Parkland Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2023

PARKLAND

Parkland Corporation

Consolidated Balance Sheets
(Unaudited)

($ millions)	Note	**March 31, 2023**	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents - Unrestricted		**456**	653
Cash and cash equivalents - Restricted		**42**	63
Accounts receivable		**1,610**	1,872
Inventories		**1,571**	1,745
Income taxes receivable		**28**	14
Risk management and other financial assets	7	**60**	39
Prepaid expenses and other		**129**	109
Assets classified as held for sale	4	**265**	79
		4,161	4,574
Property, plant and equipment		**5,068**	5,141
Intangible assets		**1,308**	1,355
Goodwill		**2,470**	2,484
Investments in associates and joint ventures		**341**	342
Long-term receivables		**110**	113
Other long-term assets	5	**90**	82
Deferred tax assets		**209**	197
		13,757	14,288
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**2,496**	2,806
Dividends declared and payable		**60**	57
Income taxes payable		**18**	22
Long-term debt – current portion	6	**184**	173
Provisions and other liabilities – current portion	9	**132**	139
Risk management and other financial liabilities	7	**16**	69
Liabilities associated with assets held for sale	4	**31**	20
		2,937	3,286
Long-term debt	6	**6,599**	6,799
Provisions and other liabilities	9	**763**	752
Deferred tax liabilities		**396**	414
		10,695	11,251
Shareholders' equity			
Shareholders' capital	10	**3,240**	3,237
Contributed surplus		**82**	73
Accumulated other comprehensive income (loss)		**(71)**	(67)
Retained earnings (deficit)		**(189)**	(206)
		3,062	3,037
		13,757	14,288

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Income (Loss)
(Unaudited)

		Three months ended March 31,	
($ millions, unless otherwise stated)	Note	**2023**	2022
Sales and operating revenue	13	**8,156**	7,606
Expenses			
Cost of purchases		**7,265**	6,563
Operating costs		**411**	337
Marketing, general and administrative		**157**	128
Acquisition, integration and other costs		**27**	13
Depreciation and amortization		**190**	155
Finance costs	11	**104**	70
Foreign exchange loss (gain)		**1**	(2)
(Gain) loss on risk management and other		**(71)**	194
Other (gains) and losses	12	**21**	72
Share of (earnings) loss of associates and joint ventures		**(6)**	(5)
Earnings (loss) before income taxes		**57**	81
Current income tax expense (recovery)		**8**	30
Deferred income tax expense (recovery)		**(28)**	(17)
Net earnings (loss)		**77**	68
Net earnings (loss) attributable to:			
Parkland		**77**	55
NCI		**–**	13
Net earnings (loss) per share ($ per share)			
Basic		**0.44**	0.36
Diluted		**0.43**	0.35
Weighted average number of common shares (000's of shares)		**175,493**	154,899
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)		**177,124**	155,925

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

($ millions, unless otherwise stated)	Note	Three months ended March 31, 2023	2022
Net earnings (loss)		**77**	68
Other comprehensive income (loss):			
Items that may be reclassified to consolidated statements of income (loss) in subsequent periods:			
Exchange differences on translation of foreign operations		**(4)**	(29)
Exchange differences on USD-denominated debt designated as a hedge of the net investment in foreign operations ("Net Investment Hedge"), net of tax	6	**1**	32
Changes in the fair value of cash flow hedges, net of tax		**–**	(2)
Hedging gains reclassified to the consolidated statements of comprehensive income (loss)		**(1)**	—
Items that will not be reclassified to consolidated statements of income (loss) in subsequent periods:			
Remeasurements on employee benefit plans		**–**	(1)
Other comprehensive income (loss)		**(4)**	—
Total comprehensive income (loss)		**73**	68
Total comprehensive income (loss) attributable to:			
Parkland		**73**	59
NCI		**–**	9

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

($ millions)	Note	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income (loss)	Sol Put Option reserve	Retained earnings (deficit)	NCI	Total shareholders' equity
As at January 1, 2023		**3,237**	**73**	**(67)**	**–**	**(206)**	**–**	**3,037**
Net earnings (loss)		**–**	**–**	**–**	**–**	**77**	**–**	**77**
Other comprehensive income (loss)		**–**	**–**	**(4)**	**–**	**–**	**–**	**(4)**
Dividends		**–**	**–**	**–**	**–**	**(60)**	**–**	**(60)**
Share incentive compensation		**–**	**9**	**–**	**–**	**–**	**–**	**9**
Issued under share option plan	10	**3**	**–**	**–**	**–**	**–**	**–**	**3**
As at March 31, 2023		**3,240**	**82**	**(71)**	**–**	**(189)**	**–**	**3,062**
As at January 1, 2022		2,586	59	(39)	(494)	(142)	362	2,332
Net earnings (loss)		–	–	–	–	55	13	68
Other comprehensive income (loss)		–	–	4	–	–	(4)	—
Dividends		–	–	–	–	(49)	—	(49)
Share incentive compensation		–	8	–	–	–	–	8
Shares issued on acquisitions		26	–	–	–	–	–	26
Issued under dividend reinvestment plan, net of costs	10	14	–	–	–	–	–	14
Issued under share option plan	10	2	—	–	–	–	–	2
Issued on vesting of performance share units	10	—	(2)	–	–	–	–	(2)
As at March 31, 2022		2,628	65	(35)	(494)	(136)	371	2,399

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Cash Flows
(Unaudited)

		Three months ended March 31,	
($ millions)	Note	**2023**	2022
Operating activities			
Net earnings (loss)		**77**	68
Adjustments for:			
Depreciation and amortization		**190**	155
Interest on leases and long-term debt	11	**92**	64
Share incentive compensation		**9**	10
Change in risk management and other		**(74)**	27
Change in other liabilities and other assets		**(11)**	2
Change in fair value of Redemption Options	12	**(9)**	86
Deferred income tax expense (recovery)		**(28)**	(17)
Share of net (earnings) loss of associates and joint ventures		**(6)**	(5)
Other operating activities		**50**	(2)
Net change in non-cash working capital related to operating activities	3	**24**	(436)
Cash generated from (used in) operating activities		**314**	(48)
Investing activities			
Acquisitions, net of cash acquired		**–**	(400)
Investment in joint venture and associates		**–**	(2)
Dividends received from investments in associates and joint ventures		**16**	—
Additions to property, plant and equipment and intangible assets		**(113)**	(55)
Change in long-term receivables and other assets		**(3)**	(3)
Proceeds on asset disposals		**7**	1
Net change in non-cash working capital related to investing activities	3	**(6)**	(26)
Cash generated from (used in) investing activities		**(99)**	(485)
Financing activities			
Net proceeds from (repayments of) the Credit Facility	6	**(247)**	840
Interest paid on leases and long-term debt	11	**(73)**	(46)
Payments on principal amount on leases		**(51)**	(37)
Dividends paid to shareholders, net of dividend reinvestment plan		**(57)**	(34)
Shares issued for cash, net of share issuance costs	10	**2**	—
Cash generated from (used in) financing activities		**(426)**	723
Increase (decrease) in cash and cash equivalents		**(211)**	190
Impact of foreign currency translation on cash		**(7)**	(9)
Cash and cash equivalents at beginning of period		**716**	326
Cash and cash equivalents at end of period		**498**	507
Represented by:			
Cash and cash equivalents - Unrestricted		**456**	337
Cash and cash equivalents - Restricted		**42**	170
Cash and cash equivalents		**498**	507
Supplementary cash flow information:			
Income taxes refunded (paid)		**(26)**	(61)

See accompanying notes to the interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

Parkland Corporation ("Parkland") is an international fuel distributor, marketer, and convenience retailer, with operations in 25 countries across the Americas. Parkland serves over one million customers each day through its consumer retail business, which is centered on fuel stations and convenience retail, and its commercial business, which is focused on cardlocks and delivering bulk fuel. Parkland exists under the Business Corporations Act (Alberta) in Canada and its corporate office is located at Suite 1800, 240 4 Ave SW, Calgary, Alberta, T2P 4H4, Canada. The interim condensed consolidated financial statements include the results of Parkland and its subsidiaries together with its interest in investments in associates and joint arrangements as at March 31, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

Parkland's interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with Parkland's annual consolidated financial statements for the year ended December 31, 2022 (the "Annual Consolidated Financial Statements").

These interim condensed financial statements were approved for issue by the Board of Directors on May 3, 2023.

(b) Basis of measurement

Parkland's interim condensed consolidated financial statements are prepared on a historical cost basis, except for certain items recorded at fair value as detailed in the Annual Consolidated Financial Statements.

(c) Presentation and functional currency

The interim condensed consolidated financial statements are presented in Canadian dollars, which is Parkland's functional currency.

(d) Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements, other than the change as per notes 2(f) and 2(g) below.

(e) Use of estimates and judgments

The preparation of Parkland's financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments used in the preparation of the interim condensed consolidated financial statements are described in Parkland's Annual Consolidated Financial Statements.

(f) Changes in other information

Parkland has started presenting renewable and conventional results on a consolidated basis within Note 14, rather than as sub-segments of Canada and Refining segments. Comparative information has been revised to confirm to the presentation in the current period. The new presentation aims to provide more relevant and concise information to the users of Parkland's consolidated financial statements.

(g) Amended standards adopted by Parkland

Parkland has adopted the following accounting amendments that are effective for the interim and annual consolidated financial statements starting January 1, 2023. The adoption of these standards did not have a material impact on the consolidated financial statements.

- Amendments to IAS 12 - Income Taxes now 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 and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors improve accounting policy disclosures and distinguish changes in accounting estimates from changes in accounting policies. The amendments were applied prospectively.

(h) Recently announced accounting pronouncements

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

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

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements, to clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. The IASB made additional clarifications to IAS 1 in October 2022 addressing the classification of debt with covenants. Only covenants that a company is obliged to comply with on or before the reporting date affect the classification of a liability as current or non-current. Further, disclosure is required for any information that enables users of financial statements to comprehend the possibility that non-current liabilities with covenants may become payable within twelve months. The amendments to IAS 1 are effective January 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.

OECD Pillar Two Minimum Tax

In December 2021, the Organization for Economic Co-operation and Development ("OECD") issued model rules for a new global Pillar Two minimum tax framework ("Pillar Two"). In January 2023, IASB issued the exposure draft proposing amendments to IAS 12 - Income taxes ("IAS 12") in response to Pillar Two. The amendments are expected to be published later in 2023 and will be effective January 1, 2024. In its 2023 budget, the Federal government announced its intentions to substantively enact the Pillar Two rules for the fiscal years beginning on or after December 31, 2023. Parkland continues to monitor future IAS 12 amendments and changes to the Canadian tax legislation in relation to Pillar Two.

($ millions, unless otherwise stated)

3. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital related to operating activities

For the three months ended	**March 31, 2023**	March 31, 2022
Accounts receivable	**223**	(469)
Inventories	**4**	(362)
Prepaid expenses and other	**(19)**	5
Accounts payable and accrued liabilities	**(152)**	413
Income taxes payable	**(4)**	(29)
Income taxes receivable	**(14)**	(2)
Deferred revenue	**(14)**	8
Net cash inflow (outflow) from changes in non-cash working capital related to operating activities	**24**	(436)

Net change in non-cash working capital related to investing activities

	March 31, 2023	March 31, 2022
Accounts payable and accrued liabilities	**(6)**	(26)
Net cash inflow (outflow) from changes in non-cash working capital related to investing activities	**(6)**	(26)

4. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

As part of Parkland's portfolio optimization strategy, management committed to a plan to sell certain assets within the Canada segment. Accordingly, these assets and associated liabilities are presented as held for sale. Efforts to sell these assets have started and a sale is expected to occur within the next 12 months. The assets and liabilities classified held for sale are presented below. Parkland measured its non-current assets classified as held for sale at the lower of its carrying amount and fair value less costs to sell, and no impairment was required.

	March 31, 2023	December 31, 2022
Assets classified as held for sale:		
Accounts receivable	**32**	—
Inventories	**3**	—
Property, plant and equipment	**207**	76
Intangible assets	**6**	—
Goodwill	**15**	3
Long-term receivables	**2**	—
Total assets held for sale	**265**	79
Liabilities directly associated with assets classified as held for sale:		
Accounts payable	**3**	—
Long term debt - lease obligations	**1**	—
Provisions and other liabilities	**27**	20
Total liabilities held for sale	**31**	20

5. OTHER LONG-TERM ASSETS

	Note	**March 31, 2023**	December 31, 2022
Redemption Options[1]	7	**44**	35
Long-term prepaid expenses, deposits and other assets		**46**	47
		90	82

[1] Parkland's Senior Notes contain optional redemption features that allow Parkland to redeem the notes prior to maturity at a premium.

($ millions, unless otherwise stated)

6. LONG-TERM DEBT

	March 31, 2023	December 31, 2022
Credit Facility (a)	**1,456**	1,702
Unamortized deferred financing costs	**(4)**	(5)
	1,452	1,697
Senior Notes		
3.875% Senior Notes, due 2026	**600**	600
5.875% US$500 Senior Notes, due 2027	**676**	677
6.00% Senior Notes, due 2028	**400**	400
4.375% Senior Notes, due 2029	**600**	600
4.50% US$800 Senior Notes, due 2029	**1,082**	1,083
4.625% US$800 Senior Notes, due 2030	**1,082**	1,083
Unamortized premium: Redemption Options	**42**	44
Unamortized discount: deferred financing costs	**(39)**	(42)
	4,443	4,445
Other notes	**5**	2
Credit Facility, Senior Notes and Other notes	**5,900**	6,144
Lease obligations[1]	**883**	828
Total long-term debt	**6,783**	6,972
Less: current portion of Credit Facility, Senior Notes and Other notes	**(1)**	(1)
Less: current portion of Lease obligations	**(183)**	(172)
Long-term debt	**6,599**	6,799

[1] Parkland has included extension options in the calculation of the lease liabilities in limited circumstances where it has the right to extend a lease term at its discretion and is reasonably certain to exercise the extension option.

($ millions, unless otherwise stated)

Estimated principal repayments of the Credit Facility, Senior Notes and other notes, and future lease payments as at March 31, 2023 are as follows:

	2023	2024	2025	2026	2027	Thereafter	Interest included in minimum lease payments	Total
Credit Facility (a)								
Revolving facilities	–	–	–	–	**915**	–	–	**915**
Term loan	–	**541**	–	–	–	–	–	**541**
Senior Notes								
3.875% Senior Notes, due 2026	–	–	–	**600**	–	–	–	**600**
5.875% US Senior Notes, due 2027	–	–	–	–	**676**	–	–	**676**
6.00% Senior Notes, due 2028	–	–	–	–	–	**400**	–	**400**
4.375% Senior Notes, due 2029	–	–	–	–	–	**600**	–	**600**
4.50% US Senior Notes, due 2029	–	–	–	–	–	**1,082**	–	**1,082**
4.625% US Senior Notes, due 2030	–	–	–	–	–	**1,082**	–	**1,082**
Other notes	–	**1**	–	–	–	**4**	–	**5**
Undiscounted Future Lease Payments	**171**	**153**	**121**	**107**	**80**	**546**	**(295)**	**883**
	171	**695**	**121**	**707**	**1,671**	**3,714**	**(295)**	**6,784**

Estimated principal repayments of the Credit Facility, Senior Notes and other notes, and future lease payments as at December 31, 2022 are as follows:

	2023	2024	2025	2026	2027	Thereafter	Interest included in minimum lease payments	Total
Credit Facility (a)								
Revolving facilities	—	—	—	—	1,161	—	—	1,161
Term loan	—	541	—	—	—	—	—	541
Senior Notes								
3.875% Senior Notes, due 2026	—	—	—	600	—	—	—	600
5.875% US Senior Notes, due 2027	—	—	—	—	677	—	—	677
6.00% Senior Notes, due 2028	—	—	—	—	—	400	—	400
4.375% Senior Notes, due 2029	—	—	—	—	—	600	—	600
4.50% US Senior Notes, due 2029	—	—	—	—	—	1,083	—	1,083
4.625% US Senior Notes, due 2030	—	—	—	—	—	1,083	—	1,083
Other notes	1	1	—	—	—	—	—	2
Undiscounted Future Lease Payments	204	132	104	90	65	516	(283)	828
	205	674	104	690	1,903	3,682	(283)	6,975

(a) Credit Facility

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

($ millions, unless otherwise stated)

Details on the Credit Facility as at March 31, 2023 are as follows:

	Maturity date	Effective rate	Balance
Revolving facilities:			
$1,594 Canadian Revolving and Operating Facility[1]	Apr 14, 2027	6.70 %	**816**
US$250 Bilateral and Operating Facility[1][2]	Apr 14, 2027	7.28 %	**99**
US$400 Term Loan	Apr 14, 2024	6.47 %	**541**
Outstanding borrowings under the Credit Facility			**1,456**

[1] The credit facility is subject to a floating interest rate.
[2] As at March 31, 2023, the US Bilateral and Operating Facility consisted primarily of debt in local Caribbean currencies, with interest rates ranging from 6.5% to 8.8%.

Details on the Credit Facility as at December 31, 2022 are as follows:

	Maturity date	Effective rate	Balance
Revolving facilities:			
$1,594 Canadian Revolving and Operating Facility[1]	April 14, 2027	6.35 %	1,106
US$250 Bilateral and Operating Facility[1][2]	April 14, 2027	8.01 %	55
US$400 Term Loan	April 14, 2024	5.91 %	541
Outstanding borrowings under the Credit Facility			1,702

[1] The credit facility is subject to a floating interest rate.
[2] As at December 31, 2022, the US Bilateral and Operating Facility consisted primarily of debt in local Caribbean currencies, with interest rates ranging from 6.4% to 8.8%.

As at March 31, 2023, Parkland issued $52 (December 31, 2022 - $52) of letters of credit and $331 (December 31, 2022 - $319) of surety bonds to provide guarantees on behalf of its subsidiaries in the ordinary course of business, which are not recognized in the interim condensed consolidated financial statements. Maturity dates for these guarantees vary and are up to and including March 21, 2035.

As at March 31, 2023, Parkland provided $3,738 (December 31, 2022 - $3,650) of unsecured guarantees to counterparties of commodities swaps and purchase and supply agreements of crude oil, fuel and other petroleum products.

(b) Net Investment Hedge

Parkland has designated certain USD-denominated debt and payable balances as a net investment hedge to mitigate foreign exchange risk related to net investments in foreign operations for which the US dollar is the functional currency. The foreign currency debt and the net investments in foreign operations are both denominated in US dollar currency; therefore, the hedge ratio is 1:1. The hedge is subject to potential ineffectiveness from the net investment amount falling below the designated balance. During the three months ended March 31, 2023, Parkland recognized a foreign exchange gain, net of tax, of $1 (2022 - gain, net of tax, of $32) on these balances, representing the effective portion of the hedge in other comprehensive income (loss), offsetting exchange differences on translation of foreign operations. As at March 31, 2023, of the $2,100 of USD-denominated Senior Notes, $1,950 was included in the Net Investment Hedge (December 31, 2022 - $1,950).

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Parkland's financial instruments consist of cash and cash equivalents, accounts receivable, long-term receivables, risk management and other assets and liabilities, certain portions of prepaid expenses and other, accounts payable and accrued liabilities, dividends declared and payable, long-term debt, and certain portions of other long-term assets and other liabilities.

(a) Fair value measurement hierarchy

The fair value hierarchy table for Parkland's financial assets and liabilities is as follows:

($ millions, unless otherwise stated)

		Fair value as at March 31, 2023			
	Note	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Commodities swaps, forwards and futures contracts		–	6	–	6
Emission credit forward and option contracts		–	39	–	39
Currency forward exchange contracts		–	15	–	15
Risk management and other financial assets		–	60	–	60
Commodities swaps, forwards and futures contracts		–	(3)	–	(3)
Emission credit forward and option contracts		–	(13)	–	(13)
Risk management and other financial liabilities		–	(16)	–	(16)
Other items included in other long-term assets					
Redemption Options	5	–	44	–	44
Others	5	–	–	6	6
Other items included in other long-term assets		–	44	6	50

		Fair value as at December 31, 2022			
	Note	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Commodities swaps, forwards and futures contracts		—	—	—	—
Emission credit forward and option contracts		—	35	—	35
Currency forward exchange contracts		—	4	—	4
Risk management and other financial assets		—	39	—	39
Commodities swaps, forwards and futures contracts		—	(50)	—	(50)
US dollar forward exchange contract		—	(1)	—	(1)
Emission credit forward and option contracts		—	(18)	—	(18)
Risk management and other financial liabilities		—	(69)	—	(69)
Other items included in other long-term assets					
Redemption Options	5	—	35	—	35
Others	5	—	—	6	6
Other items included in other long-term assets		—	35	6	41

There were no changes in the nature and characteristics of commodities swaps, forwards and futures contracts, currency forward exchange contracts, emission credit forward and option contracts, and redemption options. There were no transfers between fair value measurement hierarchy levels during the three months ended March 31, 2023.

(b) Other financial instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and dividends declared and payable approximate their fair values as at March 31, 2023 due to the short-term nature of these instruments. The Senior Notes had a carrying value of $4,443 and an estimated fair value of $4,055 as at March 31, 2023 (December 31, 2022 – $4,445 and $3,902 respectively), determined by discounting future cash flows using discount rates ranging from 7.0% to 7.4% (December 31, 2022 - 7.3% to 8.1%), representing the rates available to Parkland for loans with similar terms, conditions and maturity dates. The carrying value of other long-term liabilities carried at amortized cost approximates fair value as at March 31, 2023, given that they were recently incurred.

($ millions, unless otherwise stated)

(c) Offsetting

Parkland enters into enforceable netting arrangements that allow for the offsetting of risk management assets and liabilities. The following risk management assets and liabilities are subject to offsetting on the consolidated balance sheets:

	March 31, 2023			December 31, 2022		
	Gross amount	**Amount offset**	**Net**	Gross amount	Amount offset	Net
Risk management and other financial assets	**198**	**(138)**	**60**	179	(140)	39
Risk management and other financial liabilities	**(154)**	**138**	**(16)**	(209)	140	(69)

(d) Fair value measurement

Parkland used the following techniques to value financial instruments categorized in Level 2:

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

8. CAPITAL MANAGEMENT

Parkland's capital structure comprises long-term debt (including the current portion) and shareholders' capital, less cash and cash equivalents. Parkland's objective when managing its capital structure is to maintain financial flexibility and availability of capital to finance internally generated growth and potential acquisitions and continue to provide returns for shareholders.

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 (i) adjust its plan for capital spending, dividends paid to shareholders, and shares repurchases, or (ii) issue new shares or new debt. The Leverage Ratio does not have any standardized meaning prescribed under IFRS. It is therefore unlikely to be comparable to similar measures presented by other companies. The detailed calculation of Leverage Ratio is as follows:

	March 31, 2023	December 31, 2022
Leverage Debt	**5,454**	5,480
Leverage EBITDA	**1,644**	1,602
Leverage Ratio	**3.3**	3.4

	Note	**March 31, 2023**	December 31, 2022
Long-term debt	6	**6,783**	6,972
Less:			
Lease obligations	6	**(883)**	(828)
Cash and cash equivalents		**(498)**	(716)
Add:			
Letters of credit	6	**52**	52
Leverage Debt		**5,454**	5,480

($ millions, unless otherwise stated)

	Three months ended				Trailing twelve months ended	
For the years ended	June 30, 2022	Sept. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	**March 31, 2023**	December 31, 2022
Adjusted EBITDA including NCI	478	340	455	395	**1,668**	1,687
Share incentive compensation	5	7	9	8	**29**	30
Reverse: IFRS 16 impact[1]	(46)	(49)	(58)	(61)	**(214)**	(197)
	437	298	406	342	**1,483**	1,520
Acquisition pro-forma adjustment[2]					**27**	51
Other adjustments[3]					**134**	31
Leverage EBITDA					**1,644**	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 March 31, 2023 include pro-forma pre-acquisition EBITDA estimates based on anticipated benefits, costs and synergies of acquisitions.
[3] Relates to adjustments for the normalization of the impact from the completion of the turnaround during the quarter and other non-recurring events including extreme weather events, mechanical break-downs, and third-party power outages beyond management's control.

Credit Facility covenants

Parkland is required under the terms of its Credit Facility to comply with certain financial 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). The Credit Facility EBITDA, Senior Funded Debt and Interest Expense are defined under the terms of the Credit Facility and do not have any standardized meaning prescribed under IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. Parkland was in compliance with all Credit Facility covenants throughout the three months ended March 31, 2023.

9. PROVISIONS AND OTHER LIABILITIES

	March 31, 2023	December 31, 2022
Asset retirement obligations - current (a)	**17**	11
Environmental provision - current (b)	**4**	1
Deferred revenue	**20**	36
Short-term deposits, provisions and other	**91**	91
Provisions and other liabilities - current	**132**	139
Asset retirement obligations - non-current (a)	**545**	521
Environmental provision - non-current (b)	**115**	114
Employee benefits and other	**27**	31
Long-term deposits, provisions and other	**63**	75
DSU liability	**13**	11
Provisions and other liabilities - non-current	**763**	752

($ millions, unless otherwise stated)

(a) Asset retirement obligations

	January 1, 2023 to March 31, 2023	January 1, 2022 to December 31, 2022
Asset retirement obligations, beginning of period	**532**	420
Additional provisions and changes in retirement cost estimates	**21**	156
Acquisitions	**–**	89
Obligations settled or transferred	**(7)**	(49)
Change due to passage of time, discount rate and inflation rate	**17**	(94)
Change due to foreign exchange	**(1)**	10
Asset retirement obligations, end of period	**562**	532
Current	**17**	11
Non-current	**545**	521
Asset retirement obligations, end of period	**562**	532

As at March 31, 2023, the inflation rate used to determine the value of future asset retirement costs ranged from 2.71% to 2.92% (December 31, 2022 - 2.71% to 2.92%), and the discount rate used to determine the present value of the future asset retirement costs ranged from 4.96% to 5.58% (December 31, 2022 - 5.29% to 5.93%). The total undiscounted estimated future cash flows required to settle Parkland's asset retirement obligations were $1,202 as at March 31, 2023 (December 31, 2022 - $1,193). These costs are expected to be paid up to the year 2073 (December 31, 2022 - 2073).

(b) Environmental provision

	January 1, 2023 to March 31, 2023	January 1, 2022 to December 31, 2022
Environmental provision, beginning of period	**115**	129
Additional provision made in the period	**–**	11
Acquisitions	**–**	3
Change due to passage of time, discount rate and inflation rate	**4**	(28)
Obligations settled or transferred during the period	**–**	(5)
Exchange differences	**–**	5
Environmental provision, end of period	**119**	115
Current	**4**	1
Non-current	**115**	114
Environmental Provision, end of period	**119**	115

As at March 31, 2023, the inflation rate used to determine the value of future costs related to environmental activities ranged from 2.71% to 2.92% (December 31, 2022 - 2.71% to 2.92%), and the discount rates used to determine the present value of the future costs related to environmental activities ranged from 4.96% to 5.03% (December 31, 2022 - 5.29% to 5.30%).

10. SHAREHOLDERS' CAPITAL

(a) Shareholders' capital

Authorized capital of Parkland consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series without par value. There are no preferred shares outstanding. Changes to shareholders' capital were as follows:

	January 1, 2023 to March 31, 2023		January 1, 2022 to December 31, 2022	
	Number of common shares (000's)	**Amount ($ millions)**	Number of common shares (000's)	Amount ($ millions)
Shareholders' capital, beginning of period	**175,428**	**3,237**	154,176	2,586
Shares issued on acquisitions	**–**	**–**	771	26
Issued under dividend reinvestment plan, net of costs	**–**	**–**	1,385	45
Issued on acquisition of non-controlling interest in Sol	**–**	**–**	20,000	591
Issued under share option plan	**83**	**3**	421	12
Issued on vesting of performance share units	**7**	**–**	128	4
Shares repurchased through NCIB	**–**	**–**	(1,453)	(27)
Shareholders' capital, end of period	**175,518**	**3,240**	175,428	3,237

(b) Base shelf prospectus

On August 19, 2022, Parkland filed a base shelf prospectus (the "2022 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 "2022 Securities"). The 2022 Shelf Prospectus allows Parkland to, from time to time, offer and sell the 2022 Securities, separately or together, in amounts, at prices and on terms set forth in one or more prospectus supplements. The 2022 Shelf Prospectus expires on September 19, 2024.

(c) Normal course issuer bid ("NCIB")

On December 1, 2021, Parkland commenced an NCIB, which was effective until November 30, 2022, allowing Parkland to purchase a maximum of 15,091,885 common shares over the 12-month period.

On December 1, 2022, Parkland commenced a new NCIB, which is effective until November 30, 2023, allowing Parkland to purchase a maximum of 13,992,412 common shares over the 12-month period. In connection with the current NCIB, Parkland can activate the automatic share purchase plan ("ASPP") with its broker to allow for the purchase of shares during quarterly pre-determined blackout periods, when Parkland would not ordinarily be permitted to purchase shares. Outside of these predetermined trading blackout periods, purchases under the current NCIB will be completed at Parkland's discretion. There were no shares repurchased under the NCIB during the three months ended March 31, 2023 (December 31, 2022 - 1,452,918 common shares for a total of $40).

11. FINANCE COSTS

For the three months ended	**March 31, 2023**	March 31, 2022
Interest on long-term debt	**81**	56
Interest on leases	**11**	8
Amortization, accretion and other finance costs	**12**	6
	104	70

12. OTHER (GAINS) AND LOSSES

For the three months ended	Note	**March 31, 2023**	March 31, 2022
Change in fair value of Redemption Options	7	**(9)**	86
Other[1]		**30**	(14)
		21	72

[1] Includes $23 (2022 - nil) associated with the write-off of certain assets related to renewable diesel complex assets.

13. SEGMENT AND OTHER INFORMATION

Operating segments

Parkland's reportable operating segments are differentiated by the nature of their products, services, and geographic boundaries. Parkland also reports activities not directly attributable to an operating segment under Corporate. No operating segments have been aggregated into reportable segments. The operations in each segment are defined as follows:

Canada

Canada owns, supplies, and supports a coast-to-coast network of retail gas stations, electric vehicle ("EV") charging stations, frozen food retail locations, convenience stores, cardlock sites, bulk fuel, heating oil, lubricants, and other related services to commercial, industrial, and residential customers. Canada's retail business operates under its leading food and convenience store brands, M&M Food Market and On the Run / Marché Express, providing locally relevant food offerings and convenience merchandise, and key retail fuel brands, including: Ultramar, Esso, Chevron, Pioneer and Fas Gas Plus. Canada also serves its commercial customer base through a family of brands, including Ultramar, Bluewave Energy, Pipeline Commercial, Chevron, and Columbia Fuels. 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. 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 greener fuels resulting in emission credits.

International

International includes operations in 23 countries predominantly located in the Caribbean and the northeast coast of South America. International operates and services a network of retail service stations under brands including Sol, Esso, Mobil, Shell and Texaco and owns the Sol Shop convenience store brand. International also serves commercial, industrial and aviation businesses. International also includes an investment in the SARA refinery, an associate entity that is based in Martinique with operations to sell refined crude oil in Guadeloupe, French Guiana and Martinique, and a 50% indirect interest in Isla Dominicana de Petroleo Corp. ("Isla"), a joint venture that includes a network of retail locations alongside an integrated commercial and aviation business in the Dominican Republic.

USA

USA delivers fuel, lubricants and other related products and services to commercial and wholesale customers, and operates a network of retail fuel and convenience stores under various brands, including On the Run, Arco, Cenex, Chevron, Conoco, Exxon, and other brands, and cardlocks 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.

Refining

Refining represents the operations of the Burnaby Refinery owned and operated by Parkland. Refining is responsible for the refining of fuel products such as gasoline, diesel and jet fuel, and is also engaged in renewable business activities, such as co-processing of bio-feedstocks (i.e. tallow, canola oil, tall oil and others) and blending of low-carbon-intensity fuels (bio-diesel, ethanol and others) with gasoline and diesel to produce greener fuels resulting in emission credits.

Corporate

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

General information

Depreciation and amortization, finance costs, acquisition, integration and other costs, (gain) loss on risk management and other — unrealized unless underlying physical sales activity has occurred, (gain) loss on foreign exchange — unrealized, other (gains) and losses and income taxes are not allocated to segments because they are not reviewed as part of segment information by the chief operating decision maker. Accordingly, there are certain asymmetries in the allocation of net earnings (loss) to segments with respect to these items.

The segregation of total assets and total liabilities is not practical, as the balance sheets of the reportable segments are not presented to or reviewed by the chief operating decision maker. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Parkland's chief operating decision maker uses (i) adjusted earnings (loss) before interest, tax, depreciation and amortization ("Adjusted EBITDA"), and (ii) adjusted gross margin (including fuel and petroleum product adjusted gross margin, and food, convenience and other adjusted gross margin) as measures of segment profit under IFRS 8 as follows:

- Adjusted EBITDA is used by Parkland as the key measure for the underlying core operating performance of business segment activities at an operational level. Adjusted EBITDA excludes the effects of significant items of income and expenditure that are not considered representative of Parkland's underlying core operating performance and may have an impact on the quality of net earnings (loss). Such items include, among other items: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, (v) unrealized gains and losses on foreign exchange and risk management assets and liabilities unless they relate to underlying physical sales activity in the current period, (vi) realized foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (vii) realized foreign exchange gains and losses on accrued financing costs in foreign currency and the offsetting realized risk management gains and losses on the related foreign exchange risk management and other, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management and other with unrealized gains, (x) impairments of non-current assets, (xi) loss on modification of long-term debt, (xii) earnings impact from hyperinflation accounting, (xiii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, (xiv) gains and losses on asset disposals, (xv) adjustments for the effect of market-based performance conditions for equity-settled share-based award settlements and (xvi) other adjusting items. Adjusted EBITDA is also adjusted to include Parkland's proportionate share of its joint venture investees' Adjusted EBITDA. Effective August 4, 2022, when Parkland entered into the share exchange agreement with Simpson Oil Limited to acquire the remaining 25% shares of Sol Investments SEZC, Parkland does not allocate a portion of segment profit or loss to NCI and includes 100 per cent of International results as Adjusted EBITDA.

- Adjusted gross margin is used by Parkland to analyze the performance of sale and purchase transactions and performance on margin for each operating segment. Adjusted gross margin excludes the effects of significant items of income and expenditure that are not considered representative of Parkland's underlying core margin performance and may have an impact on the quality of margins, such as (i) unrealized gains and losses on foreign exchange and 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 and other with unrealized gains, (iii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, and (iv) other adjusting items.

Segment information	Canada		International		USA		Refining		Corporate		Intersegment eliminations		Consolidated	
For the three months ended March 31,	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
External fuel and petroleum product volume	**3,252**	3,326	**2,143**	1,524	**1,305**	1,779	**223**	343	**–**	–	**–**	–	**6,923**	6,972
Internal fuel and petroleum product volume[1]	**97**	94	**–**	–	**–**	–	**564**	636	**–**	–	**(661)**	(730)	**–**	–
Total fuel and petroleum product volume (million litres)	**3,349**	3,420	**2,143**	1,524	**1,305**	1,779	**787**	979	**–**	–	**(661)**	(730)	**6,923**	6,972
Sales and operating revenue[2]														
Revenue from external customers	**3,652**	3,645	**2,607**	1,722	**1,698**	1,944	**199**	295	**–**	–	**–**	–	**8,156**	7,606
Inter-segment revenue[1]	**107**	86	**–**	–	**–**	–	**682**	718	**1**	–	**(790)**	(804)	**–**	–
Total sales and operating revenue	**3,759**	3,731	**2,607**	1,722	**1,698**	1,944	**881**	1,013	**1**	–	**(790)**	(804)	**8,156**	7,606
Cost of purchases	**3,364**	3,342	**2,385**	1,470	**1,554**	1,766	**751**	789	**–**	–	**(789)**	(804)	**7,265**	6,563
Adjusted gross margin														
Fuel and petroleum product adjusted gross margin, before the following:	**308**	329	**189**	229	**92**	129	**130**	222	**–**	–	**–**	–	**719**	909
Gain (loss) on risk management and other - realized	**1**	(3)	**40**	(92)	**(4)**	(18)	**2**	(70)	**–**	–	**–**	–	**39**	(183)
Gain (loss) on foreign exchange - realized	**1**	1	**(1)**	2	**–**	–	**(2)**	2	**8**	3	**–**	–	**6**	8
Other adjusting items to adjusted gross margin	**–**	–	**–**	–	**2**	–	**(1)**	–	**1**	–	**–**	–	**2**	–
Fuel and petroleum product adjusted gross margin	**310**	327	**228**	139	**90**	111	**129**	154	**9**	3	**–**	–	**766**	734
Food, convenience and other adjusted gross margin	**87**	60	**33**	23	**52**	49	**–**	2	**1**	–	**(1)**	–	**172**	134
Total adjusted gross margin	**397**	387	**261**	162	**142**	160	**129**	156	**10**	3	**(1)**	–	**938**	868
Operating costs	**171**	150	**58**	40	**96**	84	**86**	63	**–**	–	**–**	–	**411**	337
Marketing, general and administrative	**62**	47	**31**	23	**29**	29	**6**	4	**30**	25	**(1)**	–	**157**	128
Share in (earnings) loss of associates and joint ventures	**–**	–	**(6)**	(5)	**–**	–	**–**	–	**–**	–	**–**	–	**(6)**	(5)
Other adjusting items to Adjusted EBITDA[3]	**(3)**	(1)	**(5)**	(5)	**(4)**	–	**(1)**	–	**(6)**	–	**–**	–	**(19)**	(6)
Adjusted EBITDA including NCI	**167**	191	**183**	109	**21**	47	**38**	89	**(14)**	(22)	**–**	–	**395**	414
Attributable to NCI	**–**	–	**–**	27	**–**	–	**–**	–	**–**	–	**–**	–	**–**	27
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**167**	191	**183**	82	**21**	47	**38**	89	**(14)**	(22)	**–**	–	**395**	387
Reconciliation to net earnings (loss)														
Adjusted EBITDA including NCI													**395**	414
Acquisition, integration and other costs													**27**	13
Depreciation and amortization													**190**	155
Finance costs													**104**	70
(Gain) loss on foreign exchange – unrealized													**7**	6
(Gain) loss on risk management and other – unrealized													**(32)**	11
Other (gains) and losses													**21**	72
Other adjusting items													**21**	6
Income tax expense (recovery)													**(20)**	13
Net earnings (loss)													**77**	68

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

(2) See sections (b) and (c) for further details on sales and operating revenue.

(3) Other adjusting items to Adjusted EBITDA mainly include the effect of market-based performance conditions for equity-settled share-based award settlements of $13 (2022 - nil), and the share of depreciation and income taxes for the Isla joint venture of $3 (2022 - $4).

($ millions, unless otherwise stated)

(a) Property, plant, and equipment and intangible assets additions and acquisitions

	Canada		International		USA		Refining		Corporate		Consolidated	
For the three months ended March 31,	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Additions to property, plant and equipment and intangible assets[1]	**21**	6	**7**	15	**14**	10	**67**	20	**4**	4	**113**	55
Attributable to NCI	**–**	–	**–**	4	**–**	–	**–**	–	**–**	–	**–**	4
Additions to property, plant and equipment and intangible assets attributable to Parkland	**21**	6	**7**	11	**14**	10	**67**	20	**4**	4	**113**	51
Property, plant and equipment, intangible asset and goodwill acquisitions[1]	**–**	508	**–**	–	**–**	–	**–**	–	**–**	–	**–**	508

[1] Property, plant and equipment additions and acquisitions do not include the right-of-use asset.

(b) Geographic information

Sales and operating revenue for the three months ended March 31,	**2023**	2022
Canada	**3,533**	3,553
United States	**2,250**	2,525
Other countries	**2,373**	1,528
Total	**8,156**	7,606

	March 31, 2023			
	Canada	**United States**	**Other countries**	**Consolidated**
Property, plant and equipment	**2,960**	**983**	**1,125**	**5,068**
Intangible assets	**798**	**223**	**287**	**1,308**
Goodwill	**1,342**	**552**	**576**	**2,470**
Total	**5,100**	**1,758**	**1,988**	**8,846**

	December 31, 2022			
	Canada	United States	Other countries	Consolidated
Property, plant and equipment	3,038	993	1,110	5,141
Intangible assets	822	233	300	1,355
Goodwill	1,357	552	575	2,484
Total	5,217	1,778	1,985	8,980

(c) Sales and operating revenue by product

	Canada		International		USA		Refining		Consolidated	
For the three months ended March 31,	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Gasoline and diesel	**3,168**	3,062	**2,013**	1,332	**1,482**	1,732	**16**	44	**6,679**	6,170
Liquid petroleum gas[1]	**200**	272	**25**	27	**12**	10	**–**	–	**237**	309
Other fuel and petroleum products[2]	**163**	177	**521**	328	**–**	19	**183**	249	**867**	773
Fuel and petroleum product revenue	**3,531**	3,511	**2,559**	1,687	**1,494**	1,761	**199**	293	**7,783**	7,252
Food and convenience store[3]	**70**	100	**5**	3	**76**	67	**–**	–	**151**	170
Other retail[4][6]	**3**	3	**7**	5	**2**	1	**–**	–	**12**	9
Lubricants and other[5][6]	**48**	31	**36**	27	**126**	115	**–**	2	**210**	175
Food, convenience and other non-fuel revenue	**121**	134	**48**	35	**204**	183	**–**	2	**373**	354
External sales and operating revenue	**3,652**	3,645	**2,607**	1,722	**1,698**	1,944	**199**	295	**8,156**	7,606

[1] Liquid petroleum gas includes propane and butane.
[2] Other fuel and petroleum products include crude oil, aviation fuel, asphalt, fuel oils, gas oils, ethanol and biodiesel.
[3] Convenience store revenue generated from Canada, International, and USA depends on the business model operated by each segment, and includes sale of merchandise, suppliers' rebates, rental income from retailers in the form of a percentage rent on convenience store sales, and food revenue generated from frozen food retail locations in Canada.
[4] Other retail revenue include facilities rental revenue, advertising revenue and other miscellaneous retail-related revenues.
[5] Lubricants and other include lubricants, freight, tanks and parts installation, cylinder exchanges, royalties, emission allowances and other products and services.
[6] For comparative purposes, certain amounts within sales and operating revenue for the three months ended March 31, 2022 were restated and reclassified to conform to the presentation used in the current period.

14. OTHER DISCLOSURES

In addition to the reportable operating segments disclosed above, Parkland also voluntarily discloses business performance by lines of business and the results of renewable and conventional operations.

(a) Lines of business

Retail

Retail line of business includes the operations of Parkland retail service stations, including EV charging stations, and convenience and food stores operating under various brands as well as the sale of fuel to dealers across Canada, the United States and the Caribbean, including the related retail fuel supply margins.

Commercial

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.

Refining

Refining includes the operations of the Burnaby Refinery owned and operated by Parkland.

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 lines of business due to their nature.

	Retail		Commercial		Refining		Corporate		Eliminations		Consolidated	
For the three months ended March 31,	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Fuel and petroleum product volume (million litres)												
External fuel and petroleum product volume	**2,396**	2,309	**4,304**	4,320	**223**	343	**–**	—	**–**	—	**6,923**	6,972
Internal fuel and petroleum product volume[1]	**–**	—	**1,634**	1,499	**564**	636	**–**	—	**(2,198)**	(2,135)	**–**	—
Total fuel and petroleum product volume	**2,396**	2,309	**5,938**	5,819	**787**	979	**–**	—	**(2,198)**	(2,135)	**6,923**	6,972
Sales and operating revenue												
Revenue from external customers	**3,354**	2,949	**4,603**	4,362	**199**	295	**–**	—	**–**	—	**8,156**	7,606
Inter-business line revenue[1]	**–**	—	**1,643**	1,563	**682**	718	**1**	—	**(2,326)**	(2,281)	**–**	—
Total sales and operating revenue	**3,354**	2,949	**6,246**	5,925	**881**	1,013	**1**	—	**(2,326)**	(2,281)	**8,156**	7,606
Cost of purchases	**2,957**	2,601	**5,882**	5,454	**751**	789	**–**	—	**(2,325)**	(2,281)	**7,265**	6,563
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	**299**	271	**290**	416	**130**	222	**–**	—	**–**	—	**719**	909
Gain (loss) on risk management and other - realized	**(5)**	—	**42**	(113)	**2**	(70)	**–**	—	**–**	—	**39**	(183)
Gain (loss) on foreign exchange - realized	**–**	—	**–**	3	**(2)**	2	**8**	3	**–**	—	**6**	8
Other adjusting items to adjusted gross margin	**–**	—	**2**	—	**(1)**	—	**1**	—	**–**	—	**2**	—
Fuel and petroleum product adjusted gross margin	**294**	271	**334**	306	**129**	154	**9**	3	**–**	—	**766**	734
Food, convenience and other adjusted gross margin	**98**	77	**74**	55	**–**	2	**1**	—	**(1)**	—	**172**	134
Total adjusted gross margin	**392**	348	**408**	361	**129**	156	**10**	3	**(1)**	—	**938**	868
Operating costs	**159**	132	**166**	142	**86**	63	**–**	—	**–**	—	**411**	337
Marketing, general and administrative	**55**	38	**67**	61	**6**	4	**30**	25	**(1)**	—	**157**	128
Share in (earnings) loss of associates and joint ventures	**(3)**	(3)	**(3)**	(2)	**–**	—	**–**	—	**–**	—	**(6)**	(5)
Other adjusting items to Adjusted EBITDA[2]	**(7)**	(4)	**(5)**	(2)	**(1)**	—	**(6)**	—	**–**	—	**(19)**	(6)
Adjusted EBITDA including NCI	**188**	185	**183**	162	**38**	89	**(14)**	(22)	**–**	—	**395**	414
Attributable to NCI	**–**	12	**–**	15	**–**	—	**–**	—	**–**	—	**–**	27
Adjusted EBITDA	**188**	173	**183**	147	**38**	89	**(14)**	(22)	**–**	—	**395**	387

[1] Internal fuel and petroleum product volume and inter-business revenue results include fuel and petroleum exchange transactions executed by Parkland entities on a national level where two Parkland group entities would facilitate the product exchange with the same third-party. These exchange transactions are netted on consolidation.

[2] Other adjusting items to Adjusted EBITDA mainly include the effect of market-based performance conditions for equity-settled share-based award settlements of $13 (2022 - nil), the share of depreciation and income taxes for Isla joint venture of $3 (2022 - $4).

($ millions, unless otherwise stated)

(b) 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 greener fuels and generate emission credits. The conventional business comprises those operations of Parkland that are not considered renewable.

Renewable sales and operating revenue is largely comprised of sales of emission credits generated from renewable activities or externally acquired by Parkland entities to external parties or other Parkland entities at the respective market prices of those credits. Costs of renewable operations include direct costs incurred to conduct such operations or centrally incurred costs allocated based on the consumption of resources by renewable operations estimated primarily based on the renewable fuel production relative to total production. Gains and losses from the active trading of emission credits by Parkland entities is disclosed within Gain (loss) on risk management and other.

The results of renewable and conventional operations are as follows:

	Renewable		Conventional		Consolidated	
For the three months ended March 31,	**2023**	2022	**2023**	2022	**2023**	2022
Total fuel and petroleum product volume[1]	**115**	120	**6,808**	6,852	**6,923**	6,972
Sales and operating revenue	**228**	194	**8,138**	7,596	**8,366**	7,790
Eliminations[2]					**(210)**	(184)
Sales and operating revenue - after eliminations					**8,156**	7,606
Cost of purchases	**223**	163	**7,252**	6,584	**7,475**	6,747
Eliminations[2]					**(210)**	(184)
Cost of purchases - after eliminations					**7,265**	6,563
Adjusted gross margin						
Fuel and petroleum product adjusted gross margin, before the following:	**5**	31	**714**	878	**719**	909
Gain (loss) on risk management and other - realized	**6**	(3)	**33**	(180)	**39**	(183)
Gain (loss) on foreign exchange - realized	**–**	1	**6**	7	**6**	8
Other adjusting items to adjusted gross margin	**1**	—	**1**	—	**2**	—
Fuel and petroleum product adjusted gross margin	**12**	29	**754**	705	**766**	734
Food, convenience and other adjusted gross margin	**–**	—	**172**	134	**172**	134
Total adjusted gross margin	**12**	29	**926**	839	**938**	868
Operating costs	**3**	3	**408**	334	**411**	337
Marketing, general and administrative	**1**	1	**156**	127	**157**	128
Share in (earnings) loss of associates and joint ventures	**–**	—	**(6)**	(5)	**(6)**	(5)
Other adjusting items to Adjusted EBITDA	**–**	—	**(19)**	(6)	**(19)**	(6)
Adjusted EBITDA including NCI	**8**	25	**387**	389	**395**	414
Attributable to NCI	**–**	—	**–**	27	**–**	27
Adjusted EBITDA	**8**	25	**387**	362	**395**	387

(1) Fuel and petroleum product volume for renewable activities only includes fuel trading volumes and does not include volumes of low-carbon-intensity feedstocks used for co-processing and blending.
(2) Represents elimination of transactions between Renewable and Conventional operations.