net earnings (loss)	86	69	471	346
Net earnings (loss) attributable to Parkland	86	69	471	310
Net earnings (loss) attributable to NCI	—	—	—	36

⁽¹⁾ Other (gains) and losses for the three months ended December 31, 2023 include the following: (i) \$25 million loss (2022 - \$13 million gain) in Others, including nil (2022 - \$19 million gain) in relation to changes in redemption value of the Sol Put Option, which was de-recognized on Parkland's acquisition of the remaining 25% of the issued and outstanding shares in Sol in the Share Exchange on October 18, 2022; (ii) \$11 million non-cash valuation loss (2022 - \$6 million gain) due to the change in estimates of environmental provision; (iii) \$14 million non-cash valuation gain (2022 - \$2 million loss) due to the change in fair value of redemption options; (iv) \$15 million gain (2022 - \$2 million gain) on disposal of assets; and (v) \$2 million gain (2022 - \$2 million) in Other income. Other (gains) and losses for the year ended December 31, 2023 include the following: (i) \$57 million loss (2022 - \$23 million gain) in Others, including \$27 million associated with the write-off of certain assets related to the renewable diesel complex, and nil (2022 - \$30 million gain) in relation to changes in redemption value of the Sol Put Option, which was de-recognized on Parkland's acquisition of the remaining 25% of the issued and outstanding shares in Sol on October 18, 2022; (ii) \$14 million loss (2022 - \$17 million gain) due to the change in estimates of environmental provision; (iii) \$31 million non-cash valuation gain (2022 - \$67 million loss) due to the change in fair value of redemption options; (iv) \$23 million gain (2022 - \$7 million gain) in Other income; and (v) \$14 million gain (2022 - \$3 million loss) on disposal of assets. Refer to Note 23 of the Annual Consolidated Financial Statements.

⁽²⁾ Other adjusting items for the three months ended December 31, 2023 include: (i) the share of depreciation, income taxes and other adjustments for investments in joint ventures and associates of \$9 million (2022 - \$2 million); (ii) other income of \$2 million (2022 - \$4 million); (iii) realized risk management gain related to underlying physical sales activity in another period of \$2 million (2022 - \$7 million loss); (iv) impact of hyperinflation accounting of \$2 million loss (2022 - \$1 gain); (v) adjustment to foreign exchange gains and losses related to cash pooling arrangements of \$1 million (2022 - \$1 million); (vi) unrealized risk management gain related to underlying physical sales activity in current period of nil (2022 - \$10 million); and (vii) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains of nil (2022 - \$2 million). Other adjusting items for the year ended December 31, 2023 include: (i) other income of \$23 million (2022 - \$8 million); (ii) the share of depreciation, income taxes and other adjustments for investments in joint ventures and associates of \$20 million (2022 - \$11 million); (iii) the effect of market-based performance conditions for equity-settled share-based award settlements of \$13 million (2022 - nil); (iv) realized risk management gain related to underlying physical sales activity in another period of \$6 million (2022 - 4 million loss); (v) impact of hyperinflation accounting of \$2 million loss (2022 - \$1 gain); and (v) adjustment to foreign exchange gains and losses related to cash pooling arrangements of nil (2022 - \$2 million).

Net earnings were \$86 million for the fourth quarter of 2023 and \$471 million for the year ended December 31, 2023, increasing by \$17 million and \$125 million, respectively, as compared to the same periods in 2022.

The increase was primarily due to the:

- increase in Adjusted EBITDA of \$8 million for the fourth quarter of 2023 and \$293 million for the year ended December 31, 2023 as discussed in Section 2 above;
- increase in non-cash valuation gain included in other (gains) and losses of \$16 million for the fourth quarter of 2023 and \$98 million for the year ended December 31, 2023 on valuation of redemption options driven by interest rate volatility and changes in credit spreads;
- increase in unrealized non-cash risk management gain and other of \$73 million for the year ended December 31, 2023 primarily driven by the volatility in commodity prices; and
- decrease in income tax expense by \$37 million for the fourth quarter of 2023 and \$33 million for the year ended December 31, 2023 due to proportionately higher taxable income earned in jurisdictions with lower tax rates.

The increases were partially offset by the:

- increase in depreciation and amortization of \$10 million for the fourth quarter of 2023 and \$80 million for the year ended December 31, 2023 due to an expanding asset base driven by the 2022 Acquisitions and organic growth initiatives;
- increase in finance costs of \$53 million for the year ended December 31, 2023 due to (i) higher effective interest rates under the Credit Facility, partially offset by the debt repayments resulting in lower average borrowings under the Credit Facility; and (ii) higher lease obligations.
- increase of \$43 million for the year ended December 31, 2023 in unrealized losses on foreign exchange due to (i) the reclassification of foreign exchange gains from unrealized to realized on settlement of the financing balances, and (ii) an increase in the amount of USD Senior Notes designated as net investment hedge starting 2023, resulting in recognition of associated foreign exchange impact as part of other comprehensive income. There were no material changes to the net foreign exchange gains and losses for the fourth quarter of 2023 and the year ended December 31, 2023;
- increase in non-cash valuation loss due to changes in estimates of environmental provision of \$17 million for the fourth quarter of 2023 and \$31 million for the year ended December 31, 2023 due to change in discount rates;
- absence of non-cash valuation gain within other (gains) and losses of \$19 million for the fourth quarter of 2023 and \$30 million for the year ended December 31, 2023 on the Sol Put Option recognized in the comparative periods prior to the acquisition of the remaining 25% share of Sol Investments SEZC as part of the Share Exchange Agreement;
- increase in acquisition, integration and other costs by \$29 million for the year ended December 31, 2023 attributable to major IT systems implementations and restructuring activities;
- decrease of \$19 million in unrealized non-cash risk management gain and other for the fourth quarter of 2023 primarily driven by the volatility in commodity prices; and
- write-off of certain assets of \$27 million, related to the renewable diesel complex in the year ended December 31, 2023.

10. LINE OF BUSINESS INFORMATION

In addition to the reportable operating segments discussed under Section 4 of this MD&A, Parkland also voluntarily discloses business performance by line of business. Refer to Note 27 of the Annual Consolidated Financial Statements for additional information and the reconciliation of Adjusted gross margin and Adjusted EBITDA to net earnings (loss). Information for the three months ended December 31, 2023 has been derived using Note 14 of the Interim Condensed Consolidated Financial Statements for three and nine months ended September 30, 2023 and Note 27 of the Annual Consolidated Financial Statements. The results of our lines of businesses are as follows:

Three months ended December 31,	Retail		Commercial		Refining		Corporate		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total fuel and petroleum product volume (million litres)	2,543	2,541	5,515	5,614	974	1,054	—	—	(2,322)	(2,572)	6,710	6,637
Fuel and petroleum product adjusted gross margin	311	298	318	311	186	198	(1)	—	—	—	814	807
Food, convenience and other adjusted gross margin	117	112	92	73	—	3	1	1	(12)	(1)	198	188
Total adjusted gross margin	428	410	410	384	186	201	—	1	(12)	(1)	1,012	995
Adjusted EBITDA including NCI	203	206	183	147	106	128	(29)	(26)	—	—	463	455
Attributable to NCI	—	—	—	—	—	—	—	—	—	—	—	—
Adjusted EBITDA	203	206	183	147	106	128	(29)	(26)	—	—	463	455

Year ended December 31,	Retail		Commercial		Refining		Corporate		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total fuel and petroleum product volume (million litres)	10,322	10,016	22,647	22,546	4,061	4,065	–	–	(9,417)	(9,591)	27,613	27,036
Fuel and petroleum product adjusted gross margin	1,250	1,176	1,247	1,039	755	794	2	4	–	–	3,254	3,013
Food, convenience and other adjusted gross margin	443	391	316	262	–	10	5	1	(17)	(1)	747	663
Total adjusted gross margin	1,693	1,567	1,563	1,301	755	804	7	5	(17)	(1)	4,001	3,676
Adjusted EBITDA including NCI	856	805	721	473	441	516	(105)	(107)	–	–	1,913	1,687
Attributable to NCI	–	32	–	35	–	–	–	–	–	–	–	67
Adjusted EBITDA	856	773	721	438	441	516	(105)	(107)	–	–	1,913	1,620

The period-over-period variances for the lines of businesses are as follows:

- The Retail business achieved Adjusted EBITDA of \$203 million for the fourth quarter of 2023 and \$856 million for the year ended December 31, 2023, remaining relatively flat and increasing by \$83 million, respectively, as compared to the same periods in 2022. The increase for the year ended December 31, 2023 was driven by (i) stronger unit margins in Canada and International markets in the second half of 2023 resulting from favourable market conditions, (ii) the incremental benefit from the 2022 Acquisitions, including realization of synergies, (iii) strong food and C-Store performance including on-going margin optimization initiatives across our network, (iv) the acquisition of the remaining 25% share of Sol in the Share Exchange, and (v) additional volumes captured in International markets due to organic growth. This was partially offset by (i) lower gross margins in the first six months of 2023 driven by favourable market dynamics in 2022 in a rising commodity price environment, and (ii) higher operating costs and Marketing, general and administrative expenses mainly driven by inflation.
- The Commercial business achieved Adjusted EBITDA of \$183 million for the fourth quarter of 2023 and \$721 million for the year ended December 31, 2023, representing an increase of \$36 million and \$283 million, respectively, as compared to the same periods in 2022. In addition to the impact¹⁵ of the spot wholesale inventory and risk management losses in USA of \$65 million recognized in the third quarter of 2022, the increase was driven by (i) additional volume in the commercial businesses due to organic growth, (ii) strong commercial unit fuel margins in Canada and International markets due to favourable market conditions and continued optimization of our supply and integrated logistic capabilities, and (iii) the impact of the Share Exchange as noted above. This was partially offset by increased operating costs and Marketing, general and administrative expenses in the first nine months of 2023, mainly driven by inflation.
- Results of Refining and Corporate are discussed within Section 4 of this MD&A.

¹⁵ Impacts the changes in Adjusted EBITDA for the year ended December 31, 2022.

11. RENEWABLE AND CONVENTIONAL RESULTS

Parkland is involved in emission credit and renewable fuel trading, co-processing of bio-feedstocks and blending of low-carbon-intensity fuels to produce fuels that generate emission credits. Refer to Note 26 of the Annual Consolidated Financial Statements for additional information and the reconciliation of Adjusted gross margin and Adjusted EBITDA to net earnings (loss) and Note 27 for additional information on renewable and conventional results. The summary results of renewable and conventional operations are as follows:

(\$ millions)	Renewable		Conventional		Consolidated	
Three months ended December 31,	2023	2022	2023	2022	2023	2022
Adjusted EBITDA	34	4	429	451	463	455

(\$ millions)	Renewable		Conventional		Consolidated	
Year ended December 31,	2023	2022	2023	2022	2023	2022
Adjusted EBITDA	112	63	1,801	1,557	1,913	1,620

Parkland achieved Adjusted EBITDA attributable to renewable activities of \$34 million for the fourth quarter of 2023 and \$112 million for the year ended December 31, 2023, representing an increase of \$30 million and \$49 million, respectively, as compared to the same periods in 2022. The increases were primarily driven by (i) strength in compliance trading markets resulting in higher credits prices and associated margins, (ii) recognition of federal Clean Fuel Regulations (CFR) credits starting in the third quarter of 2023, and (iii) strong bio-diesel sales and unit margins. The increase for the year ended December 31, 2023 was partially offset by (i) rising prices of bio-feedstock and other low-carbon-intensity fuels, (ii) decreasing Low Carbon Fuel Standard ("LCFS") credit sales prices in British Columbia in the first six months of 2023, and (iv) reduced co-processing of bio-feedstocks primarily due to the decrease in composite utilization as discussed in Section 4D above.

The remaining conventional results form part of each operating segment's performance, which is discussed in Section 4 of this MD&A.

12. RISK FACTORS

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 adversely affected.

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 enterprise 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 enterprise risk management 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 2023, Parkland conducted a comprehensive enterprise risk management assessment, which included the Board's views on key risks to which Parkland is exposed. Throughout 2023, management and the Board continued to assess key risks and incorporate any additional risks identified.

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

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.

(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 and political factors that may 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, changes or potential changes in political leadership, including as a result of the 2024 U.S. presidential election, and any restrictions and associated disruptions due to war and related activities. Changes in economic conditions could adversely affect industrial activities, 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. 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.

Inflation

Inflation and interest rates impact the economies and business environments that Parkland operates in and could pose a risk to our liquidity and financial position. If Parkland's costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases, in part due to the impact of inflationary pressures on our customer's purchasing behaviours. Our inability or failure to do so could harm our business, financial condition and results of operations. Additionally, increased inflation and any economic conditions resulting from governmental attempts to reduce inflation, such as the imposition of higher interest rates, could negatively impact Parkland's borrowing costs, which could, in turn, have an adverse effect on Parkland's cash flow and ability to service its obligations under the Credit Agreement. We continually reassess our asset impairment indicators in light of changing inflation rates and interest rates, ensuring our financial reporting reflects current 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 with any sanctions thereunder.

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

Epidemics, pandemics or outbreak of an infectious disease

Parkland's business, financial condition and results of operations could be adversely affected by the outbreak of epidemics, pandemics and other health crises in geographic regions in which Parkland has operations, suppliers, customers or employees. 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.

(2) 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.

Commercial and Retail

Parkland's commercial and retail businesses are exposed to risks including, but not limited to, transportation and storage of hazardous substances, vehicle accidents, fires, explosion, accidental spills or releases of liquid petroleum products, chemicals or other hazardous substances.

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

Refining and Supply

The Burnaby Refinery is subject to hazards pertaining to the supply and processing of hydrocarbons including, but not limited to: blowouts; fires; explosions; railcar incidents; marine vessel incidents; 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. 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.

Any of these hazards can interrupt operations, cause personal injury or loss of life, 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: business interruption; potential liability; modifications to or revocation of existing regulatory approvals; fines and other environmental damages or impact Parkland's reputation.

Other health, safety and environment risk considerations

Parkland has obtained insurance in an effort to address and mitigate HSE hazards and risks inherent in its operations. In addition, Parkland has 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 on an economically feasible basis.

See "Supplemental Operational Information - Health, Safety and Environment" above for how Parkland addresses the above risks.

(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 the "Health, Safety and Environment" risk factor above 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 feedstock to the Burnaby Refinery. All crude oil sourced by the Burnaby Refinery is delivered from Alberta by Trans Mountain Pipeline (TMPL). A temporary shutdown of the

TMPL can result in Parkland temporarily ceasing processing operations at the Burnaby Refinery and may materially affect Parkland's business, financial condition and results of operations.

Under operational conditions, the Burnaby Refinery could see variability in its crude deliveries as the capacity on the pipeline fluctuates from time to time based on operating conditions and planned and/or unplanned maintenance. In addition to the TMPL line capacity, extreme or unexpected weather events may affect the operation of the TMPL, which may result in significant operational delays and unanticipated costs.

Tariffs on the TMPL are expected to increase with the start-up of the Trans Mountain Expansion Project (TMX), which may impact the competitiveness of fuel refined at the Burnaby Refinery. The start-up date for TMX remains unknown at this stage and is subject to a range of factors relating to the construction and commissioning of TMX by Trans Mountain Corporation. The Canada Energy Regulator has approved the interim tariffs that will apply upon start-up of TMX. However, the long-term tolls and tariffs on the expanded Trans Mountain System remain subject to regulatory review.

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 an adverse effect on Parkland's business, financial condition, reputation and results of operations.

Calamitous events

Calamitous events, such as terrorist attacks, cyber attacks, war and armed conflict, geopolitical tension, pandemics, and trade disputes and disruption, may have significant effects on general economic conditions, consumer spending, and travel and tourism, which may disproportionately impact various customers of the Company. In particular, calamitous events may have an adverse effect on Parkland's operational resiliency and may also increase the likelihood of other risk factors materializing or the severity of the impact of such risks. 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, changes to freight costs, or regulatory changes affecting any of the methods of transportation used by Parkland could adversely affect Parkland's ability to deliver and receive its products, the economics associated with certain methods of transportation, reputation, business, prospects, results of operations, and financial condition. Additionally, global shipping delays at critical infrastructure, including bottlenecking delays and restrictions and disruptions due to regional conflicts, and associated costs, may have an adverse impact on Parkland's ability to successfully transport products.

(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 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. A breakdown or a breach in our systems that results in unintended exposure of confidential information or other sensitive data could occur. With respect to data stored externally, Parkland may not fully control the security measures, response and recovery plans maintained by the third-party provider.

Cyber security

Parkland's business, including its operations, are dependent on information systems and other digital technologies, including the systems of cloud providers and third parties with which Parkland conducts business. Systems and technologies are essential for the operation of our assets, processing transactions, transmitting information and summarizing and reporting results of operations. Digital transformation continues to increase the number and complexity of such systems and dependencies.

Cyber-attacks are rapidly evolving and becoming increasingly sophisticated. Parkland may not be able to prevent a cyber-attack, resulting in a material loss of data or inability to quickly recover or 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) Sustainable and scalable business model

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) 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 extreme and unpredictable weather events that may increase in frequency and severity as a result of climate change, including but not limited to: 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 events may damage Parkland's assets, disrupt its supply channels, interrupt Parkland's ability to deliver goods and services and/or decrease demand for its products. Any of these events could occur and could have an adverse effect on Parkland's business, financial condition, ability to realize the anticipated growth opportunities and synergies and future business prospects. Climate change may increase the frequency and/or severity of severe weather conditions and events, which may increase the impact of these factors.

Climate change regulations

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 under development, 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 determine the cost impacts and effects on Parkland accurately. 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.

Many of the jurisdictions in which we operate mandate a progressively increasing share of new passenger vehicles sold to be zero-emission vehicles, including through tax incentives. As these types of vehicles become more widespread due to government incentives, regulatory measures, technological advancements, consumer preferences, competitive pricing, or other factors, there could be a consequential negative impact on the demand and pricing of our fuel products.

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 a lower 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, industry and regulatory environment 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

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 an adverse effect on the Company's business, financial condition and future prospects.

(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 an 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 an 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 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) Synergies realization

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 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.

(9) 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 an 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 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 an adverse effect on Parkland's revenue, profitability and ability to service debt and pay dividends.

Derivative financial instruments and hedging effectiveness

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.

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 reduce exposures to fluctuations in commodity prices and foreign exchange rates that support business and growth strategies. These financial instruments include commodities swaps, forwards and futures contracts, currency forward exchange contracts, emission credits, allowances forward, option contracts, interest rate swaps, Redemption Options, and other investments.

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, currency forward exchange contracts, and interest rate swaps 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 using the Level 3 measurement 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. The Sol Put Option was extinguished as at October 18, 2022 when Parkland acquired the non-controlling interest in Sol.

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,	
	2023	2022
Gain (loss) on risk management and other - realized ⁽¹⁾⁽²⁾	51	(336)
Gain (loss) on risk management and other - unrealized ⁽¹⁾⁽³⁾	34	(39)
Gain (loss) on risk management and other	85	(375)
Change in fair value of Redemption Options ⁽⁴⁾	31	(67)
Change in redemption value of Sol Put Option ⁽⁴⁾	—	30
Impact on consolidated statements of income (loss)	116	(412)

⁽¹⁾ Gains and losses on risk management and other are primarily related to commodities swaps, forwards and futures contracts, currency forward exchange contracts, emission credits, allowances forward, option contracts, and interest rate swaps.

⁽²⁾ Realized gain (loss) on commodity swaps, forwards and futures contracts is offset by gain (loss) on physical products delivered and recorded within "Sales and operating revenue" and "Cost of purchases" (i.e. gross margin) during the year.

⁽³⁾ Unrealized gain (loss) on commodity swaps, forwards and futures contracts is expected to largely offset upon realization any gain or loss on physical products at the time of sale.

⁽⁴⁾ Recognized in "Other (gains) and losses". See Note 15 of the Annual Consolidated Financial Statements.

Redemption Options

The Senior Notes contain redemption options that allow Parkland to redeem the notes prior to maturity at a premium ("Redemption Options"). 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.

Market risk

US dollar 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, 2023		December 31, 2022	
	Net earnings (loss)	OCI, net of tax	Net earnings (loss)	OCI, net of tax
USD/CAD - 10% change	5	(250)	(15)	(168)
USD/Other currencies ⁽¹⁾ - 10% change	(7)	—	(14)	—
USD/SRD - 25% change ⁽²⁾	3	—	(10)	—
	1	(250)	(39)	(168)

⁽¹⁾ Includes Euro, Dominican pesos, Jamaican dollar, and other currencies excluding Surinamese dollar.

⁽²⁾ A higher sensitivity is used to reflect the reasonably possible changes in the exchange rate between the US dollar and the Surinamese dollar.

Cash flow hedge

Parkland has entered into foreign currency forward contracts to sell a fixed amount of US dollars for a fixed amount of Canadian dollars at future date. This is to mitigate the risk arising from the revaluation of certain USD-denominated receivable balances where the functional currency is not the US dollar ("Cash flow hedge"). The revaluation gains from the Cash flow hedge are recognized in other comprehensive income (loss) with the effective portion being reclassified from the Cash flow hedge reserve to consolidated statements of income (loss). See Note 15 of the Annual Consolidated Financial Statements for further details on the Cash flow hedge.

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 15 of the Annual Consolidated Financial Statements for further details on the Net investment hedge.

Commodity price risk

Parkland periodically enters into derivative contracts including swaps, forwards, options and futures contracts to manage exposure to movements in commodity prices. The commodity 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. Risk management derivatives used to mitigate commodity price risk are sensitive to price movements. As at December 31, 2023, a 5% change in commodity prices would change the (gain) loss on risk management and other by approximately \$35 (2022 - \$18) due to the change in the fair values of risk management contracts. See Note 15 of the Annual Consolidated Financial Statements for further details on the commodity price risk.

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 and issuing long-term debt at a fixed rate. During the year ended December 31, 2023, Parkland started entering into interest rate swap contracts to fix the interest rate on its outstanding variable-interest debt balances. As at December 31, 2023, a 100-basis point change in variable interest rates, with all other variables held constant, including the amount of borrowing 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 \$7 (2022 - \$17). See Note 15 of the Annual Consolidated Financial Statements for further details on the interest rate risk.

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.

Liquidity risk

Parkland mitigates liquidity risk by forecasting spending and cash flow requirements, considering seasonality of working capital needs and ensuring access to multiple sources of capital to the extent possible, including cash and cash equivalents, cash from operating activities, undrawn credit facilities and access to various credit products at competitive rates. As at December 31, 2023, Parkland's available liquidity was \$1,339, comprised of cash and cash equivalents of \$387 (December 31, 2022 - \$716) and borrowing capacity available under the Credit Facility of \$952 (December 31, 2022 - \$768). Parkland believes it has sufficient funding to meet foreseeable liquidity requirements through the use of credit facilities, cash flows from operating activities, and cash on hand.

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

	Standard & Poor's	Morningstar DBRS	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.sedarplus.ca.

13. OUTLOOK

The highlights for Parkland's 2024-2025 guidance metrics (the "2024-2025 Guidance") include:

- Adjusted EBITDA of \$1,950 million - \$2,050 million (the "2024 Adjusted EBITDA Guidance¹⁶ Range");
- Capital Expenditure Guidance¹⁶ of \$475 million - \$525 million, which includes both growth capital expenditures attributable to Parkland and maintenance capital expenditures attributable to Parkland (the "2024 Capital Program");
- Available cash flow per share of \$5.00 (the "2024 Available cash flow per share Guidance^{16a}");
- ROIC of more than 11% (the "2024 ROIC Guidance^{16a}"); and
- Deleverage to low end of 2-3 times by 2025 (the "2025 Leverage Ratio Guidance^{16a}").

Parkland achieved record Adjusted EBITDA of \$1,913 million for the year ended December 31, 2023, exceeding the Revised 2023 Adjusted EBITDA Guidance Range of \$1,800 million - \$1,850 million disclosed in Section 13 of the Management's Discussion and Analysis for the three and nine months ended September 30, 2023 (the "Q3 2023 MD&A"). This was primarily due to stronger than expected volumes and unit margins from favourable market conditions in our International segment. Capital expenditures, including both growth capital expenditures attributable to Parkland and maintenance capital expenditures attributable to Parkland, were \$482 million for the year ended December 31, 2023, within the Revised 2023 Capital Program guidance of \$450 million - \$500 million disclosed in Section 13 of the Q3 2023 MD&A. The Leverage Ratio was 2.8 times for the year ended December 31, 2023, which was reduced from the approximately 3 times under the 2023 Leverage Ratio Guidance disclosed in Section 13 of the Q3 2023 MD&A, resulting from greater than expected Adjusted EBITDA as discussed above and discipline in capital allocation. For additional details regarding the Revised 2023 EBITDA Guidance, refer to the Q3 2023 MD&A and Parkland's press release dated September 5, 2023, which are available at www.sedarplus.ca.

For additional details relating to our 2024-2025 Guidance refer to Parkland's press release dated November 14, 2023, which is available at www.sedarplus.ca. The factors and assumptions that contribute to Parkland's assessment of the 2024-2025 Guidance 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 17 of this MD&A and the press release dated November 14, 2023 for a description of such factors, assumptions, risks and uncertainties.

¹⁶ Specified financial measure. See Section 17 and Section 18 of this M&DA.

14. 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 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, 2023.

Changes in internal controls over financial reporting

There were no changes in Parkland's ICFR during the year ended December 31, 2023 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. Additionally, 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, 2023, Parkland had approximately 175.8 million (December 31, 2022 - 175.4 million) common shares, 3.4 million (December 31, 2022 - 4.1 million) share options, 2.1 million (December 31, 2022 - 2.0 million) performance share units, and 0.3 million (December 31, 2022 - 0.4 million) deferred share units outstanding. The share options consist of approximately 2.1 million (December 31, 2022 - 2.8 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, 2023	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Retail ⁽¹⁾	1,683	1,670	419	436	441	435	—	—	2,543	2,541
Commercial ⁽¹⁾⁽²⁾	1,684	1,788	1,479	1,326	684	690	—	—	3,847	3,804
Refining	—	—	—	—	—	—	320	292	320	292
Fuel and petroleum product volume ⁽³⁾	3,367	3,458	1,898	1,762	1,125	1,125	320	292	6,710	6,637

(million litres)	Canada		International		USA		Refining		Consolidated	
Year ended December 31, 2023	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Retail ⁽¹⁾	6,783	6,339	1,647	1,626	1,892	2,051	—	—	10,322	10,016
Commercial ⁽¹⁾⁽²⁾	6,568	6,817	6,225	4,941	3,095	4,012	—	—	15,888	15,770
Refining	—	—	—	—	—	—	1,403	1,250	1,403	1,250
Fuel and petroleum product volume ⁽³⁾	13,351	13,156	7,872	6,567	4,987	6,063	1,403	1,250	27,613	27,036

⁽¹⁾ Includes gasoline and diesel.

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

D. Related party transactions

All of 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. As at December 31, 2023, Parkland has contractually committed to invest approximately \$49 million (2022: nil) in its associate investees.

Further details of the related companies and transactions are disclosed in Note 11, Investments in Associates and Joint Ventures, and Note 25, Related Party Transactions, in the Annual Consolidated Financial Statements.

E. Assets classified as held for sale

As part of Parkland's portfolio optimization strategy, management is committed to a plan to sell certain assets within the Canada segment in the next 12 months. The assets and the related liabilities held for sale as at December 31, 2023 were \$297 million and \$26 million, respectively (December 31, 2022 - \$79 million and \$20 million, respectively).

F. Site count by business model

	As at December 31, 2023			
	Canada	USA	International ⁽¹⁾	Total
Company-owned / leased, Company-operated ⁽²⁾	86	138	15	239
Company-owned / leased, dealer-operated	6	—	237	243
Company-owned / leased, retailer-operated	795	72	—	867
Dealer-owned, dealer-operated / consignment dealer	1,214	447	241	1,902
Franchisee-operated ⁽³⁾	231	—	—	231
Cardlock	165	46	—	211
	2,497	703	493	3,693

	As at December 31, 2022			
	Canada	USA	International ⁽¹⁾	Total
Company-owned / leased, Company-operated ⁽²⁾	63	138	15	216
Company-owned / leased, dealer-operated	7	—	242	249
Company-owned / leased, retailer-operated	801	73	—	874
Dealer-owned, dealer-operated / consignment dealer	1,284	429	236	1,949
Franchisee-operated ⁽³⁾	250	—	—	250
Cardlock	166	49	—	215
	2,571	689	493	3,753

⁽¹⁾ Site count excludes Parkland's 50% interest in the Isla JV. As at December 31, 2023, Isla JV's site count for Company sites and Dealer sites are 109 and 128, respectively (December 31, 2022 - 109 and 127, respectively).

⁽²⁾ Includes Company-operated food stores where Parkland owns the food inventory. As at December 31, 2023, Parkland is the operator of 86 Company-operated stores under the M&M Food Market brand (December 31, 2022 - 63).

⁽³⁾ In addition, as at December 31, 2023, Parkland had arrangements with 2,418 (December 31, 2022 - 2,761) third-party retailers to distribute and sell M&M Food Market products at the retailers' sites under the name "M&M Express".

G. OECD Pillar Two minimum tax

In its 2023 budget, the Canadian Federal Government announced its intentions to substantively enact Pillar Two legislation under the framework established by Organization for Economic Co-operation and Development ("OECD"). The draft legislation was released on August 4, 2023 which includes a 15% global minimum top-up tax. Even though the exact timing of its enactment remains uncertain, once enacted, the Canadian Pillar Two is likely to become effective on January 1, 2024. The enactment of Pillar Two rules in the United States of America remains uncertain. During 2023, certain jurisdictions within the International segment where Parkland operates have substantively enacted the Pillar Two rules with the global minimum top-up tax effective for the fiscal periods beginning on or after December 31, 2023. The global minimum top-up tax is expected to increase Parkland's effective tax rate by 13% in periods when it becomes effective.

15. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

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

Critical accounting estimates and judgments

The preparation of Parkland's consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of revenue, expenses, assets, liabilities, accompanying disclosures and the disclosure of contingent liabilities. These estimates and judgments are subject to change based on experience and new information. Uncertainty about these estimates and judgments 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 environmental provisions

Asset retirement obligations and environmental provisions represents 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 (2022 - \$0.3 million to \$0.6 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. For further details on the key assumptions used during 2023 and 2022, including the sensitivity disclosures, refer to the Note 17, Provisions and other liabilities, in the Annual Consolidated Financial Statements.

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. Free cash flows are discounted using the rates of return on comparable investments reflecting market participant assumptions. 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. No business acquisitions occurred during 2023. For 2022 acquisitions, future growth rate and discount rate assumptions comprised up to 2% and 5%-15% respectively.

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 require 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 2023 and 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, 2023 and 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, 2023. These standards are adopted prospectively, and the adoption of these standards does not have a material impact to the consolidated financial statements.

- Amendments to IAS 12 - Income Taxes, issued on May 7, 2021, require 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 were applied retrospectively.
- Amendments to IAS 1 - Presentation of Financial Statements, issued on February 12, 2021, improve the accounting policy disclosures replacing the requirement to disclose significant accounting policies with material accounting policies.
- Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, issued on February 12 and June 1, 2021, improve accounting policy disclosures and distinguish changes in accounting estimates from changes in accounting policies. The amendments were applied prospectively.
- Amendments to IAS 12 - Income Taxes on International Tax Reform ("Pillar Two amendments"), issued on May 23, 2023, require separate disclosure of current income taxes related to Pillar Two legislation for the entities operating in the jurisdictions that substantively enacted Pillar Two rules. In addition, the amendments require the use of the mandatory temporary exception from the requirements to recognize and disclose deferred tax assets and liabilities related to Pillar Two global minimum tax legislation. In situations, where the rules have been substantively enacted, but are not yet effective, companies are required to provide the disclosures of known or reasonably estimable impacts of Pillar Two on their income taxes. As at December 31, 2023, the Pillar Two rules are substantively enacted but not yet effective in certain jurisdictions where Parkland operates, and the required disclosures have been included within the Note 24 in the Annual Consolidated Financial Statements.

Recently announced accounting pronouncements

The following standards, amendments and interpretations are issued, but not yet effective as at December 31, 2023, and Parkland intends to adopt these standards, amendments and interpretations when they become effective.

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

In January 2020, the International Accounting Standards Board ("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 adoption permissible. The amendments are required to be adopted retrospectively. Parkland does not expect a material impact from these amendments as a result of the initial 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.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures. The amendments address the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements, as well as disclosures required for such arrangements. The introduced disclosure requirements will assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 with earlier adoption permitted. Parkland is currently assessing the impact of these amendments on its consolidated financial statements.

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB issued amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates. The amendments address the lack of exchangeability of illiquid currencies and specify how an entity determines the exchange rate when a currency is not readily exchangeable at the measurement date as well as additional required disclosures. When a currency is not exchangeable, an entity estimates the spot rate as the rate that would have been applied to an orderly transaction between market participants at the measurement date and that would reflect the prevailing economic conditions. An entity must disclose information that would enable users to evaluate how a currency's lack of exchangeability affects financial performance, financial positions, and cash flows of an entity. The amendments to IAS 21 are effective January 1, 2025, with early adoption permitted. Parkland is currently assessing the impact of these amendments on its consolidated financial statements.

16. SEGMENT DESCRIPTIONS

Canada

Overview

Canada owns, supplies and supports a coast-to-coast network of convenience and fuel stores, EV charging stations, food retail locations, 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 and convenience offers, operating under five key retail fuel brands: Ultramar, Esso, Chevron, Pioneer and Fas Gas Plus, while offering its customer convenience and discounts digitally through its Journie™ Rewards loyalty program. 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.

Business models

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

- **Retail** - Canada operates its retail business 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 and collects from the retailer percentage fees on the store sales or gross margins. Parkland owns the inventory at M&M Food Market locations. 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. The sites may also be owned or leased by Parkland and further leased or sub-leased to the dealers. 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. Parkland also supports the On the Run / Marché Express brand at 105 Dealer locations across the country. Sites operating under industry models such as "dealer-owned, dealer-operated" ("DODO"), company-owned/leased, dealer-operated ("CODO") 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.

- **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, and a majority of the cardlock sites are co-located with a retail site. 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.

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 24 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, 2023, included 252 Company sites and 241 Dealer sites, the majority of which are under the Esso, Mobil, Shell, Texaco and Sol brands, and a 50% joint venture interest in Isla's retail network consisting of 237 sites, including 109 Company sites and 128 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 15 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 (the "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 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.

- **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 15 airports in the region, supplying aviation fuel and services to airlines.

International has sales and operations in 24 countries in the Caribbean. International also maintains offices in 21 countries, which are organized into three Regional Operating Centres ("ROCs") as follows:

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

Seasonality

International results are influenced by a variety of inherent business factors. The volumes and Adjusted EBITDA of the Eastern ROC and Northern ROC 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. Southern ROC'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 657¹⁷ retail fuel and convenience stores and 46 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 profit from the following two main channels:

- **Retail** - USA's retail operations are carried out under two 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 is either owned by Parkland or by a qualified independent retailer. If a site is operated by an independent qualified retailer, Parkland does not maintain control of the convenience store inventory and does not participate in the convenience store sales operations. Sites operating under the industry models such as CORO and 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 an independent dealer. Parkland secures long-term fuel supply contracts with the dealers, usually 10 years in length, and supplies fuel to the dealers based on the independently published rack prices. Dealer supply arrangements include multi-site dealer chains supplies and branded and unbranded relationships. The dealer owns the fuel inventory and maintains control of the retail price selling at the fuel pumps. Convenience store inventory is owned by the dealer. Sites

¹⁷ Includes 210 Company sites and 447 Dealer sites.

operating under the industry model "dealer-owned, dealer-operated" ("DODO") are included under the Dealer business model.

The USA's retail sites operate under various brands including, without limitation, On the Run, ARCO, Cenex, Chevron, Conoco, Exxon, Marathon, Mobil, Mr. Gas, Sinclair, Texaco, Phillips 66, Shell, U-Gas and 76. 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 quick-service restaurants.

- **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. 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 and 3rd party card holders. USA's commercial business operates under various brands including, without limitation, Rhinehart Oil, Farstad Oil, Conrad & Bischoff, Tropic Oil and National Fuel Network. 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.

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

17. 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 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. Refer to Note 26 of the Annual Consolidated Financial Statements for more information. In accordance with IFRS Accounting Standards, 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) acquisition, integration and other costs, (ii) unrealized gains and losses on (a) foreign exchange, (b) risk management assets and liabilities unless it relates to underlying physical sales activity in the current period, (iii) adjustments to foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (iv) 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, (v) changes in values of the Sol Put Option, Redemption Options, environmental provision and asset retirement obligations, (vi) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, (vii) impairments of non-current assets, (viii) loss on modification of long-term debt, (ix) earnings impact from hyperinflation accounting, (x) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, (xi) gains and losses on asset disposals, (xii) adjustments for the effect of market-based performance conditions for equity-settled share-based award settlements and (xiii) other adjusting items. Parkland's Adjusted EBITDA is also adjusted to include Parkland's proportionate share of its joint-venture investees' Adjusted EBITDA. 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. Refer to Section 9B of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss), which is the most directly comparable financial measure.

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 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, (ii) loss on inventory write-downs for which there are offsetting associated risk management derivatives 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. The most directly comparable financial measure is sales and operating revenue.

	Three months ended December 31,		Year ended December 31,	
(\$ millions)	2023	2022	2023	2022
Sales and operating revenue	7,746	8,719	32,452	35,462
Cost of purchases	(6,850)	(7,682)	(28,484)	(31,441)
Gain (loss) on risk management and other - realized	122	(56)	51	(336)
Gain (loss) on foreign exchange - realized	2	(1)	(7)	(16)
Other adjusting items to Adjusted gross margin ⁽¹⁾	(8)	15	(11)	7
Adjusted gross margin	1,012	995	4,001	3,676
Fuel and petroleum product adjusted gross margin	814	807	3,254	3,013
Food, convenience and other adjusted gross margin	198	188	747	663
Adjusted gross margin	1,012	995	4,001	3,676

⁽¹⁾ Other adjusting items to Adjusted gross margin for the three months ended December 31, 2023 include (i) impact of hyperinflation accounting of \$5 million loss (2022 - \$1 million gain); (ii) realized risk management gain related to underlying physical sales activity in another period of \$2 million (2022 - \$7 million loss); (iii) adjustment to foreign exchange gains and losses related to cash pooling arrangements of \$1 million (2022 - \$1 million); (iv) unrealized risk management gain related to underlying physical sales activity in current period of nil (2022 - \$10 million); and (v) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains of nil (2022 - \$2 million). Other adjusting items to Adjusted gross margin for the year ended December 31, 2023 include (i) realized risk management gain related to underlying physical sales activity in another period of \$6 million (2022 - \$4 million loss); (ii) impact of hyperinflation accounting of \$5 million loss (2022 - \$1 million gain); and (iii) adjustment to foreign exchange gains and losses related to cash pooling arrangements of nil (2022 - \$2 million).

Food, convenience and other adjusted gross margin

(\$ millions)	Canada		International		USA		Refining		Corporate		Intersegment Eliminations		Consolidated	
For the three months ended December 31,	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Food and convenience store ⁽¹⁾	76	75	5	4	24	23	—	—	—	—	—	—	105	102
Other retail ⁽²⁾	3	4	7	5	2	1	—	—	—	—	—	—	12	10
Lubricants and other ⁽³⁾	26	24	21	24	45	25	—	3	1	1	(12)	(1)	81	76
Food, convenience and other adjusted gross margin	105	103	33	33	71	49	—	3	1	1	(12)	(1)	198	188

(\$ millions)	Canada		International		USA		Refining		Corporate		Intersegment Eliminations		Consolidated	
For the year ended December 31,	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Food and convenience store ⁽¹⁾	277	242	17	14	105	96	—	—	—	—	—	—	399	352
Other retail ⁽²⁾	12	11	26	22	6	6	—	—	—	—	—	—	44	39
Lubricants and other ⁽³⁾	93	74	83	70	140	118	—	10	5	1	(17)	(1)	304	272
Food, convenience and other adjusted gross margin	382	327	126	106	251	220	—	10	5	1	(17)	(1)	747	663

⁽¹⁾ Food and 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, royalties and license fees and rental income from retailers in the form of a percentage rent on convenience store sales.

⁽²⁾ Other retail revenue includes facilities rental revenue, advertising revenue and other miscellaneous retail-related revenues.

⁽³⁾ Lubricants and other include lubricants, freight, tanks and parts installation, cylinder exchanges, emission allowances and other products and services and non-retail operating lease revenue.

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 Accounting Standards. 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) is a non-GAAP financial measure and Adjusted earnings (loss) per share is a non-GAAP financial ratio, each representing the underlying core operating performance of business activities of Parkland at a consolidated level. The most directly comparable financial measure to Adjusted earnings (loss) and Adjusted earnings (loss) per share is Net earnings (loss) attributable to Parkland.

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 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) acquisition, integration and other costs (ii) unrealized gains and losses on (a) foreign exchange, (b) risk management assets and liabilities unless they relate to underlying physical sales activity in the current period, (iii) adjustments to foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (iv) 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, (v) changes in values of the Sol Put Option, Redemption Options, environmental provision and asset retirement obligations, (vi) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, (vii) impairments of non-current assets, (viii) loss on modification of long-term debt, (ix) earnings impact from hyperinflation accounting, (x) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, (xi) gains and losses on asset disposals, (xii) adjustments for the effect of market-based performance conditions for equity settled share-based award settlements, and (xiii) 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). Concurrently with Parkland entering into the Share Exchange Agreement, effective August 4, 2022, Parkland does not allocate a portion of Adjusted earnings (loss) to NCI and includes 100 per cent of International results as Adjusted earnings (loss).

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

	Three months ended December 31,		Year ended December 31,	
(\$ millions, unless otherwise stated)	2023	2022	2023	2022
Net earnings (loss) attributable to Parkland	86	69	471	310
Add: Net earnings (loss) attributable to NCI	—	—	—	36
Net earnings (loss)	86	69	471	346
Add:				
Acquisition, integration and other costs	42	41	146	117
Loss on modification of long-term debt	—	—	—	2
(Gain) loss on foreign exchange – unrealized	—	8	35	(8)
(Gain) loss on risk management and other – unrealized	28	9	(34)	39
Other (gains) and losses	5	(21)	3	23
Other adjusting items ⁽¹⁾	6	21	48	26
Tax normalization ⁽²⁾	(16)	(10)	(43)	(46)
Adjusted earnings (loss) including NCI	151	117	626	499
Less: Adjusted earnings (loss) attributable to NCI	—	—	—	31
Adjusted earnings (loss) attributable to Parkland ("Adjusted earnings (loss)")	151	117	626	468
Weighted average number of common shares (million shares) ⁽³⁾	176	173	176	160
Weighted average number of common shares adjusted for the effects of dilution (million shares) ⁽³⁾	180	174	179	161
Adjusted earnings (loss) per share (\$ per share)				
Basic	0.86	0.67	3.56	2.93
Diluted	0.84	0.67	3.50	2.91

⁽¹⁾ Other adjusting items for the three months ended December 31, 2023 include: (i) the share of depreciation, income taxes and other adjustments for investments in joint ventures and associates of \$9 million (2022 - \$2 million); (ii) other income of \$2 million (2022 - \$4 million); (iii) realized risk management gain related to underlying physical sales activity in another period of \$2 million (2022 - \$7 million loss); (iv) impact of hyperinflation accounting of \$2 million loss (2022 - \$1 gain); (v) adjustment to foreign exchange gains and losses related to cash pooling arrangements of \$1 million (2022 - \$1 million); (vi) unrealized risk management gain related to underlying physical sales activity in current period of nil (2022 - \$10 million); and (vii) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains of nil (2022 - \$2 million). Other adjusting items for the year ended December 31, 2023 include: (i) other income of \$23 million (2022 - \$8 million); (ii) the share of depreciation, income taxes and other adjustments for investments in joint ventures and associates of \$20 million (2022 - \$11 million); (iii) the effect of market-based performance conditions for equity-settled share-based award settlements of \$13 million (2022 - nil); (iv) realized risk management gain related to underlying physical sales activity in another period of \$6 million (2022 - 4 million loss); (v) impact of hyperinflation accounting of \$2 million loss (2022 - \$1 gain); and (v) adjustment to foreign exchange gains and losses related to cash pooling arrangements of nil (2022 - \$2 million).

⁽²⁾ The tax normalization adjustment was applied to net earnings (loss) adjusting items that were considered temporary differences, such as acquisition, integration and other costs, unrealized foreign exchange gains and losses, unrealized gains and losses on risk management and other, gains and losses on asset disposals, 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, impairments of non-current assets and debt modifications. The tax impact was estimated using the effective tax rates applicable to jurisdictions where the related items occur.

⁽³⁾ 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.

Available cash flow and Available cash flow per share

Available cash flow and Available cash flow per share are a non-GAAP financial measure and a non-GAAP financial ratio, respectively.

Available cash flow is calculated as cash generated from (used in) operating activities, the most directly comparable financial measure, adjusted for items such as (i) net change in (a) non-cash working capital and (b) other assets and other liabilities, (ii) maintenance capital expenditures, (iii) dividends received from investments in associates and joint ventures, (iv) interest on leases and long-term debt, and (v) payments on principal amount on leases. We use this non-GAAP financial measure to monitor Parkland's ability to generate cash flow for capital allocation, including distributions to shareholders, investment in the growth of the business, and deleveraging.

Available cash flow per share is a non-GAAP financial ratio calculated by dividing Available cash flow by the weighted average number of outstanding common shares.

(\$ millions, unless otherwise noted)	Three months ended				Year ended
	March 31, 2023	June 30, 2023 ⁽¹⁾	September 30, 2023	December 31, 2023	December 31, 2023
Cash generated from (used in) operating activities	314	521	528	417	1,780
Reverse: Change in other assets and other liabilities	11	(11)	7	(4)	3
Reverse: Net change in non-cash working capital ⁽²⁾	18	(145)	(14)	17	(124)
Include: Maintenance capital expenditures attributable to Parkland	(79)	(61)	(52)	(93)	(285)
Include: Dividends received from investments in associates and joint ventures	16	2	4	3	25
Include: Interest on leases and long-term debt	(92)	(89)	(83)	(88)	(352)
Include: Payments of principal amount on leases	(51)	(56)	(57)	(71)	(235)
Available cash flow	137	161	333	181	812
Weighted average number of common shares (millions) ⁽³⁾					176
TTM Available cash flow per share					4.61

(\$ millions, unless otherwise noted)	Three months ended				Year ended
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	December 31, 2022
Cash generated from (used in) operating activities	(48)	341	404	629	1,326
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(26)	(27)	(11)	—	(64)
	(74)	314	393	629	1,262
Reverse: Change in other assets and other liabilities	(2)	(1)	23	(23)	(3)
Reverse: Net change in non-cash working capital	420	88	(132)	(232)	144
Include: Maintenance capital expenditures attributable to Parkland	(29)	(44)	(62)	(118)	(253)
Include: Dividends received from investments in associates and joint ventures	—	12	5	—	17
Include: Interest on leases and long-term debt	(64)	(69)	(76)	(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
Available cash flow	220	267	103	118	708
Weighted average number of common shares (millions) ⁽³⁾					160
TTM Available cash flow per share					4.43

⁽¹⁾ For comparative purposes, certain amounts within net change in non-cash working capital for the three months ended June 30, 2023 were revised to conform to the current period presentation.

⁽²⁾ Starting in the fourth quarter of 2023, "Changes in risk management and other" are included within net changes in non-cash working capital. For comparative purposes, certain amounts within net change in non-cash working capital were revised to conform to the current period presentation.

⁽³⁾ Weighted average number of common shares disclosed is consistent with the Note 3 of the Annual Consolidated Financial Statements.

Available cash flow per share Guidance is a non-GAAP financial ratio, which represents the forward-looking metric of Available cash flow per share. Available cash flow per share Guidance is calculated based on historical cash flow performance and the assumptions made on the future performance of Parkland. The significant assumptions related to the Available cash flow per share Guidance are disclosed in Section 18.

Dividend payout ratio ("Dividend payout ratio")

The dividend payout ratio is a non-GAAP ratio calculated by dividing dividends distributed by Available cash flow. There is no directly comparable financial measure for dividend payout ratio. We use dividend payout ratio as a useful indicator of Parkland's ability to generate cash flows to sustain quarterly dividends to shareholders. The composition of the ratio was modified in the fourth quarter of 2023 due to the introduction of available cash flow measure that replaced cash available for dividend distribution previously used in calculation of the dividend payout ratio.

(\$ millions, unless otherwise noted)	Trailing twelve months ended December 31,	
	2023	2022
Available cash flow	812	708
Dividends	240	207
Dividend payout ratio	30%	29%

Return on invested capital ("ROIC")

ROIC is a non-GAAP financial ratio. The measure is calculated as a ratio of Net operating profit after tax ("NOPAT") divided by average invested capital. NOPAT describes the profitability of Parkland's base operations, excluding the impact of leverage and certain other items of income and expenditure that are not considered representative of Parkland's underlying core operating performance. NOPAT is based on Adjusted EBITDA including NCI, defined in Section 17A, less depreciation expense and the estimated tax expense using the expected average tax rate estimated using statutory tax rates in each jurisdiction where Parkland operates. Average invested capital is the amount of capital deployed by Parkland that represents the average of opening and closing debt and shareholder's equity, including equity reserves, net of cash and cash equivalents. We use this non-GAAP measure to assess Parkland's efficiency in investing capital.

ROIC	Trailing twelve months ended December 31,	
	2023	2022
Net earnings (loss)	471	346
Add/(less):		
Income tax expense (recovery)	37	70
Acquisition, integration and other costs	146	117
Depreciation and amortization	823	743
Finance cost	384	331
Unrealized foreign exchange (gain) loss	35	(8)
Unrealized loss (gain) on risk management and other	(34)	39
Other (gains) and losses	3	23
Other adjusting items	48	26
Adjusted EBITDA Including NCI	1,913	1,687
Less: Depreciation	(823)	(743)
Adjusted EBIT	1,090	944
Average effective tax rate	16.7 %	22.5 %
Less: Taxes	(182)	(212)
Net operating profit after tax	908	732
Opening invested capital	9,293	8,151
Closing invested capital	9,152	9,293
Average invested capital	9,223	8,722
Return on invested capital	9.8 %	8.4 %

Invested capital (\$ millions, unless otherwise noted)	December 31,		
	2023	2022	2021
Long-term debt - current portion	191	173	124
Long-term debt	6,167	6,799	5,432
Shareholders' equity	3,181	3,037	2,332
Sol Put Option	—	—	589
Exclude: Cash and cash equivalents	(387)	(716)	(326)
Total	9,152	9,293	8,151

ROIC Guidance is a non-GAAP financial ratio, which represents the forward-looking metric of ROIC. ROIC Guidance is calculated based on the historic ROIC performance and the assumptions made on the future performance of Parkland. The significant assumptions related to the ROIC Guidance is disclosed in Section 18.

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

Food and Company C-Store SSSG is a non-GAAP financial ratio and 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 most directly comparable financial measure to Food and Company C-Store SSSG is food and convenience store revenue within sales and operating revenue.

Below is a reconciliation of convenience store revenue (Food and C-Store revenue) for the Canada and the USA segments with the Food and Company C-Store same store sales ("SSS"), and the calculation of the Food and Company C-Store SSSG. Since the USA segment started reporting the C-Store SSS metrics in 2023, no comparative information has been disclosed as it was impractical to present such information on a consistent basis due to multiple acquired business not fully integrated in 2021. For USA, the SSS metrics are presented based on constant currencies using the respective current period average exchange rate for both the current and comparative periods.

Canada:

(\$ millions)	Three months ended December 31,			Twelve months ended December 31,		
	2023	2022	% ⁽¹⁾	2023	2022	% ⁽¹⁾
Food and Company C-Store revenue	92	88		323	359	
Add:						
Point-of-sale ("POS") value of goods and services sold at Food and Company C-Store operated by retailers and franchisees ⁽²⁾⁽³⁾	324	323		1,247	1,046	
Less:						
Rental and royalty income from retailers, franchisees and other ⁽³⁾⁽⁴⁾	(67)	(67)		(253)	(207)	
Same Store revenue adjustments ⁽⁵⁾ (excluding cigarettes)	(20)	(19)		(152)	(57)	
Food and Company C-Store same-store sales (including cigarettes)	329	325	1.1 %	1,165	1,141	2.1 %
Less:						
Same Store revenue adjustments ⁽⁵⁾ (cigarettes)	(102)	(100)		(407)	(407)	
Food and Company C-Store same-store sales (excluding cigarettes)	227	225	1.2 %	758	734	3.2 %

	Three months ended December 31,			Twelve months ended December 31,		
(\$ 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 ⁽²⁾	306	141		1,029	590	
Less:						
Rental income from retailers and other ⁽⁴⁾	(43)	(26)		(144)	(105)	
Same Store revenue adjustments ⁽⁵⁾⁽⁶⁾ (excluding cigarettes)	(164)	(15)		(460)	(44)	
Food and Company C-Store same-store sales (including cigarettes)	187	193	(3.5)%	784	831	(5.7)%
Less:						
Same Store revenue adjustments ⁽⁵⁾⁽⁶⁾ (cigarettes)	(87)	(99)		(375)	(434)	
Food and Company C-Store same-store sales (excluding cigarettes)	100	94	6.0%	409	397	3.1%

⁽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 as Parkland earns rental income from retailers in the form of a percentage rent on convenience store sales. POS values are calculated based on the information obtained from Parkland's POS systems at retail sites, including transactional data, such as sales, costs and volumes, which are subject to internal controls over financial reporting. We also use this data to calculate rental income from retailers in the form of a percentage rent on convenience store sales, which is recorded as revenue in our consolidated financial statements.

⁽³⁾ Includes the impacts of acquisitions when the relevant information becomes available after the completion of the related system integration activities.

⁽⁴⁾ 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 other.

⁽⁵⁾ 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.

⁽⁶⁾ Excludes sales from acquisitions completed within the year as these will not impact the metric until after the completion of one year of the acquisitions when the sales or volume generated establish the baseline for these metrics.

USA:

	Three months ended December 31,			Twelve months ended December 31,		
(\$ millions)	2023	2022	% ⁽¹⁾	2023	2022	% ⁽¹⁾
Food and Company C-Store revenue	82	81		343	321	
Adjusted for:						
Impact of foreign currency exchange ⁽²⁾	—	—		—	11	
Less:						
Same Store revenue adjustments ⁽³⁾ (excluding cigarettes)	(6)	(6)		(28)	(26)	
Food and Company C-Store same-store sales (including cigarettes)	76	75	0.2 %	315	306	2.5 %
Less:						
Same Store revenue adjustments ⁽³⁾ (cigarettes)	(22)	(22)		(96)	(94)	
Food and Company C-Store same-store sales (excluding cigarettes)	54	53	0.4 %	219	212	3.3 %

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

⁽²⁾ This adjustment excludes the impact of foreign exchange by using the current period average exchange rate for both the current and comparative periods.

⁽³⁾ This adjustment excludes the effects of acquisitions, opening and closing stores, temporary closures expansions of stores, renovations of stores, and stores with changes in food service models, to derive a comparable same-store metric.

Food and Company C-Store gross margin percentage

Food and Company C-Store gross margin percentage is a non-GAAP financial ratio used by Parkland's Canada and USA segments to analyze the performance of its food, convenience and servicing operations at its backcourt. In Canada, 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. In USA, Food and Company C-Store gross margin includes the margin on goods and services sold at Food and Company C-Stores operated by Parkland. The most directly comparable financial measure to Food and Company C-Store gross margin percentage is food and convenience store revenue within sales and operating revenue. Below is a reconciliation of convenience store revenue and cost of purchases of the Canada and USA segments with the Food and Company C-Store gross margin.

Canada:

	Three months ended December 31,		Twelve months ended December 31,	
(\$ millions)	2023	2022	2023	2022
Adjusted Food and Company C-Store revenue	350	328	1,320	1,182
Adjusted Food and Company C-Store cost of sales	(224)	(209)	(862)	(773)
Adjusted Food and Company C-Store gross margin	126	119	458	409
Food and Company C-Store gross margin percentage	36.0 %	36.3 %	34.7 %	34.6 %
Food and Company C-Store revenue	92	88	323	359
Add:				
POS value of goods and services sold at Food and Company C-Store operated by retailers and franchisees ⁽¹⁾	324	306	1,247	1,029
Less:				
Rental and royalty income from retailers, franchisees and others ⁽²⁾	(66)	(66)	(250)	(206)
Adjusted Food and Company C-Store revenue	350	328	1,320	1,182
Food and Company C-Store cost of sales	16	13	46	117
Add:				
Cost of goods and services sold at Food and Company C-Store operated by retailers and franchisees ⁽¹⁾	208	196	816	656
Adjusted Food and Company C-Store cost of sales	224	209	862	773

⁽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 as Parkland earns rental income from retailers in the form of a percentage rent on convenience store sales. POS values are calculated based on the information obtained from Parkland's POS systems at retail sites, including transactional data, such as sales, costs and volumes, which are subject to internal controls over financial reporting. We also use this data to calculate rental income from retailers in the form of a percentage rent on convenience store sales, which is recorded as revenue in our 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.

USA:

	Three months ended December 31,		Twelve months ended December 31,	
(\$ millions)	2023	2022	2023	2022
Food and Company C-Store revenue	82	81	343	321
Food and Company C-Store cost of sales	(58)	(58)	(238)	(225)
Food and Company C-Store gross margin ⁽¹⁾	24	23	105	96
Food and Company C-Store gross margin percentage ⁽¹⁾	29.3 %	28.4 %	30.6 %	29.9 %

⁽¹⁾ USA Food and Company C-Store gross margin and C-Store gross margin percentage are both considered supplementary financial measures. The composition of USA Food and Company C-Store gross margin is consistent with that of Adjusted gross margin defined in the Section 16A. USA Food and Company C-Store gross margin percentage is calculated as a ratio of USA Food and Company C-Store gross margin to USA Food and Company C-Store revenue.

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.

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	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.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Growth capital expenditures attributable to Parkland	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.
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 to 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 Cash generated from (used in) operating activities per share	Measure of the amount of cash per share generated by the Company's operations over the last twelve months.	Cash generated from (used in) operating activities divided by the weighted average number of common shares for the TTM period.	This measure indicates the Company's cash operating performance over the last twelve months, on a per share basis.
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.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
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 outstanding common shares for the period.	This measure indicates 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.
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 16A 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).
Capital Expenditure Guidance	Measure represents our forecast of the maintenance and growth capital expenditures	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 Capital Expenditure Section 8 of this MD&A	Parkland uses this measure to provide guidance to shareholders, investors and analysts, detailing the capital expenditures we expect to invest 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 17D 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 Accounting Standards. It is therefore unlikely to be comparable to similar measures presented by other companies. The detailed calculation of Leverage Ratio is as follows:

	December 31, 2023	December 31, 2022
Leverage Debt	4,976	5,480
Leverage EBITDA	1,780	1,602
Leverage Ratio	2.8	3.4

	December 31, 2023	December 31, 2022
Long-term debt	6,358	6,972
Less:		
Lease obligations	(1,048)	(828)
Cash and cash equivalents	(387)	(716)
Add:		
Letters of credit	53	52
Leverage Debt	4,976	5,480

	Three months ended				Trailing twelve months ended
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	December 31, 2023
Adjusted EBITDA including NCI	395	470	585	463	1,913
Share incentive compensation	8	6	5	11	30
Reverse: IFRS 16 impact ⁽¹⁾	(61)	(68)	(71)	(82)	(282)
	342	408	519	392	1,661
Other adjustments ⁽²⁾					119
Leverage EBITDA					1,780

⁽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⁾ Adjustments to normalize EBITDA in relation to non-recurring events including the completion of turnarounds and third-party power outages.

	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 the impact of pro-forma pre-acquisition EBITDA estimates based on anticipated benefits, costs and synergies from acquisitions.

⁽³⁾ Adjustments to normalize EBITDA in relation to non-recurring events including the completion of turnarounds, mechanical break-downs, and third-party power outages.

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 Accounting Standards 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 Burnaby 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 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 food products.
Marketing, General and Administrative expense ("MG&A")	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 Rockies ROC, Northern Tier ROC, Southeast ROC and Pacific North West ROC. The International segment includes three ROCs, being Eastern ROC, Northern ROC and Southern ROC.

18. 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 focus on developing our existing business in resilient markets, growing our food, convenience and renewable energy businesses, and helping customers to decarbonize;
- expectations with respect to our operations;
- deleveraging strategy;
- capital investment philosophy;
- "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, supporting our governments' goals of achieving net-zero emissions by 2050, and continuing to grow its carbon offset and renewable fuel business;
- plan to build one of western Canada's largest ultra-fast EV charging networks, the anticipated locations forming part of the network, and the funding and status thereof;
- 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 expenditures, interest, income taxes, dividends, any share repurchases, any future acquisitions, and other commitments;
- availability of funds under the Credit Agreement and the CIB loan and the terms of such funding;
- expectations and initiatives regarding operations and expenses;
- contractual commitments for the acquisition of property, plant and equipment attributable to Parkland as at December 31, 2023 and expectations relating to such commitments and projects relating thereto, if such projects are completed, and the timing, funding and terms thereof;
- expectations regarding integration of acquired businesses and any future acquisitions;
- 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 foreseeable liquidity requirements;
- future dividend payments;
- ability to adjust capital spending and to adjust dividends paid to shareholders;
- outlook and the 2024-2025 Guidance, including the 2024 Adjusted EBITDA Guidance Range, the 2024 Capital Program, the 2024 Available cash flow per share Guidance, the 2024 ROIC Guidance and the 2025 Leverage Ratio Guidance;
- market conditions and the impact thereof, including with respect to commodity prices, exchange rates and realized foreign exchange gains or losses;
- expectations with respect to the start-up of Trans Mountain Expansion Project and the impact of tariffs on the TMPL;
- expectations with respect to asset retirement obligations and environmental provisions, including decommissioning and remediation costs, and the impact of amendments to accounting standards; and
- portfolio optimization strategy, including management's plan to sell certain assets within the Canada segment in the next 12 months.

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, including rates of EV adoption;
- the effects of inflation;
- the effects of global conflicts, geopolitical tension and trade disputes and disruption on general economic conditions;
- climate change impacts on Parkland's operations;

- Parkland's ability to adapt its business in a changing regulatory environment;
- Parkland's ability to operate and upgrade its enterprise resource planning systems without interruption;
- 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, natural gas, electricity and bio-feedstocks for the Burnaby Refinery and continued access to and operation of the TMPL;
- Parkland's ability to commence restart procedures at the Burnaby Refinery successfully and within the expected timeframe;
- 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 operate safely and reliably;
- 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 execute its portfolio optimization strategy, including with respect to identifying buyers, and completing such dispositions, if any, on terms reasonable to Parkland and in a timely manner; 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 2024 Adjusted EBITDA Guidance Range, which is described in Section 13 of this MD&A, include:

- continued integration of acquired businesses, synergy capture, and organic growth initiatives;
- an increase in Retail and Commercial Fuel and petroleum product adjusted gross margin of approximately 5% and Food, convenience and other adjusted gross margin of approximately 5% as compared to the year ended December 31, 2023;
- Refining adjusted gross margin of approximately \$41/bbl to \$43/bbl and average Burnaby Refinery composite utilization of 80 to 85% based on the Burnaby Refinery's crude processing capacity of 55,000 bpd;
- the realization of \$100 million of run-rate MG&A cost efficiencies by the end of 2024;
- the impact of the unplanned outage at the Burnaby Refinery and resumption of normal operations during the first quarter of 2024;
- enhancements to operations and optimization of supply at the Burnaby Refinery during 2024; and
- implementation of ongoing operating and MG&A cost reductions across the business.

2024 Available cash flow per share Guidance assumes increasing cash flow through continued integration of acquired businesses and organic growth, while maintaining or decreasing the number of outstanding common shares. 2024 ROIC Guidance assumes invested capital grows at a slower pace than NOPAT through 2024.

The 2024 Capital Program is mainly driven by increased Adjusted EBITDA and assumes no material change to underlying operations and no planned turnaround at the Burnaby Refinery.

The 2025 Leverage Ratio Guidance assumes increasing the amount of Available cash flow through continued integration of acquired businesses, organic business growth in 2024 and 2025, and maintaining or decreasing debt levels.

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;

- 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 customer and supply advantages;
- ability to realize the expected benefits, synergies and opportunities from completed acquisitions and, if applicable, those of future acquisitions as well;
- ability to identify buyers and complete dispositions, if any, on terms reasonable to Parkland and in a timely manner;
- ability to identify future acquisition targets, if applicable, and secure funding for future acquisitions, if any;
- ability to secure future capital to support and develop our business, including the issuance of additional common shares;
- 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;
- the impact of new and emerging technologies; 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 SEDAR+ at www.sedarplus.ca 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.

19. FOURTH QUARTER SEGMENT INFORMATION

Segment information For the three months ended December 31,	Canada		International		USA		Refining		Corporate		Intersegment eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External fuel and petroleum product volume	3,367	3,458	1,898	1,762	1,125	1,125	320	292	—	—	—	—	6,710	6,637
Internal fuel and petroleum product volume ⁽¹⁾	117	83	—	—	—	4	654	762	—	—	(771)	(849)	—	—
Total fuel and petroleum product volume (million litres)	3,484	3,541	1,898	1,762	1,125	1,129	974	1,054	—	—	(771)	(849)	6,710	6,637
Sales and operating revenue⁽²⁾														
Revenue from external customers	3,689	4,274	2,350	2,324	1,445	1,864	262	257	—	—	—	—	7,746	8,719
Inter-segment revenue ⁽¹⁾	135	90	—	—	9	8	722	947	1	1	(867)	(1,046)	—	—
Total sales and operating revenue	3,824	4,364	2,350	2,324	1,454	1,872	984	1,204	1	1	(867)	(1,046)	7,746	8,719
Cost of purchases	3,403	3,932	2,168	2,129	1,298	1,675	836	991	—	—	(855)	(1,045)	6,850	7,682
Adjusted gross margin														
Fuel and petroleum product adjusted gross margin, before the following:	316	329	149	162	85	148	148	210	—	—	—	—	698	849
Gain (loss) on risk management and other - realized	20	—	58	(8)	9	(28)	35	(20)	—	—	—	—	122	(56)
Gain (loss) on foreign exchange - realized	(1)	—	(1)	(6)	—	—	4	4	—	1	—	—	2	(1)
Other adjusting items to adjusted gross margin ⁽³⁾	—	(2)	(5)	4	(1)	10	(1)	4	(1)	(1)	—	—	(8)	15
Fuel and petroleum product adjusted gross margin	335	327	201	152	93	130	186	198	(1)	—	—	—	814	807
Food, convenience and other adjusted gross margin	105	103	33	33	71	49	—	3	1	1	(12)	(1)	198	188
Total adjusted gross margin	440	430	234	185	164	179	186	201	—	1	(12)	(1)	1,012	995
Operating costs	187	170	63	57	99	112	74	69	—	(1)	(12)	—	411	407
Marketing, general and administrative	63	64	26	28	26	20	6	4	29	29	—	(1)	150	144
Share in (earnings) loss of associates and joint ventures	5	—	(3)	(5)	—	—	—	—	—	—	—	—	2	(5)
(Gain) loss on foreign exchange - realized	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other adjusting items to Adjusted EBITDA ⁽⁴⁾	(5)	(1)	(9)	(5)	—	1	—	—	—	(1)	—	—	(14)	(6)
Adjusted EBITDA including NCI	190	197	157	110	39	46	106	128	(29)	(26)	—	—	463	455
Attributable to NCI	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	190	197	157	110	39	46	106	128	(29)	(26)	—	—	463	455
Reconciliation to net earnings (loss)														
Adjusted EBITDA including NCI													463	455
Acquisition, integration and other costs													42	41
Depreciation and amortization													222	212
Finance costs													89	94
(Gain) loss on foreign exchange - unrealized													—	8
(Gain) loss on risk management and other - unrealized													28	9
Other (gains) and losses													5	(21)
Other adjusting items ⁽⁵⁾⁽⁴⁾													6	21
Income tax expense (recovery)													(15)	22
Net earnings (loss)													86	69

⁽¹⁾ Internal fuel and petroleum product volume and inter-segment revenue results include fuel and petroleum exchange transactions executed by Parkland where two Parkland group entities facilitate the product exchange with the same third-party. These exchange transactions are netted on consolidation.

⁽²⁾ See Section 9 for further details on sales and operating revenue.

⁽³⁾ Other adjusting items to adjusted gross margin include: (i) the impact of hyperinflation accounting of \$5 loss for International (2022 - \$1 gain); (ii) realized risk management gain related to underlying physical sales activity in another period of \$1 for Refining (2022 - \$4 loss), \$1 for USA (2022 - nil) and nil for International (2022 - \$3 loss); (iii) adjustment to foreign exchange gains and losses related to cash pooling arrangements of \$1 for Corporate (2022 - \$1); (iv) loss on inventory write-downs of nil for Canada (2022 - \$2); and (v) unrealized risk management gain related to the underlying physical sales activity in the current period of nil for USA (2022 - \$10).

⁽⁴⁾ Other adjusting items to Adjusted EBITDA include: (i) the share of depreciation, income taxes and other adjustments for investments in joint ventures and associates of \$5 for Canada (2022 - nil) and \$4 for International (2022 - \$2); (ii) impact of hyperinflation accounting of \$3 for International (2022 - nil); and (iii) other income of \$2 for International (2022 - \$3), nil for Canada (2022 - \$1), nil for USA (2022 - \$1 expense), and nil for Corporate (2022 - \$1).