Q3 2023

Management's Discussion and Analysis

Parkland

Parkland

Three and nine months ended September 30, 2023

Report to shareholders

Management's Discussion and Analysis Q3 2023

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Basis of presentation

This Management's Discussion and Analysis ("MD&A") for Parkland Corporation ("Parkland", "the Company", "we", "our" or "us") dated November 1, 2023 should be read in conjunction with our interim condensed consolidated financial statements for the three and nine months ended September 30, 2023 (the "Interim Condensed Consolidated Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2022 (the "Annual Consolidated Financial Statements"), our 2022 annual MD&A (the "Annual MD&A"), and our annual information form for the year ended December 31, 2022 dated March 21, 2023 (the "Annual Information Form"). Information contained within the Annual MD&A is not discussed in this MD&A if it remains substantially unchanged.

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

Specified financial measures and non-financial measures

Parkland has identified several key financial and operating performance measures that management believes provide meaningful information in assessing Parkland's underlying performance. Readers are cautioned that these measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to Section 16 of this MD&A for a list of specified financial measures and non-financial measures.

Adjusted EBITDA and Adjusted gross margin, including fuel and petroleum product adjusted gross margin and food, convenience and other adjusted gross margin are measures of segment profit (loss) (and their aggregates are "Total of segments measures") as reported in Note 13 of the Interim Condensed Consolidated Financial Statements. Refer to Section 16 of this MD&A for more information on these measures of segment profit (loss) and other specified financial measures.

Risks and forward-looking information

Parkland's financial and operational performance is potentially affected by a number of factors including, but not limited to, the factors described within the Forward-looking Information section and Risk Factors section of this MD&A and the Annual Information Form. The information within these sections of this MD&A is based on Parkland's current expectations, estimates, projections and assumptions that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein is subject to a number of risks and uncertainties beyond Parkland's control including, without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under Section 12 of this MD&A and the Risk Factors section of the Annual MD&A and Annual Information Form. Readers are cautioned that such forward-looking information contained in this MD&A should not be used for purposes other than for which it is disclosed herein and are cautioned not to place undue reliance on these forward-looking statements. Refer to Section 17 of this MD&A for further details.

1. PARKLAND OVERVIEW

Parkland is an international fuel distributor, marketer, and convenience retailer with operations in 25 countries across the Americas. We serve over one million customers each day. Our vast retail network meets the fuel and convenience needs of everyday consumers. Our commercial operations provides businesses with industrial fuels so that they can better serve their customers.

With approximately 4,000 retail and commercial locations across Canada, the United States and the Caribbean region, we have developed supply, distribution and trading capabilities to accelerate growth and business performance. In addition to meeting our customers' needs for essential fuels, we provide a range of choices to help them lower their environmental impact. These include carbon and renewables trading, solar power, renewables manufacturing and ultra-fast electric vehicle ("EV") charging.

Parkland's proven business model is centered around organic growth, our supply advantage, and is driven by scale, our integrated refinery and supply infrastructure, and focus on acquiring prudently and integrating successfully. Our strategy is focused on developing our existing business in resilient markets, growing our food, convenience and renewable energy businesses and helping customers to decarbonize. Our business is underpinned by our people, 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)	**Three months ended September 30,**			**Nine months ended September 30,**		
Financial Summary	**2023**	2022	2021	**2023**	2022	2021
Sales and operating revenue[5]	**8,873**	9,422	5,982	**24,848**	26,743	15,182
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")[1]	**585**	328	364	**1,450**	1,165	1,000
Canada[2]	**206**	140	134	**523**	505	409
International	**170**	104	83	**521**	273	216
USA	**52**	(18)	43	**147**	80	92
Refining[2]	**188**	135	126	**335**	388	346
Corporate	**(31)**	(33)	(22)	**(76)**	(81)	(63)
Net earnings (loss) attributable to Parkland	**230**	105	110	**385**	241	75
Net earnings (loss) per share – basic ($ per share)	**1.31**	0.67	0.72	**2.19**	1.55	0.50
Net earnings (loss) per share – diluted ($ per share)	**1.28**	0.66	0.72	**2.15**	1.53	0.49
Adjusted earnings (loss) attributable to Parkland ("Adjusted earnings")[3]	**231**	49	129	**475**	351	317
Cash generated from (used in) operating activities	**528**	404	200	**1,363**	697	786
Trailing-twelve-month ("TTM") Cash generated from (used in) operating activities[4]	**1,992**	815	746	**1,992**	815	746
TTM Cash generated from (used in) operating activities per share[4]	**11.39**	5.26	4.95	**11.39**	5.26	4.95
TTM Dividend payout ratio[3]	**32%**	31%	28%	**32%**	31%	28%
Dividends	**60**	50	48	**180**	150	143
Dividends per share[4]	**0.3400**	0.3250	0.3087	**1.0200**	0.9641	0.9227
Weighted average number of common shares (million shares)	**176**	156	152	**176**	156	151
Growth capital expenditures attributable to Parkland[4]	**57**	47	33	**148**	112	69
Maintenance capital expenditures attributable to Parkland[4]	**52**	62	40	**192**	135	105
Total assets	**14,179**	14,058	10,646	**14,179**	14,058	10,646
Non-current financial liabilities	**6,250**	7,258	5,215	**6,250**	7,258	5,215

(1) Total of segments measure. See Section 16 of this MD&A.
(2) For comparative purposes, information for the comparative periods was restated due to a change in segment presentation. Refer to the Basis of presentation section of the Annual MD&A.
(3) Non-GAAP financial measure or non-GAAP financial ratio. See Section 16 of this MD&A.
(4) Supplementary financial measure. See Section 16 of this MD&A.
(5) For comparative purposes, certain amounts within sales and operating revenue for the three and nine months ended September 30, 2022 were revised to conform to the current period presentation.

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

Adjusted EBITDA

Parkland achieved record Adjusted EBITDA of $585 million for the third quarter of 2023 and $1,450 million for the first nine months of 2023, representing an increase of $257 million and $285 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 achieved an increase in Adjusted EBITDA of $66 million for the third quarter of 2023 and $18 million for the first nine months of 2023 primarily driven by (i) higher fuel and petroleum unit margins in the third quarter of 2023 due to favourable market conditions and continued optimization of our supply and integrated logistic capabilities, (ii) volume growth with robust retail same-store volume growth, (iii) strong food and convenience store ("C-Store") performance and same-store sales growth ("SSSG"), (iv) the incremental contributions from the 2022 Canada Acquisitions[1], which were partially offset by (i) lower gross margins in the first six months of 2023 as compared to the prior period, when the favourable market dynamics in a rising commodity price environment resulted in historically high unit margins, and (ii) higher operating costs due to inflation.
- International achieved an increase in Adjusted EBITDA of $66 million for the third quarter of 2023 and $248 million for the first nine months of 2023 primarily driven by (i) the impact of the acquisition of the remaining 25% shares of Sol Investments SEZC as part of the Share Exchange Agreement[2], (ii) additional volumes captured in the wholesale business, (iii) strong retail unit fuel margins due to favourable market conditions, (iv) organic growth in the aviation business, (v) the contributions from the Jamaica Acquisition[1] including the realization of related synergies, and (vi) higher non-fuel aviation service fees. This was partially offset by increased costs driven by volume growth and general inflation.
- USA achieved an increase in Adjusted EBITDA of $70 million for the third quarter of 2023, and $67 million for the first nine months of 2023. Excluding the impact of the spot wholesale inventory and risk management losses recognized in the third quarter of 2022, the increases were driven by (i) strong commercial unit fuel margins due to favourable market conditions, and (ii) continued focus on C-Store margin improvements through synergies and other initiatives. This was partially offset by (i) the decreased retail unit fuel margins due to market conditions, and (ii) higher labour and other operating costs due to inflation.
- Refining's Adjusted EBITDA increased by $53 million for the third quarter of 2023 and decreased by $53 million for the first nine months of 2023. The increase for the third quarter of 2023 was driven by higher crack spreads and record composite utilization driven by safe and reliable operations. The decrease for the first nine months of 2023 was due to the 2023 Turnaround[3] and lower crack spreads in the first six months of 2023.
- Corporate Adjusted EBITDA expense remained relatively flat for the third quarter and the first nine months of 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 frozen food brand and retailer based in Mississauga, Ontario, on February 18, 2022 (the "M&M Acquisition"); (iii) all of the issued and outstanding equity interest of Vopak Terminal of Canada Inc. and Vopak Terminals of Eastern Canada Inc., which include four product terminals strategically located in east and west Montreal, Quebec, and Hamilton, on June 1, 2022 (the "Vopak Acquisition"); (iv) certain assets of Cenovus Energy Inc. comprised of 163 retail sites, including Husky-branded locations, on September 13, 2022 (the "Husky Acquisition" and collectively with the Crevier Acquisition, M&M Acquisition, and Vopak Acquisition, the "2022 Canada Acquisitions"); and (v) all of the issued and outstanding equity interest in Gulfstream Petroleum S.R.L., which represents GB Group's retail, aviation, commercial, lubes and liquefied petroleum gas ("LPG") business in Jamaica, on July 1, 2022 (the "Jamaica Acquisition", and together with the "2022 Canada Acquisitions", the "2022 Acquisitions").

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

[3] Parkland'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 $125 million to a record $230 million for the third quarter of 2023 and by $144 million to a record $385 million for the first nine months of 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 and (ii) unrealized non-cash risk management and other gains on commodity risk management contracts due to commodity prices volatility, which are expected to largely offset upon realization of any gain or loss on physical products at the time of sale. These increases were partially offset by (i) increase in finance costs driven by higher effective interest rates under the Credit Facility, (ii) higher depreciation due to an expanding asset base driven by the 2022 Acquisitions[1] and organic growth initiatives, (iii) higher unrealized losses on foreign exchange with offsetting realized gains, (iv) increase in income tax expense driven by higher taxable income, 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 $182 million for the third quarter of 2023 and $124 million for the first nine months of 2023 as compared to the same periods in 2022. The period-over-period variances were primarily due to the Adjusted EBITDA results as discussed above partially offset by (i) higher depreciation due to an expanding asset base driven by the 2022 Acquisitions and organic growth initiatives, (ii) higher finance costs driven by higher effective interest rates under the Credit Facility for the first nine months of 2023, and (iii) an increase in income tax expense driven by higher taxable income.

B. Cash flows and liquidity

Parkland achieved cash generated from operating activities of $1,992 million for the trailing twelve months ended September 30, 2023, reflecting record operational performance.

- Cash generated from operating activities for the third quarter and the first nine months of 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, demonstrating strong execution and capital allocation discipline, and providing Parkland with continued balance sheet strength and financial flexibility.
- Leverage Ratio[4] decreased to 2.9 as at September 30, 2023, as compared to 3.4 as at December 31, 2022, demonstrating the Company's delivery on its deleveraging commitment. Parkland was in compliance and well below the covenant restrictions with respect to all of its Credit Facility covenants.
- Liquidity available[5] as at September 30, 2023 was $1,804 million, comprised of cash and cash equivalents and borrowing capacity available under the Credit Facility.

C. Dividends and dividend payout ratio

In the third quarter of 2023 and in the first nine months of 2023, Parkland declared dividends to shareholders of $60 million and $180 million, 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.

The dividend payout ratio was 32% for the trailing twelve months ended September 30, 2023, remaining relatively flat as compared to the same period in 2022. This was primarily due to higher cash available for dividends distribution 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. Parkland's combined growth and maintenance capital expenditures remained flat for the third quarter of 2023 and increased by $93 million in the first nine months of 2023, when compared to the same periods in 2022. The increase is primarily due to the 2023 Turnaround, On the Run / Marché Express site conversions and upgrades, and fleet and equipment purchases:

- Growth capital expenditures attributable to Parkland were $57 million for the third quarter of 2023 and $148 million for the first nine months of 2023, primarily focused on (i) On the Run / Marché Express site conversions, network

[4] Capital management measure. See Section 16 of this MD&A.
[5] Supplementary financial measure. See Section 16 of this MD&A.

expansion including EV charging and rebranding activities, (ii) low-carbon manufacturing growth initiatives at the Burnaby Refinery, (iii) enhancements to the JOURNIE™ Rewards program in various digital platforms, and (iv) fleet and equipment purchases to support new customer contracts.

- Maintenance capital expenditures attributable to Parkland were $52 million for the third quarter of 2023, and $192 million for the first nine months of 2023, primarily focused on (i) the 2023 Turnaround in the first six months of 2023, (ii) fleet replacement and equipment upgrades and maintenance, and (iii) retail sites renovations in Canada and International markets.

3. SUSTAINABILITY

In the third quarter of 2023, we published Parkland's fourth "Drive to Zero" Sustainability Report, outlining our strategy and the actions we are taking to drive sustainable growth and shareholder returns. The report highlights the many successful initiatives underway. Among them are (i) industry-leading efforts on co-processing low-carbon renewable fuels, (ii) safer, more diverse, and inclusive work environments, and (iii) the incorporation of sustainability metrics into executive compensation. We set meaningful and measurable targets to guide us on our journey. Highlights from the report include leading Canada in co-processing, with 92% of the country's renewable refining throughput, and reaching our target of 30% of Board members represented by women.

Key updates for Parkland in the third quarter of 2023 as we advance in our sustainability journey include the following:

- We co-processed over 37 million litres of bio-feedstocks, a record for Parkland, during the third quarter of 2023 and more than 64 million litres for the first nine months of 2023.
- Parkland continues to make progress in building one of western Canada's largest ultra-fast EV charging networks. As at September 30, 2023, Parkland has 33 operational EV-charging locations and 63 chargers as part of a plan to build 50 sites on an ultra high speed charging network along major highways in British Columbia and Alberta.
- Sol Ecolution, Parkland International's renewable energy division, which facilitates the development of diverse renewable and low-carbon energy solutions in the Caribbean, continues to expand its solar photovoltaic systems at retail sites across the region. As at September 30, 2023, about 2 megawatts (MW) of generating capacity has been installed and is operational across 48 retail sites in 9 markets, with a further 30 retail sites under construction. Sol Ecolution has a project pipeline of over 250 MW across third-party commercial and utility-scale opportunities in the region.

Health, safety and environment ("HSE")

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

Parkland is committed to reducing injuries and incidents across all our operations, actively involving our workforce in enhancing, tracking and measuring our performance, and training our workers to ensure they have the knowledge and skills necessary to perform their work safely. Parkland has an overarching Operational Excellence Management System (POEMS), which sets the standard for safe, reliable and consistent operations. One of the programs contained within POEMS is our hazard assessment program "Stop. Think. Act.", which encourages employees to identify hazards and protect themselves, their co-workers, and the communities we operate in and complements our "Drive to Zero" strategy discussed above. Finally, our "8 Life Saving Rules" are a set of crystal-clear standards that help to mitigate risks and reduce incidents by providing non-negotiable rules.

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

	September 30, 2023	September 30, 2022
TTM LTIF[6]	**0.19**	0.15
TTM TRIF[6]	**0.95**	1.13

[6] Non-financial measure. See Section 16 of this MD&A.

4. SEGMENT OVERVIEW, HIGHLIGHTS AND RESULTS

Refer to Section 14 of the Annual MD&A for a description of Parkland's segments.

A. Canada

	Three months ended September 30,				Nine months ended September 30,			
($ millions, unless otherwise noted)	**2023**	2022	Change	%	**2023**	2022	Change	%
Fuel and petroleum product volume[1] (million litres)	**3,454**	3,330	124	4%	**9,984**	9,698	286	3%
Fuel and petroleum product adjusted gross margin[2][6]	**326**	268	58	22%	**918**	893	25	3%
Food, convenience and other adjusted gross margin[2]	**96**	85	11	13%	**277**	224	53	24%
Total adjusted gross margin[2]	**422**	353	69	20%	**1,195**	1,117	78	7%
Operating Costs	**175**	155	20	13%	**513**	456	57	13%
Marketing, General and Administrative	**56**	58	(2)	(3)%	**178**	157	21	13%
Other items[3]	**(15)**	—	(15)	—%	**(19)**	(1)	(18)	1,800%
Adjusted EBITDA[2]	**206**	140	66	47%	**523**	505	18	4%
Key performance measures:								
Company Volume SSSG[4]	**4.2%**	(1.7)%	5.9p.p		**6.8%**	1.0%	5.8p.p	
Food and Company C-Store SSSG (excluding cigarettes)[5]	**3.6%**	5.2%	(1.6)p.p		**4.1%**	2.2%	1.9p.p	
Food and Company C-Store SSSG (including cigarettes)[5]	**3.0%**	(5.1)%	8.1p.p		**2.5%**	(6.3)%	8.8p.p	
Food and C-Store gross margin percentage[5]	**34.4%**	33.8%	0.6p.p		**34.2%**	34.0%	0.2p.p	

[1] Includes gasoline, diesel and propane volumes.
[2] Measure of segment profit (loss). See Section 16 for additional information and breakdown of food, convenience and other adjusted gross margin.
[3] Other items for the third quarter of 2023 includes other income of $15 million (2022 - nil). Other items for the first nine months of 2023 includes other income of $16 million (2022 - $1 million); and effect of market-based performance conditions for equity-settled share-based award settlements of $3 million (2022 - nil).
[4] Non-financial measure. SSSG denotes same-store sales growth. Includes gasoline and diesel volumes, but excludes propane volumes sold at retail sites. See Section 16 of this MD&A.
[5] Non-GAAP financial ratio. See Section 16 of this MD&A.
[6] Fuel and petroleum product adjusted gross margin (cpl) was 9.44 for the third quarter of 2023 (2022 - 8.05) and 9.19 for the first nine months of 2023 (2022 - 9.21). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. See Section 16 of this MD&A for a description of supplementary financial measures.

Q3 and Q3 YTD Performance - 2023 vs. 2022

Canada delivered Adjusted EBITDA of $206 million for the third quarter of 2023 and $523 million for the first nine months of 2023, representing an increase of $66 million and $18 million, respectively, as compared to the same periods in 2022. The change in Adjusted EBITDA is primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased by $58 million for the third quarter of 2023 and $25 million for the first nine months of 2023, mainly due to (i) stronger unit margins in the third quarter of 2023 resulting from favourable market conditions and continued optimization of our supply and integrated logistic capabilities, (ii) volume growth in our retail network and commercial business, and (iii) the incremental benefit of the 2022 Canada Acquisitions. The increase in fuel and petroleum product adjusted gross margin for the first nine months of 2023 was partially offset by lower gross margins in the first six months of 2023 as compared to the prior period, when the favourable market dynamics in a rising commodity price environment resulted in historically high unit margins.
- Food, convenience and other adjusted gross margin increased by $11 million for the third quarter of 2023 and $53 million for the first nine months of 2023, primarily due to (i) strong C-Store sales growth across most categories, (ii) growth in M&M Food Market sales, and (iii) the 2022 Canada Acquisitions.
- Food and Company C-Store SSSG (excluding cigarettes) was 3.6% for the third quarter of 2023 reflecting continued growth in our core C-store categories. The decrease from 5.2% in the comparative period in 2022 was due to softness in our food business tied to inflationary pressures. Food and Company C-Store SSSG (excluding cigarettes) increased from 2.2% to 4.1% for the first nine months of 2023, due to organic growth across several categories such as centre of store and beverages driven by continued focus on strong in-store productivity and benefits from our retail marketing programs including the JOURNIE™ Rewards program. Food and Company C-Store SSSG (including cigarettes) increased from (5.1)% to 3.0% for the third quarter of 2023 and from (6.3)% to 2.5% for the first nine months of 2023 mainly due to improved cigarette market share along with the C-Store growth noted above. Food and convenience store revenue for Canada increased by $12 million for the third quarter of 2023 due to organic growth as discussed

above and decreased by $41 million the first nine months of 2023 primarily due to the change in our revenue business model for cigarettes, partially offset by the organic growth as discussed above.

- Food and C-Store gross margin percentage increased from 33.8% to 34.4% for the third quarter of 2023, and from 34.0% to 34.2% for the first nine months of 2023. The increase reflects the impacts of our margin optimization initiatives at food and C-Stores.
- Operating costs increased by $20 million for the third quarter of 2023 and $57 million for the first nine months of 2023, primarily due to the 2022 Canada Acquisitions and general inflation, partially offset by strong cost control initiatives, particularly in our Commercial business.
- Marketing, General and Administrative expenses remained relatively flat for the third quarter of 2023. and increased by $21 million for the first nine months of 2023, primarily due to the 2022 Canada Acquisitions and general inflation, partially offset by effective cost management initiatives.

B. International

	Three months ended September 30,				Nine months ended September 30,			
($ millions, unless otherwise noted)	**2023**	2022	Change	%	**2023**	2022	Change	%
Fuel and petroleum product volume(1) (million litres)	**1,908**	1,703	205	12%	**5,974**	4,805	1,169	24%
Fuel and petroleum product adjusted gross margin(1)(2)(3)	**214**	158	56	35%	**625**	439	186	42%
Food, convenience and other adjusted gross margin(1)(2)	**28**	27	1	4%	**93**	73	20	27%
Adjusted gross margin(1)(2)(5)	**242**	185	57	31%	**718**	512	206	40%
Operating Costs(1)	**57**	53	4	8%	**171**	129	42	33%
Marketing, General and Administrative(1)	**30**	25	5	20%	**89**	70	19	27%
Other items(5)	**(15)**	(9)	(6)	67%	**(63)**	(27)	(36)	133%
Adjusted EBITDA including NCI(1)(4)	**170**	116	54	47%	**521**	340	181	53%
Less: Adjusted EBITDA attributable to NCI(4)	**–**	12	(12)	(100)%	**–**	67	(67)	(100)%
Adjusted EBITDA(2)	**170**	104	66	63%	**521**	273	248	91%

(1) Including NCI.
(2) Measure of segment profit (loss). See Section 16 of this MD&A.
(3) Fuel and petroleum product adjusted gross margin (cpl) was 11.22 for the third quarter of 2023 (2022 - 9.28) and 10.46 for the first nine months of 2023 (2022 - 9.14). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. See Section 16 of this MD&A for a description of supplementary financial measures.
(4) 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.
(5) Other items for the third quarter of 2023 includes non-recurring[7] realized foreign exchange gains on settlement of financing balances of $5 million (2022 - nil); share of depreciation and income taxes for the Isla joint venture of $5 million (2022 - $2 million); share of earnings of associates and joint ventures of $5 million (2022 - $5 million); and other income of nil (2022 - $2 million). Other items for the first nine months of 2023 includes non-recurring[7] realized foreign exchange gains on settlement of financing balances of $31 million (2022 - nil); share of (earnings) loss of associates and joint ventures of $17 million (2022 - $16 million); share of depreciation and income taxes for the Isla joint venture of $11 million (2022 - $9 million); and other income of $4 million (2022 - $2 million).

Q3 and Q3 YTD Performance - 2023 vs. 2022

International delivered strong results with Adjusted EBITDA of $170 million for the third quarter of 2023 and $521 million for the first nine months of 2023, representing an increase of $66 million[8] and $248 million respectively, compared to the same periods in 2022. In addition to the impact of the acquisition of the remaining 25% share of Sol Investments SEZC as part of the Share Exchange Agreement, the increase in Adjusted EBITDA is primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased by $56 million for the third quarter of 2023 and $186 million for the first nine months of 2023 primarily due to (i) additional volume captured in the wholesale business, (ii) strong unit fuel margins driven by favourable market conditions and pricing strategies, (iii) organic growth in the aviation business, and (iv) contributions from the Jamaica Acquisition[9] including the realization of related synergies.
- Food, convenience and other adjusted gross margin remained relatively flat for the third quarter of 2023 and increased $20 million for the first nine months of 2023 due to (i) contributions from the Jamaica Acquisition including the realization of related synergies, and (ii) increases of non-fuel aviation service fees.

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7 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.
8 The U.S. Dollar strengthened against the Canadian Dollar by 2.7% in the third quarter of 2023 and 5% in the first nine months of 2023 when compared to the same periods in 2022, which impacted the reported growth and translation of the other financial metrics into Canadian Dollars.
9 Impacts the changes for the first six months of 2023 only as the Jamaica Acquisition was completed in the third quarter of 2022.

- Operating Costs increased by $4 million for the third quarter of 2023 and $42 million for the first nine months of 2023 due to (i) volume growth, (ii) inflationary pressures, and (iii) increased freight costs.
- Marketing, General and Administrative expenses increased by $5 million for the third quarter of 2023 and $19 million for the first nine months of 2023 primarily due to inflationary pressures, partially offset by the impact of continued cost control measures.

C. USA

	Three months ended September 30,				Nine months ended September 30,			
($ millions, unless otherwise noted)	**2023**	2022	Change	%	**2023**	2022	Change	%
Fuel and petroleum product volume[1][8] (million litres)	**1,276**	1,612	(336)	(21)%	**3,862**	4,938	(1,076)	(22)%
Fuel and petroleum product adjusted gross margin[2][5]	**108**	52	56	108%	**325**	274	51	19%
Food, convenience and other adjusted gross margin[2]	**66**	62	4	6%	**180**	171	9	5%
Total adjusted gross margin[2]	**174**	114	60	53%	**505**	445	60	13%
Operating Costs	**97**	106	(9)	(8)%	**287**	281	6	2%
Marketing, General and Administrative	**25**	27	(2)	(7)%	**83**	85	(2)	(2)%
Other items[6]	**–**	(1)	1	(100)%	**(12)**	(1)	(11)	1,100%
Adjusted EBITDA[2]	**52**	(18)	70	(389)%	**147**	80	67	84%
Key performance measures:								
Company Volume SSSG[3][7]	**(0.8)%**				**(2.1)%**			
Food and Company C-Store SSSG (excluding cigarettes)[4][7]	**3.0%**				**4.3%**			
Food and Company C-Store SSSG (including cigarettes)[4][7]	**2.2%**				**3.2%**			
Food and C-Store gross margin percentage[4][7]	**32.3%**	33.0%	(0.7)p.p		**31.0%**	30.4%	0.6p.p	

[1] Includes gasoline, diesel and propane volumes.
[2] Measure of segment profit (loss). See Section 16 of this MD&A.
[3] Non-financial measure. SSSG denotes same-store sales growth. Includes gasoline and diesel volumes, but excludes propane volumes sold at retail sites. See Section 16 of this MD&A.
[4] Non-GAAP financial ratio. See Section 16 of this MD&A.
[5] Fuel and petroleum product adjusted gross margin (cpl) was 8.46 for the third quarter of 2023 (2022 - 3.23) and 8.42 for the first nine months of 2023 (2022 - 5.55). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. Refer to Section 16 of this MD&A for a description of supplementary financial measures.
[6] Other items for the third quarter of 2023 includes other income of nil (2022 - $1 million). Other items for the first nine months of 2023 includes non-recurring[7] 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 - $1 million).
[7] USA started reporting these metrics in the second quarter of 2023. The comparative information for the three and nine months ended September 30, 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] For comparative purposes, information for the three and nine months ended September 30, 2022 was revised to conform to the presentation used in the current period.

Q3 and Q3 YTD Performance - 2023 vs. 2022

USA delivered Adjusted EBITDA of $52 million for the third quarter of 2023 and $147 million for the first nine months of 2023, representing an increase of $70 million[10] and $67 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 $56 million for the third quarter of 2023 and $51 million for the first nine months of 2023. 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 USA's base business decreased for the third quarter and the first nine months of 2023. This was primarily due to compressed retail unit fuel margins driven by market conditions, partially offset by strong commercial unit fuel margin due to continued focus on sourcing optimization efforts.
- Food, convenience and other adjusted gross margin increased $4 million for the third quarter of 2023 and $9 million for the first nine months of 2023 driven by continued focus on improving C-Store gross margins through (i) consolidation of suppliers, (ii) roll-out of On the Run / Marché Express rebrands, and (iii) execution of C-Store category management initiatives.

[10] The U.S. Dollar strengthened against the Canadian Dollar by 2.7% in the third quarter of 2023 and 5% in the first nine months of 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 and Company C-Store SSSG excluding and including cigarettes of 3.0% and 2.2%, respectively, for the third quarter of 2023 and 4.3% and 3.2%, respectively, for the first nine months of 2023 is due to the execution and the benefits of our retail strategies as noted above. These strategies also contributed to the growth in Food and Company C-store revenue that increased by $5 million for the third quarter of 2023 and $21 million for the first nine months of 2023.
- Company Volume SSSG of (0.8)% and (2.1)%, for the third quarter of 2023 and the first nine months of 2023, respectively, is due to reduced gasoline demand and a competitive market environment.
- Food and C-Store gross margin percentage remained strong at 32.3% for the third quarter of 2023, decreasing slightly from 33.0%. Food and C-Store gross margin percentage increased to 31.0% from 30.4% for the first nine months of 2023, driven by the impacts of our margin optimization initiatives at C-Stores.
- Operating Costs decreased $9 million for the third quarter of 2023 and increased $6 million for the first nine months of 2023. The decrease for the third quarter of 2023 was driven by (i) continued focus on operational efficiencies, and (ii) effective cost management initiatives. The increase for the first nine months of 2023 was due to the higher labour and other operating costs, including distribution and repairs and maintenance, mainly driven by inflation, partially offset by the decrease in the third quarter of 2023 as discussed above.
- Marketing, General and Administrative expenses remained relatively flat for the third quarter of 2023 and the first nine months of 2023.

D. Refining

	Three months ended September 30,				Nine months ended September 30,			
($ millions, unless otherwise noted)	**2023**	2022	Change	%	**2023**	2022	Change	%
External fuel and petroleum product volume[1] (million litres)	**466**	342	124	36%	**1,083**	958	125	13%
Internal fuel and petroleum product volume (million litres)	**710**	777	(67)	(9)%	**2,004**	2,053	(49)	(2)%
Total fuel and petroleum product volume (million litres)	**1,176**	1,119	57	5%	**3,087**	3,011	76	3%
Fuel and petroleum product adjusted gross margin[2]	**259**	209	50	24%	**569**	596	(27)	(5)%
Non-fuel adjusted gross margin[2]	**–**	3	(3)	(100)%	**–**	7	(7)	(100)%
Total adjusted gross margin[2]	**259**	212	47	22%	**569**	603	(34)	(6)%
Operating Costs	**65**	72	(7)	(10)%	**218**	202	16	8%
Marketing, General and Administrative	**6**	5	1	20%	**17**	13	4	31%
Other adjusting items[4]	**–**	—	—	—%	**(1)**	—	(1)	—%
Adjusted EBITDA[2]	**188**	135	53	39%	**335**	388	(53)	(14)%
Key performance measures:								
Crude utilization[3]	**98.3%**	90.1%	8.2p.p		**73.5 %**	88.2 %	(14.7)p.p	
Composite utilization[3]	**102.9%**	94.1%	8.8p.p		**76.2 %**	91.6 %	(15.4)p.p	
Crude throughput[3] (000's bpd)	**54.1**	49.5	4.6	9%	**40.4**	48.5	(8.1)	(17)%
Bio-feedstock throughput[3] (000's bpd)	**2.6**	2.2	0.4	18%	**1.5**	1.9	(0.4)	(21)%

(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 16 of this MD&A.
(3) Non-financial measure. See Section 16 of this MD&A.
(4) Other adjusting items for the first nine months of 2023 includes the effect of market-based performance conditions for equity-settled share-based award settlements of $1 million (2022 - nil).

Q3 and Q3 YTD Performance - 2023 vs. 2022

Refining delivered a record Adjusted EBITDA of $188 million for the third quarter of 2023 and $335 million for the first nine months of 2023 representing an increase of $53 million and a decrease of $53 million, respectively, as compared to the same periods in 2022. The changes in Adjusted EBITDA are primarily due to the following:

- Adjusted gross margin increased by $47 million for the third quarter of 2023 and decreased by $34 million for the first nine months of 2023. The increase for the third quarter of 2023 was primarily driven by higher crack spreads and increased utilization driven by safe and reliable operations and optimization of the production mix. The decrease for the first nine months of 2023 was due to the 2023 Turnaround. The composite utilization increased for the third quarter of 2023 to a record of 102.9%, as compared to 94.1% for the same period in 2022, and decreased for the first nine months of 2023 to 76.2%, as compared to 91.6% for the same period in 2022, as a result of the 2023 Turnaround.
- Operating Costs decreased by $7 million for the third quarter of 2023 mainly due to lower fuel costs and increased by $16 million for the first nine months of 2023 primarily due to increased labour and other costs associated with the

execution of the 2023 Turnaround, partially offset by reduced fuel, utilities, catalyst and chemical costs as a result of the Burnaby Refinery being shutdown for the 2023 Turnaround.

- Marketing, General and Administrative expenses remained relatively flat for the third quarter and the first nine months of 2023.

E. Corporate

($ millions)	Three months ended September 30, 2023	2022	Change	%	Nine months ended September 30, 2023	2022	Change	%
Marketing, General and Administrative	**34**	32	2	6%	**89**	84	5	6%
Other items[1]	**(3)**	1	(4)	(400)%	**(13)**	(3)	(10)	333%
Adjusted EBITDA[2] expense	**31**	33	(2)	(6)%	**76**	81	(5)	(6)%
Key performance measure:								
Corporate Marketing, General and Administrative expenses as a % of total adjusted gross profit[3]	**3.1%**	3.7%	(0.6)p.p		**3.0%**	3.1%	(0.1)p.p	

[1] Other items for the third quarter of 2023 include non-fuel internal revenue of $2 million (2022 - nil); adjustment to foreign exchange gains and losses related to cash pooling arrangements of $1 million (2022 - $1 million); and other income of nil (2022 - $2 million expense). Other items for the first nine months of 2023 includes the effect of market-based performance conditions for equity-settled share-based award settlements of $6 million (2022 - nil); non-fuel internal revenue of $4 million (2022 - nil); realized foreign exchange gains on other USD-denominated balances of $2 million (2022 - $1 million); adjustment to foreign exchange gains and losses related to cash pooling arrangements of $1 million (2022 - $3 million); and operating cost of nil (2022 - $1 million).

[2] Measure of segment profit or loss. See Section 16 of this MD&A.

[3] Supplementary financial measure. See Section 16 of this MD&A.

Corporate Adjusted EBITDA expense remained relatively flat for the third quarter and the first nine months of 2023 as compared to the same periods in 2022, as Parkland continued to maintain a disciplined approach towards cost management. This is also reflected in Corporate Marketing, General and Administrative expenses as a percentage of Parkland's Adjusted gross margin[11], which decreased by 0.6 p.p. for the third quarter of 2023 and 0.1 p.p. for the first nine months of 2023. Parkland expects to continue the reduction in Corporate Marketing, General and Administrative expenses driven by continued cost management initiatives.

5. QUARTERLY FINANCIAL DATA

($ millions, unless otherwise noted)	2023			2022				2021
For the three months ended	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Financial Summary								
Sales and operating revenue[1]	**8,873**	7,819	8,156	8,719	9,422	9,715	7,606	6,286
Adjusted gross margin[1][2]	**1,097**	963	929	995	864	949	868	700
Adjusted EBITDA[2]	**585**	470	395	455	328	450	387	260
Canada[1]	**206**	150	167	197	140	174	191	153
International	**170**	168	183	110	104	87	82	78
USA	**52**	74	21	46	(18)	51	47	40
Refining[1]	**188**	109	38	128	135	164	89	16
Corporate[1]	**(31)**	(31)	(14)	(26)	(33)	(26)	(22)	(27)
Net earnings (loss) attributable to Parkland[1]	**230**	78	77	69	105	81	55	22
Net earnings (loss) per share – basic ($ per share)	**1.31**	0.44	0.44	0.39	0.67	0.52	0.36	0.15
Net earnings (loss) per share – diluted ($ per share)	**1.28**	0.44	0.43	0.39	0.66	0.52	0.35	0.15
Adjusted earnings (loss)[3]	**231**	130	114	117	49	166	136	55
Adjusted earnings (loss) per share – basic ($ per share)[3]	**1.31**	0.74	0.65	0.67	0.31	1.07	0.88	0.36
Adjusted earnings (loss) per share – diluted ($ per share)[3]	**1.28**	0.73	0.64	0.67	0.31	1.06	0.87	0.36

[1] Certain amounts within sales and operating revenue, cost of purchases, realized foreign exchange gains and losses, and marketing, general and administrative expenses were restated and reclassified to conform to the presentation used in the current period. Certain information for the comparative periods was restated due to a change in segment presentation. Refer to the Basis of presentation section of the Annual MD&A.

[2] Total of segments measure. See Section 16 of this MD&A.

[3] Non-GAAP financial measure or ratio. See Section 16 of this MD&A.

[11] Supplementary financial measure. See Section 16 of this MD&A.

Over the last eight quarters, Parkland's sales and operating revenue, Adjusted gross margin, Adjusted EBITDA and Adjusted earnings (loss) were primarily impacted by (i) COVID-19 and the subsequent recovery to pre-COVID-19 business activities and tourism resulting in increased volumes, (ii) fluctuations in the price of fuel and petroleum products, (iii) market conditions impacting unit margins, (iv) Parkland's acquisitions and the related synergies, (v) the 2021 minor turnaround[12] and the British Columbia ("B.C.") flooding in the fourth quarter of 2021, (vi) organic growth, (vii) the impact of the Russia-Ukraine conflict on commodity prices and margins, (viii) the spot wholesale inventory and risk management losses in USA in a rapidly declining and volatile market in the third quarter of 2022, (ix) the B.C. power outage in the second quarter of 2022, (x) the 2023 Turnaround, (xi) non-recurring[13] realized gains on foreign exchange arising on the settlement of financing balances, and (xii) 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 September 30,		Nine months ended September 30,	
($ millions, unless otherwise noted)	**2023**	2022	**2023**	2022
Cash generated from (used in) operating activities	**528**	404	**1,363**	697
Cash generated from (used in) investing activities	**(92)**	(331)	**(404)**	(971)
Cash generated from (used in) financing activities	**(362)**	(395)	**(1,238)**	282
Increase (decrease) in cash and cash equivalents	**74**	(322)	**(279)**	8
Impact of foreign currency translation on cash	**9**	20	**(9)**	27
Cash and cash equivalents, beginning of period	**345**	663	**716**	326
Cash and cash equivalents, end of period	**428**	361	**428**	361
Cash generated from (used in) operating activities per share[(1)]	**3.00**	2.59	**7.76**	4.48

[(1)] Supplementary financial measure. See Section 16 of this MD&A.

Operating activities

Q3 2023 vs. Q3 2022

Parkland generated $528 million in cash from operating activities for the third quarter of 2023. This was primarily attributable to: (i) Adjusted EBITDA of $585 million and (ii) an inflow of $62 million primarily related to the timing of settlement of risk management contracts. The increases were partially offset by: (i) an outflow of $48 million from net change in non-cash working capital due to increase in commodity prices, (ii) $38 million in acquisition, integration and other costs primarily related to the integration and restructuring activities, and (iii) $24 million of current income taxes.

In comparison, Parkland generated $404 million in cash from operating activities for the third quarter of 2022. This was primarily attributable to: (i) Adjusted EBITDA including NCI of $340 million, (ii) an inflow of $112 million from net change in non-cash working capital due to decrease in commodity prices, and (iii) an inflow of $20 million related to risk management and other instruments in a declining commodity price environment, which was partially offset by: (i) $45 million in acquisition, integration and other costs primarily related to the increase in acquisition and integration activities, and (ii) $23 million change in other liabilities and other assets.

Q3 2023 YTD vs. Q3 2022 YTD

Parkland generated $1,363 million in cash from operating activities for the first nine months of 2023. This was primarily attributable to: (i) Adjusted EBITDA of $1,450 million, (ii) an inflow of $76 million primarily related to the timing of settlement of risk management contracts, and (iii) an inflow of $65 million from net change in non-cash working capital due to lower

[12] Parkland's minor turnaround of the Burnaby Refinery that commenced in early October 2021 and was completed by early November 2021.

[13] 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.

commodity prices. The increases were partially offset by: (i) $104 million in acquisition, integration and other costs primarily related to the integration and restructuring activities, and (ii) current income taxes of $64 million.

In comparison, Parkland generated $697 million in cash from operating activities for the first nine months of 2022. This was primarily attributable to Adjusted EBITDA including NCI of $1,232 million, which was partially offset by: (i) an outflow of $360 million from net change in non-cash working capital due to increase in commodity prices, (ii) $76 million in acquisition, integration and other costs primarily related to the increase in the acquisition activity, (iii) current income taxes of $63 million due to higher taxable net earnings, and (iv) outflow of $16 million primarily related to the settlement of risk management contracts in higher commodity price environment with offsetting robust margins on physical sales reflected in the Adjusted EBITDA.

Investing activities

Q3 2023 vs. Q3 2022

Parkland invested $92 million in the third quarter of 2023, primarily attributable to $109 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A. This was partially offset by $16 million in dividends received from investments in associates and joint ventures and proceeds on the disposal of certain assets.

In comparison, Parkland invested $331 million in the third quarter of 2022, primarily attributable to: (i) $219 million related to the Jamaica Acquisition and the Husky Acquisition, and (ii) $111 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A.

Q3 2023 YTD vs. Q3 2022 YTD

Parkland invested $404 million in the first nine months of 2023, primarily attributable to: (i) $340 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A, and $109 million change in net non-cash working capital outflow largely attributable to payment of the deferred consideration relating to the Vopak Acquisition. This was partially offset by: (i) $29 million in proceeds on the disposal of certain assets, and (ii) $22 million in dividends from the investment in associates and joint ventures.

In comparison, Parkland invested $971 million for the first nine months of 2022, primarily attributable to: (i) $697 million related to the 2022 Acquisitions, (ii) $256 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A, (iii) $17 million in dividends from the investment in associates and joint ventures, and (iv) $15 million change in non-cash working capital outflow.

Financing activities

Q3 2023 vs. Q3 2022

Parkland used $362 million of cash in financing activities for the third quarter of 2023. This was primarily attributable to: (i) $162 million of net repayments under the Credit Facility as we continue to progress on our deleveraging strategy, (ii) $86 million of payments for interest on leases and long-term debt, (iii) $60 million in cash dividends paid to shareholders, and (iv) $57 million of payments made on principal amount on leases.

In comparison, Parkland used $395 million of cash in financing activities during the third quarter of 2022. This was primarily attributable to: (i) $231 million of net repayments under the Credit Facility and other long-term debt, (ii) $78 million of payments for interest on leases and long-term debt, (iii) $50 million of payments made on principal amount on leases, and (iv) $36 million in cash dividends paid to shareholders.

Q3 2023 YTD vs. Q3 2022 YTD

Parkland used $1,238 million of cash in financing activities in the first nine months of 2023. This was primarily attributable to: (i) $641 million of repayments under the Credit Facility as we continue to progress on our deleveraging strategy, (ii) $270 million of payments for interest on leases and long-term debt, (iii) $177 million in cash dividends paid to shareholders, and (iv) $164 million of payments made on principal amount on leases.

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

B. Dividends

	Three months ended September 30,				Nine months ended September 30,			
($ millions)	**2023**	2022	Change	%	**2023**	2022	Change	%
Dividends declared to shareholders	**60**	50	10	20%	**180**	150	30	20%
Dividends paid to shareholders, net of dividend reinvestment plan ("DRIP")	**(60)**	(36)	(24)	67%	**(177)**	(83)	(94)	113%

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 $10 million in the third quarter of 2023 and by $30 million for the first nine months of 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 connection with the acquisition of the remaining 25% of Sol, and (ii) issuances under the DRIP, the stock option plan, and on vesting of performance share units, partially offset by shares repurchased under the normal course issuer bid program ("NCIB").

Dividends paid to shareholders increased in the third quarter of 2023 by $24 million to $60 million, and by $94 million to $177 million in the first nine months of 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.

C. Dividend payout ratio

	Trailing twelve months ended September 30,	
($ millions, unless otherwise noted)	**2023**	2022
Cash generated from (used in) operating activities[(1)]	**1,992**	815
Exclude: Adjusted EBITDA attributable to NCI, net of tax	**–**	(86)
	1,992	729
Reverse: Change in other liabilities and other assets	**(16)**	28
Reverse: Change in risk management and other	**(87)**	16
Reverse: Net change in non-cash working capital	**(286)**	508
Include: Maintenance capital expenditures attributable to Parkland[(1)]	**(310)**	(247)
Include: Dividends received from investments in associates and joint ventures	**22**	21
Include: Interest on leases and long-term debt	**(350)**	(268)
Exclude: Interest on leases and long-term debt attributable to NCI	**–**	3
Include: Payments of principal amount on leases	**(216)**	(163)
Exclude: Payments of principal amount on leases attributable to NCI	**–**	16
Cash available for dividend distribution	**749**	643
Dividends[(1)]	**237**	197
Dividend payout ratio[(2)]	**32%**	31%
Cash generated from (used in) operating activities per share[(1)]	**11.39**	5.26

(1) Supplementary financial measure. See Section 16 of this MD&A.
(2) Non-GAAP financial measure or non-GAAP financial ratio. See Section 16 of this MD&A.

The dividend payout ratio remained relatively flat for the trailing twelve months ended September 30, 2023, as compared to the same period in 2022. This result was primarily due to an increase in cash available for distribution driven by strong Adjusted EBITDA results, offset by an increase in financing costs and lease payments due to the 2022 Acquisitions and rising interest rates. The impact of the increase in cash available for distribution was partially offset by an increase in dividends as discussed in Section 6B.

In comparison, cash generated from operating activities for the trailing twelve months ended September 30, 2023, increased by $1,177 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, partially offset by integration costs attributable to the 2022 Acquisitions and restructuring activities.

7. LIQUIDITY AND COMMITMENTS

A. Capital management

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

The Leverage Ratio was significantly improved to 2.9 as at September 30, 2023, compared to 3.3 as at June 30, 2023 and 3.4 as at December 31, 2022, which was driven by a continued focus on deleveraging through (i) strong Adjusted EBITDA and cash flow performance which enabled Parkland to repay a portion of long-term debt, (ii) discipline in capital allocation, and (iii) no acquisitions in the first nine months of 2023.

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Leverage Debt	**5,141**	5,297	5,454	5,480
Leverage EBITDA	**1,786**	1,582	1,644	1,602
Leverage Ratio[1]	**2.9**	3.3	3.3	3.4

[1] Capital management measure. Refer to Section 16 of this MD&A for additional details.

In addition to the internal capital management measures, Parkland was in compliance and well below the covenant restrictions with respect to all of its Credit Facility covenants consisting of (i) Senior Funded Debt to Credit Facility EBITDA ratio, (ii) Total Funded Debt to Credit Facility EBITDA ratio, and (iii) Interest coverage ratio (calculated as a ratio of Credit Facility EBITDA to Interest Expense) throughout the nine months ended September 30, 2023.

B. Available sources of liquidity

Parkland's sources of liquidity as at September 30, 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)	**September 30, 2023**	December 31, 2022
Cash and cash equivalents	**428**	716
Unused credit facilities	**1,376**	768
	1,804	1,484

Credit Facility

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

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

Normal course issuer bid program

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 and nine months ended September 30, 2023 (September 30, 2022 - nil and nil).

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 $12,980 million as at September 30, 2023, primarily due to a increase in accounts payable driven by higher commodity prices along with extended payment terms, and a increase in pipeline commitments driven by increase in tolls. This was partially offset by the repayment of long-term debt balances as part of Parkland's deleveraging strategy.

As at September 30, 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]	23	171	176	1,677	—	2,047
Acquisition of Property, plant and equipment	109	9	—	—	—	118
Total commitments	**132**	**180**	**176**	**1,677**	—	**2,165**
Other obligations						
Accounts payable and accrued liabilities	3,075	—	—	—	—	3,075
Dividends declared and payable	60	—	—	—	—	60
Risk management and other financial liabilities	111	—	—	—	—	111
Long-term debt - including interest[2]	426	700	2,872	3,793	(286)	7,505
Provisions and other liabilities	16	11	7	30	—	64
Total other obligations	**3,688**	**711**	**2,879**	**3,823**	**(286)**	**10,815**
Total contractual obligations	**3,820**	**891**	**3,055**	**5,500**	**(286)**	**12,980**

[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. Parkland has not created, and is not party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating its business.

Guarantees

As at September 30, 2023, Parkland provided $3,927 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 September 30, 2023, Parkland issued $57 million (December 31, 2022 - $52 million) of letters of credit and $429 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 interim condensed 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:

	Three months ended September 30,		**Nine months ended September 30,**	
($ millions)	**2023**	2022	**2023**	2022
Growth capital expenditures				
Canada	**32**	10	**70**	27
International	**4**	4	**9**	16
USA	**1**	5	**7**	15
Refining	**7**	16	**28**	38
Corporate	**13**	13	**34**	20
Growth capital expenditures including NCI	**57**	48	**148**	116
Attributable to NCI	**–**	1	**–**	4
Growth capital expenditures attributable to Parkland[(1)]	**57**	47	**148**	112
Maintenance capital expenditures				
Canada	**14**	17	**40**	34
International	**5**	15	**15**	31
USA	**4**	11	**24**	30
Refining	**29**	18	**112**	41
Corporate	**–**	2	**1**	4
Maintenance capital expenditures including NCI	**52**	63	**192**	140
Attributable to NCI	**–**	1	**–**	5
Maintenance capital expenditures attributable to Parkland[(1)]	**52**	62	**192**	135
Additions to property, plant and equipment and intangible assets	**109**	111	**340**	256
Attributable to NCI	**–**	2	**–**	9
Additions to property, plant and equipment and intangible assets attributable to Parkland[(1)(2)]	**109**	109	**340**	247

(1) Supplementary financial measure. See Section 16 of this MD&A.
(2) Refer to Note 13 of the Interim Condensed Consolidated Financial Statements.

Parkland's combined growth and maintenance capital expenditures remained flat for the third quarter of 2023 and increased by $93 million in the first nine months of 2023 when compared to the same periods in 2022. The increase is primarily due to the 2023 Turnaround, On the Run / Marché Express site conversions and upgrades, and fleet and equipment purchases.

Growth capital expenditures attributable to Parkland increased by $10 million for the third quarter of 2023 and $36 million for the first nine months of 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) enhancements to the JOURNIE™ Rewards program in various digital platforms, (iv) fleet and equipment purchases to support new contracts, and (v) site network expansion projects in Canada including EV charging.

Maintenance capital expenditures attributable to Parkland decreased by $10 million for the third quarter of 2023 and increased by $57 million for the first nine months of 2023 and were focused on (i) the 2023 Turnaround, (ii) fleet replacement and equipment upgrades and maintenance, (iii) retail sites renovations in Canada and International markets, (iv) terminals 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 September 30, 2023 are $118 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) 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 in Canada and USA, and (iii) ongoing infrastructure upgrades, renovation, site rebranding and equipment upgrades in our Canada and International markets. 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 September 30,	**2023**	2022	**2023**	2022	**2023**	2022[3]	**2023**	2022	**2023**	2022[3]
Fuel and petroleum product revenue	**4,248**	4,275	**2,312**	2,307	**1,526**	2,100	**397**	358	**8,483**	9,040
Food, convenience and other non-fuel revenue	**128**	119	**43**	43	**219**	216	**–**	4	**390**	382
Sales and operating revenue[2]	**4,376**	4,394	**2,355**	2,350	**1,745**	2,316	**397**	362	**8,873**	9,422

($ millions)	Canada[1]		International[1]		USA[1]		Refining[1]		Consolidated	
Nine months ended September 30,	**2023**	2022	**2023**	2022	**2023**	2022[3]	**2023**	2022	**2023**	2022[3]
Fuel and petroleum product revenue	**11,407**	12,154	**6,984**	6,272	**4,438**	6,179	**867**	1,006	**23,696**	25,611
Food, convenience and other non-fuel revenue	**381**	404	**134**	112	**637**	608	**–**	8	**1,152**	1,132
Sales and operating revenue[2]	**11,788**	12,558	**7,118**	6,384	**5,075**	6,787	**867**	1,014	**24,848**	26,743

(1) Refer to Note 13 of the Interim Condensed Consolidated Financial Statements for additional information on Parkland's segments.
(2) Sales and operating revenue include revenue from external customers only.
(3) For comparative purposes, information for the three and nine months ended September 30, 2022, were revised to conform to the presentation used in the current period.

Sales and operating revenue for the third quarter of 2023 and for the first nine months of 2023 decreased by $549 million and $1,895 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 remained relatively flat for the third quarter of 2023 and decreased $770 million for the first nine months of 2023. The decrease is mainly due to lower fuel and petroleum product commodity prices in the current period as a result of market dynamics in 2022 with a historically high commodity price environment, partially offset by (i) the incremental benefit of our 2022 Canada Acquisitions, and (ii) strong volume growth in our retail network.
- Sales and operating revenue for International remained relatively flat for the third quarter of 2023 and increased by $734 million for the first nine months of 2023. The increase was driven by (i) higher volumes due to organic growth and recovery in tourism, (ii) contributions from the Jamaica Acquisition, and (iii) strengthening of the US Dollar against the Canadian Dollar. This was partially offset by the lower fuel and petroleum product commodity prices in the current period as a result of market dynamics in 2022 with a historically high commodity price environment.
- Sales and operating revenue for USA decreased by $571 million for the third quarter of 2023 and $1,712 million for the first nine months of 2023 due to reduced fuel and petroleum product volumes as a result of the decision to limit spot wholesale activities in the US, and lower commodity prices, partially offset by the strengthening of the US Dollar against the Canadian Dollar.
- Sales and operating revenue for Refining increased by $35 million for the third quarter of 2023 mainly due to an increase in external crude sales and decreased by $147 million for the first nine months of 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 product during the turnaround.

B. Net earnings (loss)

The following table shows the reconciliation of Adjusted EBITDA to net earnings (loss) for the three and nine months ended September 30, 2023.

	Three months ended September 30,		Nine months ended September 30,	
($ millions)	**2023**	2022	**2023**	2022
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**585**	328	**1,450**	1,165
Add: Attributable to NCI	**–**	12	**–**	67
Adjusted EBITDA including NCI	**585**	340	**1,450**	1,232
Less/(add):				
Acquisition, integration and other costs	**38**	45	**104**	76
Depreciation and amortization	**205**	202	**601**	531
Finance costs	**93**	87	**295**	237
(Gain) loss on foreign exchange – unrealized	**1**	(16)	**35**	(16)
(Gain) loss on risk management and other – unrealized	**(19)**	(1)	**(62)**	30
Other (gains) and losses[1]	**(37)**	(88)	**(2)**	44
Other adjusting items[2]	**20**	(5)	**42**	5
Income tax expense (recovery)	**54**	(2)	**52**	48
Net earnings (loss)	**230**	118	**385**	277
Net earnings (loss) attributable to Parkland	**230**	105	**385**	241
Net earnings (loss) attributable to NCI	**–**	13	**–**	36

[1] Other (gains) and losses for the three months ended September 30, 2023 include the following: (i) $15 million gain (2022 - $4 million) in Other income; (ii) $13 million non-cash valuation gain (2022 - $37 million) due to the change in fair value of redemption options; (iii) $7 million non-cash valuation gain (2022 - $7 million loss) due to the change in estimates of environment provision; (iv) $6 million gain (2022 - nil) on disposal of assets; and (v) $4 million loss (2022 - $54 million gain) in Others, including $3 million (2022 - nil) associated with the write-off of certain assets related to the renewable diesel complex, and gains of nil (2022 - $59 million) 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. Other (gains) and losses for the nine months ended September 30, 2023 include the following: (i) $32 million loss (2022 - $10 million gain) in Others, including $27 million associated with the write-off of certain assets related to the renewable diesel complex, and gains of nil (2022 - $11 million) 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) $21 million gain (2022 - $5 million) in Other income; (iii) $17 million non-cash valuation gain (2022 - $65 million loss) due to the change in fair value of redemption options; (iv) $3 million loss (2022 - $11 million gain) due to the change in estimates of environment provision; and (v) $1 million loss (2022 - $5 million) on disposal of assets. Refer to Note 12 of the Interim Condensed Consolidated Financial Statements.

[2] Other adjusting items for the three months ended September 30, 2023 include: (i) other income of $15 million (2022 - $3 million); (ii) the share of depreciation and income taxes for the Isla joint venture of $5 million (2022 - $2 million); (iii) realized risk management gain related to underlying physical sales activity in another period of $1 million (2022 - $3 million); (iv) adjustment to foreign exchange gains and losses related to cash pooling arrangements of $1 million (2022 - $1 million); (v) unrealized risk management loss related to underlying physical sales activity in current period of nil (2022 - $10 million); and (vi) 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 nine months ended September 30, 2023 include: (i) other income of $21 million (2022 - $4 million); (ii) the effect of market-based performance conditions for equity-settled share-based award settlements of $13 million (2022 - nil); (iii) the share of depreciation and income taxes for the Isla joint venture of $11 million (2022 - $9 million); (iv) realized risk management gain related to underlying physical sales activity in another period of $4 million (2022 - $3 million); (v) adjustment to foreign exchange gains and losses related to cash pooling arrangements of $1 million (2022 - $3 million); (vi) unrealized risk management loss related to underlying physical sales activity in the 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).

Net earnings were $230 million for the third quarter of 2023 and $385 million for the first nine months of 2023, representing an increase of $112 million and $108 million, respectively, as compared to the same periods in 2022.

The increase was primarily due to the:

- increase in Adjusted EBITDA excluding NCI of $257 million for the third quarter of 2023 and $285 million for the first nine months of 2023 as discussed in Section 2 above;
- increase in unrealized non-cash risk management gain and other of $18 million for the third quarter of 2023 and $92 million for the first nine months of 2023 primarily driven by the volatility in commodity prices; and
- increase in non-cash valuation gain included in other (gains) and losses of $24 million for the third quarter of 2023 and $82 million for the first nine months of 2023 on valuation of redemption options driven by interest rate volatility and changes in credit spreads.

The increases were partially offset by the:

- increase in depreciation and amortization of $3 million for the third quarter of 2023 and $70 million for the first nine months of 2023 due to an expanding asset base driven by the 2022 Acquisitions and organic growth initiatives;
- increase in finance costs of $6 million for the third quarter of 2023 and $58 million for the first nine months of 2023 due to higher effective interest rates under the Credit Facility, partially offset by the debt repayments resulting in lower average borrowings under the Credit Facility;
- increase in unrealized losses on foreign exchange of $17 million for the third quarter of 2023 and $51 million for the first nine months of 2023 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 third quarter and the first nine months of 2023;
- increase in acquisition, integration and other costs by $28 million for the first nine months of 2023 attributable to integration and restructuring activities;
- absence of non-cash valuation gain within other (gains) and losses of $59 million for the third quarter of 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; and
- increase in income tax expense by $56 million for the third quarter of 2023 and $4 million for the first nine months of 2023, driven by overall higher taxable net earnings.

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 14 of the Interim Condensed Consolidated Financial Statements for additional information and the reconciliation of Adjusted gross margin and Adjusted EBITDA to net earnings (loss). The results of our lines of businesses are as follows:

	Retail		Commercial		Refining		Corporate		Eliminations		Consolidated	
September 30,	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Total fuel and petroleum product volume (million litres)	**2,760**	2,715	**5,721**	5,837	**1,176**	1,119	**–**	–	**(2,553)**	(2,684)	**7,104**	6,987
Fuel and petroleum product adjusted gross margin	**344**	303	**304**	175	**259**	209	**1**	–	**–**	–	**908**	687
Food, convenience and other adjusted gross margin	**117**	103	**73**	71	**–**	3	**2**	–	**(3)**	–	**189**	177
Total adjusted gross margin	**461**	406	**377**	246	**259**	212	**3**	–	**(3)**	–	**1,097**	864
Adjusted EBITDA including NCI	**253**	199	**175**	39	**188**	135	**(31)**	(33)	**–**	–	**585**	340
Attributable to NCI	**–**	3	**–**	9	**–**	–	**–**	–	**–**	–	**–**	12
Adjusted EBITDA	**253**	196	**175**	30	**188**	135	**(31)**	(33)	**–**	–	**585**	328

	Retail		Commercial		Refining		Corporate		Eliminations		Consolidated	
Nine months ended September 30,	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Total fuel and petroleum product volume (million litres)	**7,779**	7,475	**17,132**	16,932	**3,087**	3,011	**–**	–	**(7,095)**	(7,019)	**20,903**	20,399
Fuel and petroleum product adjusted gross margin	**939**	878	**929**	728	**569**	596	**3**	4	**–**	–	**2,440**	2,206
Food, convenience and other adjusted gross margin	**326**	279	**224**	189	**–**	7	**4**	–	**(5)**	–	**549**	475
Total adjusted gross margin	**1,265**	1,157	**1,153**	917	**569**	603	**7**	4	**(5)**	–	**2,989**	2,681
Adjusted EBITDA including NCI	**653**	599	**538**	326	**335**	388	**(76)**	(81)	**–**	–	**1,450**	1,232
Attributable to NCI	**–**	32	**–**	35	**–**	–	**–**	–	**–**	–	**–**	67
Adjusted EBITDA	**653**	567	**538**	291	**335**	388	**(76)**	(81)	**–**	–	**1,450**	1,165

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

- The Retail business achieved Adjusted EBITDA of $253 million for the third quarter of 2023 and $653 million for the first nine months of 2023, representing an increase of $57 million and $86 million, respectively, as compared to the same periods in 2022. The increase was driven by (i) stronger unit margins in Canada and International markets in the third quarter 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 Investments SEZC as part of the Share Exchange, and (v) additional volumes captured in Canada and 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 $175 million the third quarter of 2023 and $538 million for the first nine months of 2023, representing an increase of $145 million and $247 million, respectively, as compared to the same periods in 2022. In addition to the impact 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 all 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 mainly driven by inflation.
- Results of Refining and Corporate are discussed within Section 4 of this MD&A.

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 13 of the Interim Condensed Consolidated Financial Statements for additional information and the reconciliation of Adjusted gross margin and Adjusted EBITDA to net earnings (loss) and Note 14 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 September 30,	**2023**	2022	**2023**	2022	**2023**	2022
Adjusted EBITDA	**50**	16	**535**	312	**585**	328

($ millions)	Renewable		Conventional		Consolidated	
Nine months ended September 30,	**2023**	2022	**2023**	2022	**2023**	2022
Adjusted EBITDA	**78**	59	**1,372**	1,106	**1,450**	1,165

Parkland achieved Adjusted EBITDA attributable to renewable activities of $50 million for the third quarter of 2023 and $78 million for the first nine months of 2023, representing an increase of $34 million and $19 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, (iii) strong bio-diesel sales and unit margins, and (iv) higher co-processing activity levels in the third quarter of 2023. The increase for the first nine months of 2023 was partially offset by (i) rising prices of bio-feedstock and other low-carbon-intensity fuels, and (ii) decreasing British Columbia's Low Carbon Fuel Standard ("LCFS") credit sales prices in the first six months of 2023.

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

Key business risks

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

Financial instruments and financial risks

Financial instruments recorded at fair value through profit 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[14], and other investments.

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

($ millions)	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Gain (loss) on risk management and other - realized(1)(3)	**(130)**	100	**(71)**	(280)
Gain (loss) on risk management and other - unrealized(1)(4)	**19**	1	**62**	(30)
Gain (loss) on risk management and other	**(111)**	101	**(9)**	(310)
Change in fair value of Redemption Options(2)	**13**	37	**17**	(65)
Change in redemption value of Sol Put Option(2)	**–**	59	**–**	11
Impact on consolidated statements of income (loss)	**(98)**	197	**8**	(364)

(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) Recognized in "Other (gains) and losses". See Note 15 of the Annual Consolidated Financial Statements and Section 10 of the Annual MD&A for details on the Redemption Options.
(3) 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 period.
(4) 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.

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 6 of the Interim Condensed Consolidated Financial Statements for further details on the Net Investment Hedge.

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.

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

13. OUTLOOK

In September 2023, Parkland revised the 2023 guidance metrics (the "Revised 2023 Guidance") previously communicated in Section 11 of the Annual MD&A. The highlights for the Revised 2023 Guidance are as follows:

- Adjusted EBITDA attributable to Parkland increased to a range of $1,800 million to $1,850 million (the "Revised 2023 Adjusted EBITDA Guidance[15] Range") from a range of $1,700 million to $1,800 million.
- Capital expenditures, including growth and maintenance, lowered to a range of $450 million to $500 million (the "Revised 2023 Capital Program") from a range of $500 million to $550 million.
- There were no changes to Leverage Ratio Guidance[15] of approximately 3 times (the "2023 Leverage Ratio Guidance") by December 31, 2023.

We continue to prioritize integration, capturing synergies, deleveraging, enhancing shareholder returns, and expect to exceed our Revised 2023 Adjusted EBITDA Guidance, driven by strong utilization, optimization at the refinery, and favourable refinery margins as well as the strength of the International business in the third quarter of 2023.

For additional details regarding the Revised 2023 Adjusted EBITDA Guidance Range and the Revised 2023 Capital Program, refer to the Annual MD&A and Parkland's press releases dated September 5, 2023 and December 7, 2022, which are available at www.sedarplus.ca. The factors and assumptions that contribute to Parkland's assessment of the Revised 2023 Adjusted EBITDA Guidance Range are consistent with existing Parkland disclosure, and such range is subject to risks and uncertainties inherent in Parkland's business. Readers are directed to Section 11 of the Annual MD&A, the Annual Information Form and the press releases dated September 5, 2023 and December 7, 2022 for a description of such factors, assumptions, risks and uncertainties.

Parkland also issued the 2024 guidance metrics in September 2023. Readers are directed to the Parkland's press release dated September 5, 2023 for additional details on the metrics and the related cautionary statements, assumptions and risk factors.

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 ("NI") 52-109, the Chief Executive Officer and Chief Financial Officer have concluded that Parkland's DC&P and ICFR were designed and operating effectively as at September 30, 2023.

Changes in internal controls over financial reporting

There were no changes in Parkland's ICFR during the nine months ended September 30, 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. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

B. Shares outstanding

As at September 30, 2023, Parkland had approximately 176.0 million (December 31, 2022 - 175.4 million) common shares, 4.0 million (December 31, 2022 - 4.1 million) share options, 2.2 million (December 31, 2022 - 2.0 million) performance share units, and 0.4 million (December 31, 2022 - 0.4 million) deferred share units outstanding. The share options consist of approximately 2.5 million (December 31, 2022 - 2.8 million) share options that are currently exercisable into common shares.

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

C. Fuel and petroleum product volume

(million litres)	Canada		International		USA		Refining		Consolidated	
Three months ended September 30, 2023	**2023**	2022	**2023**	2022	**2023**	2022[4]	**2023**	2022	**2023**	2022[4]
Retail[1]	**1,827**	1,720	**407**	442	**526**	554	**–**	—	**2,760**	2,716
Commercial[1][2]	**1,627**	1,610	**1,501**	1,261	**750**	1,058	**–**	—	**3,878**	3,929
Refining	**–**	—	**–**	—	**–**	—	**466**	342	**466**	342
Fuel and petroleum product volume[3]	**3,454**	3,330	**1,908**	1,703	**1,276**	1,612	**466**	342	**7,104**	6,987

(million litres)	Canada		International		USA		Refining		Consolidated	
Nine months ended September 30, 2023	**2023**	2022	**2023**	2022	**2023**	2022[4]	**2023**	2022	**2023**	2022[4]
Retail[1]	**5,100**	4,670	**1,228**	1,190	**1,451**	1,616	**–**	—	**7,779**	7,476
Commercial[1][2]	**4,884**	5,028	**4,746**	3,615	**2,411**	3,322	**–**	—	**12,041**	11,965
Refining	**–**	—	**–**	—	**–**	—	**1,083**	958	**1,083**	958
Fuel and petroleum product volume[3]	**9,984**	9,698	**5,974**	4,805	**3,862**	4,938	**1,083**	958	**20,903**	20,399

(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.
(4) For comparative purposes, certain amounts within USA fuel and petroleum product volume for the three and nine months ended September 30, 2022 were revised to conform to the presentation used in the current period.

D. Related party transactions

As at September 30, 2023, Parkland continues to have transactions with related parties in the normal course of business. Since December 31, 2022, there have been no material changes to the composition, nature or frequency of its related party transactions.

	Three months ended September 30,		Nine months ended September 30,	
($ millions)	**2023**	2022	**2023**	2022
Investment in Associates				
Fuel revenue[1]	**170**	163	**418**	421
Cost of purchases[1]	**70**	80	**236**	222
Investment in Joint Ventures				
Fuel revenue[2]	**299**	318	**671**	459

(1) Includes related party transactions with the Société Anonyme de la Raffinerie des Antilles ("SARA") refinery, of which Parkland holds a 29% interest.
(2) Includes related party transactions with the Isla JV, of which Parkland holds a 50% interest.

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

($ millions)	**September 30, 2023**	December 31, 2022
Investments in Associates		
Accounts payable	**23**	29
Accounts receivable	**100**	23
Investment in Joint Ventures		
Accounts payable	**–**	2
Accounts receivable	**39**	32

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 September 30, 2023 comprised $316 million and $30 million, respectively (December 31, 2022 - $79 million and $20 million, respectively).

F. Site count by business model

	As at September 30, 2023			
	Canada	USA	International[2]	Total
Company-owned / leased, Company-operated[3]	**79**	**137**	**15**	**231**
Company-owned / leased, dealer-operated	**2**	**–**	**234**	**236**
Company-owned / leased, retailer-operated	**796**	**73**	**–**	**869**
Dealer-owned, dealer-operated / consignment dealer	**1,237**	**443**	**240**	**1,920**
Franchisee-operated[1][3]	**232**	**–**	**–**	**232**
Cardlock	**166**	**51**	**–**	**217**
	2,512	**704**	**489**	**3,705**

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

[1] In addition, as at September 30, 2023, Parkland had arrangements with 2,258 (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".
[2] Site count excludes Parkland's 50% interest in the Isla JV. As at September 30, 2023, Isla JV's site count for Company sites and dealer sites are 109 and 128, respectively (December 31, 2022 - 109 and 127, respectively).
[3] Includes Company-operated food stores where Parkland owns the food inventory, previously reported under Franchisee-operated stores.

As at September 30, 2023, Parkland is the operator of 79 Company-operated stores under the M&M Food Market brand (December 31, 2022 - 63).

15. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

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

16. 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 13 of the Interim Condensed Consolidated Financial Statements for more information. In accordance with IFRS, adjustments and eliminations made in preparing an entity's financial statements and allocations of revenue, expenses, and gains or losses shall be included in determining reported segment profit (loss) only if they are included in the measure of the segment's profit (loss) that is used by the chief operating decision maker. As such, these measures are unlikely to be comparable to measures of segment profit (loss) presented by other issuers, who may calculate these measures differently.

Adjusted EBITDA

Parkland views Adjusted EBITDA as the key measure for the underlying core operating performance of business segment activities at an operational level. Adjusted EBITDA is used by management to set targets for Parkland (including annual guidance and variable compensation targets) and is used to determine Parkland's ability to service debt, finance capital expenditures and provide for dividend payments to shareholders. In addition to finance costs, depreciation, amortization and income tax expense (recovery), Adjusted EBITDA also excludes costs that are not considered representative of Parkland's underlying core operating performance, including, among other items: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration including major IT systems implementations, and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities related to deferred share units issued to the non-executive members of the Board of Directors, (v) 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, (vi) adjustments to foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (vii) realized foreign exchange gains and losses on accrued financing costs in foreign currency and the offsetting realized risk management gains and losses on the related foreign exchange risk management instruments, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, (x) impairments of non-current assets, (xi) loss on modification of long-term debt, (xii) earnings impact from hyperinflation accounting, (xiii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, (xiv) gains and losses on asset disposals, (xv) adjustments for the effect of market-based performance conditions for equity-settled share-based award settlements and (xvi) 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 9 of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss).

Adjusted gross margin

Parkland uses Adjusted gross margin as a measure of segment profit (loss) to analyze the performance of sale and purchase transactions and performance on margin. Adjusted gross margin excludes the effects of significant items of income and expenditure that are not considered representative of Parkland's underlying core margin performance and may have an impact on the quality of margins, such as (i) unrealized gains and losses on (a) foreign exchange, (b) risk management and other unless underlying physical sales activity has occurred, (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.

($ millions)	Three months ended September 30, **2023**	2022[2]	Nine months ended September 30, **2023**	2022[2]
Sales and operating revenue	**8,873**	9,422	**24,848**	26,743
Cost of purchases	**(7,638)**	(8,635)	**(21,776)**	(23,759)
Gain (loss) on risk management and other - realized	**(130)**	100	**(71)**	(280)
Gain (loss) on foreign exchange - realized	**(8)**	(13)	**(9)**	(15)
Other adjusting items to Adjusted gross margin[1]	**–**	(10)	**(3)**	(8)
Adjusted gross margin	**1,097**	864	**2,989**	2,681
Fuel and petroleum product adjusted gross margin	**908**	687	**2,440**	2,206
Food, convenience and other adjusted gross margin	**189**	177	**549**	475
Adjusted gross margin	**1,097**	864	**2,989**	2,681

[1] Other adjusting items to Adjusted gross margin for the three months ended September 30, 2023 include (i) realized risk management gain related to underlying physical sales activity in another period of $1 million (2022 - $3 million); (ii) adjustment to foreign exchange gains and losses related to cash pooling arrangements of $1 million (2022 - $1 million); (iii) unrealized risk management loss related to underlying physical sales activity in current period of nil (2022 - $10 million); and (iv) 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 nine months ended September 30, 2023 include (i) realized risk management gain related to underlying physical sales activity in another period of $4 million (2022 - $3 million); (ii) adjustment to foreign exchange gains and losses related to cash pooling arrangements of $1 million (2022 - $3 million); (iii) unrealized risk management loss related to underlying physical sales activity in the current period of nil (2022 - $10 million); and (iv) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains of nil (2022 - $2 million).

[2] For comparative purposes, certain amounts within sales and operating revenue, and cost of purchases for the three and nine months ended September 30, 2022 were revised to conform to the presentation used in the current period.

Food, convenience and other adjusted gross margin

($ millions) For the three months ended September 30,	Canada[4] **2023**	2022	International[4] **2023**	2022	USA[4] **2023**	2022	Refining[4] **2023**	2022	Corporate[4] **2023**	2022	Intersegment Eliminations[4] **2023**	2022	Consolidated[4] **2023**	2022
Food and convenience store[1]	**71**	59	**4**	4	**31**	30	**–**	–	**–**	–	**–**	–	**106**	93
Other retail[2]	**4**	3	**6**	5	**1**	2	**–**	–	**–**	–	**–**	–	**11**	10
Lubricants and other[3]	**21**	23	**18**	18	**34**	30	**–**	3	**2**	–	**(3)**	–	**72**	74
Food, convenience and other adjusted gross margin	**96**	85	**28**	27	**66**	62	**–**	3	**2**	–	**(3)**	–	**189**	177

($ millions) For the nine months ended September 30,	Canada[4] **2023**	2022	International[4] **2023**	2022	USA[4] **2023**	2022	Refining[4] **2023**	2022	Corporate[4] **2023**	2022	Intersegment Eliminations[4] **2023**	2022	Consolidated[4] **2023**	2022
Food and convenience store[1]	**201**	167	**12**	10	**81**	73	**–**	–	**–**	–	**–**	–	**294**	250
Other retail[2]	**9**	7	**19**	17	**4**	5	**–**	–	**–**	–	**–**	–	**32**	29
Lubricants and other[3]	**67**	50	**62**	46	**95**	93	**–**	7	**4**	–	**(5)**	–	**223**	196
Food, convenience and other adjusted gross margin	**277**	224	**93**	73	**180**	171	**–**	7	**4**	–	**(5)**	–	**549**	475

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

[2] Other retail revenue 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, royalties, emission allowances and other products and services.

[4] For comparative purposes, information for the three and nine months ended September 30, 2022 was restated to conform with the current period presentation.

B. Non-GAAP financial measures and ratios

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

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

Adjusted earnings (loss) 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.

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

Adjusted earnings (loss) excludes costs that are not considered representative of Parkland's underlying core operating performance including: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration including major IT systems implementations, and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities related to deferred share units issued to the non-executive members of the Board of Directors, (v) 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 and (c) derivatives, (vi) adjustments to foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (vii) realized foreign exchange gains and losses on accrued financing costs in foreign currency and the offsetting realized risk management gains and losses on the related foreign exchange risk management instruments, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, (x) impairments of non-current assets, (xi) loss on modification of long-term debt, (xii) earnings impact from hyperinflation accounting, (xiii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, (xiv) gains and losses on asset disposals, (xv) adjustment for the effect of market-based performance conditions for equity settled share-based award settlements, and (xvi) 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 percent of International results as Adjusted earnings (loss).

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

($ millions, unless otherwise stated)	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Net earnings (loss) attributable to Parkland	**230**	105	**385**	241
Add: Net earnings (loss) attributable to NCI	**–**	13	**–**	36
Net earnings (loss)	**230**	118	**385**	277
Add:				
Acquisition, integration and other costs	**38**	45	**104**	76
Loss on modification of long-term debt	**–**	—	**–**	2
(Gain) loss on foreign exchange – unrealized	**1**	(16)	**35**	(16)
(Gain) loss on risk management and other – unrealized	**(19)**	(1)	**(62)**	30
Other (gains) and losses	**(37)**	(88)	**(2)**	44
Other adjusting items[(1)]	**20**	(5)	**42**	5
Tax normalization[(2)]	**(2)**	2	**(27)**	(36)
Adjusted earnings (loss) including NCI	**231**	55	**475**	382
Less: Adjusted earnings (loss) attributable to NCI	**–**	6	**–**	31
Adjusted earnings (loss)	**231**	49	**475**	351
Weighted average number of common shares (million shares)[(3)]	**176**	156	**176**	156
Weighted average number of common shares adjusted for the effects of dilution (million shares)[(3)]	**180**	158	**179**	158
Adjusted earnings (loss) per share ($ per share)				
Basic	**1.31**	0.31	**2.70**	2.26
Diluted	**1.28**	0.31	**2.65**	2.23

[(1)] Other adjusting Items for the three months ended September 30, 2023 include: (i) other income of $15 million (2022 - $3 million); (ii) the share of depreciation and income taxes for the Isla joint venture of $5 million (2022 - $2 million); (iii) realized risk management gain related to underlying physical sales activity in another period of $1 million (2022 - $3 million); (iv) adjustment to foreign exchange gains and losses related to cash pooling arrangements of $1 million (2022 - $1 million); (v) unrealized risk management loss related to underlying physical sales activity in current period of nil (2022 - $10 million); and (vi) 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 nine months ended September 30, 2023 include: (i) other income of $21 million (2022 - $5 million); (ii) the effect of market-based performance conditions for equity-settled share-based award settlements of $13 million (2022 - nil); (iii) the share of depreciation and income taxes for the Isla joint venture of $11 million (2022 - $9 million); (iv) realized risk management gain related to underlying physical sales activity in another period of $4 million (2022 - $3 million); (v) adjustment to foreign exchange gains and losses related to cash pooling arrangements of $1 million (2022 - $3 million); (vi) unrealized risk management loss related to underlying physical sales activity in the 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).

[(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.

Dividend payout ratio

The dividend payout ratio is a non-GAAP ratio calculated by dividing dividends distributed by cash available for dividend distribution on a trailing-twelve-month basis. We use this ratio as a useful indicator of Parkland's ability to generate cash flows to sustain monthly dividends to shareholders. Cash available for dividend distribution is calculated as cash generated from (used in) operating activities adjusted for items such as (i) net change in non-cash working capital, other assets and other liabilities, and risk management and other, (ii) maintenance capital expenditures, (iii) dividends received from investments in associates and joint ventures, (iv) interest on leases and long-term debt, and (v) principal payments on leases.

In the first quarter of 2023, with the aim of making Parkland's dividend payout ratio more comparable with that of its peer companies, we have modified the calculation of the ratio by (i) renaming "distributable cash flow" as "cash available for dividend distribution" and (ii) modifying the composition of the cash available for dividend distribution to include (i) acquisition, integration and other costs, (ii) turnaround maintenance capital expenditures, and (iii) dividends received from investments in associates and joint ventures, and exclude proceeds on asset disposals. Further, in the third quarter of 2023, in the effort to further enhance the usefulness of the dividend payout ratio, we started excluding net change in risk management and other assets and liabilities from the calculation of the cash available for dividend distribution, as these balances are considered similar in nature to working capital items.

($ millions, unless otherwise noted)	Three months ended December 31, 2022	March 31, 2023	June 30, 2023[1]	September 30, 2023	**Trailing twelve months ended September 30, 2023**
Cash generated from (used in) operating activities[1]	629	314	521	528	**1,992**
Reverse: Change in other liabilities and other assets	(23)	11	(11)	7	**(16)**
Reverse: Change in risk management and other[2]	(11)	42	(56)	(62)	**(87)**
Reverse: Net change in non-cash working capital	(221)	(24)	(89)	48	**(286)**
Include: Maintenance capital expenditures attributable to Parkland	(118)	(79)	(61)	(52)	**(310)**
Include: Dividends received from investments in associates and joint ventures	—	16	2	4	**22**
Include: Interest on leases and long-term debt	(86)	(92)	(89)	(83)	**(350)**
Include: Payments of principal amount on leases	(52)	(51)	(56)	(57)	**(216)**
Cash available for dividend distribution	118	137	161	333	**749**
Dividends[3]	57	60	60	60	**237**
Dividend payout ratio					**32 %**

[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 the third quarter of 2023, "change in risk management and other" is excluded from the cash available for distribution. The comparative periods have been revised to conform with the new presentation.
[3] Supplementary financial measure for the TTM period. See Section 16 of this MD&A.

($ millions, unless otherwise noted)	Three months ended December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	Trailing twelve months ended September 30, 2022
Cash generated from (used in) operating activities[1]	118	(48)	341	404	815
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(22)	(26)	(27)	(11)	(86)
	96	(74)	314	393	729
Reverse: Change in other liabilities and other assets	8	(2)	(1)	23	28
Reverse: Change in risk management and other[2]	—	(16)	52	(20)	16
Reverse: Net change in non-cash working capital	148	436	36	(112)	508
Include: Maintenance capital expenditures attributable to Parkland	(112)	(29)	(44)	(62)	(247)
Include: Dividends received from investments in associates and joint ventures	4	—	12	5	21
Include: Interest on leases and long-term debt	(59)	(64)	(69)	(76)	(268)
Exclude: Interest on leases and long-term debt attributable to NCI	1	1	1	—	3
Include: Payments on principal amount on leases	(38)	(37)	(38)	(50)	(163)
Exclude: Payments on principal amount on leases attributable to NCI	5	5	4	2	16
Cash available for dividend distribution	53	220	267	103	643
Dividends[1]	47	49	51	50	197
Dividend payout ratio					31 %

[1] Supplementary financial measure for the TTM period. See Section 16 of this MD&A.
[2] Starting the third quarter of 2023, "change in risk management and other" is excluded from the cash available for distribution. The comparative periods have been revised to conform with the new presentation.

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. Please see below for 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:

	Three months ended September 30,			Nine months ended September 30,		
($ millions)	**2023**	2022	%[1]	**2023**	2022	%[1]
Food and Company C-Store revenue	**81**	69		**230**	271	
Add:						
Point-of-sale ("POS") value of goods and services sold at Food and Company C-Store operated by retailers and franchisees[2]	**329**	302		**923**	723	
Less:						
Rental and royalty income from retailers, franchisees and other[3]	**(64)**	(54)		**(183)**	(140)	
Same Store revenue adjustments[4] (excluding cigarettes)	**(37)**	(17)		**(151)**	(54)	
Food and Company C-Store same-store sales	**309**	300	3.0 %	**819**	800	2.5 %
Less:						
Same Store revenue adjustments[4] (cigarettes)	**(108)**	(105)		**(299)**	(300)	
Food and Company C-Store same-store sales (excluding cigarettes)	**201**	195	3.6 %	**520**	500	4.1 %

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

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

($ millions)	Three months ended September 30, 2023	2022	%[1]	Nine months ended September 30, 2023	2022	%[1]
Food and Company C-Store revenue	**96**	91		**261**	240	
Adjusted for:						
Impact of foreign currency exchange[2]	**–**	2		**–**	11	
Less:						
Same Store revenue adjustments[3] (excluding cigarettes)	**(5)**	(5)		**(22)**	(20)	
Food and Company C-Store same-store sales	**91**	88	2.2 %	**239**	231	3.2 %
Less:						
Same Store revenue adjustments[3] (cigarettes)	**(25)**	(24)		**(74)**	(72)	
Food and Company C-Store same-store sales (excluding cigarettes)	**66**	64	3.0 %	**165**	159	4.3 %

[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. Please see below for a reconciliation of convenience store revenue and cost of purchases of the Canada and USA segment with the Food and Company C-Store gross margin.

Canada:

($ millions)	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Adjusted Food and Company C-Store revenue	**346**	317	**970**	854
Adjusted Food and Company C-Store cost of sales	**(227)**	(210)	**(638)**	(564)
Adjusted Food and Company C-Store gross margin	**119**	107	**332**	290
Food and Company C-Store gross margin percentage	**34.4 %**	33.8 %	**34.2 %**	34.0 %
Food and Company C-Store revenue	**81**	69	**230**	271
Add:				
POS value of goods and services sold at Food and Company C-Store operated by retailers and franchisees[1]	**329**	302	**923**	723
Less:				
Rental and royalty income from retailers, franchisees and others[2]	**(64)**	(54)	**(183)**	(140)
Adjusted Food and Company C-Store revenue	**346**	317	**970**	854
Food and Company C-Store cost of sales	**10**	10	**29**	104
Add:				
Cost of goods and services sold at Food and Company C-Store operated by retailers and franchisees[1]	**217**	200	**609**	460
Adjusted Food and Company C-Store cost of sales	**227**	210	**638**	564

[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:

($ millions)	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Food and Company C-Store revenue	**96**	91	**261**	240
Food and Company C-Store cost of sales	**(65)**	(61)	**(180)**	(167)
Food and Company C-Store gross margin[1]	**31**	30	**81**	73
Food and Company C-Store gross margin percentage[1]	**32.3 %**	33.0 %	**31.0 %**	30.4 %

[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.

Annual Synergies

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

Changes to these assumptions, market conditions, commodity prices, and timing of implementation of initiatives can significantly impact Annual Synergies. See Section 17 of this MD&A.

C. Supplementary financial measures

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

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

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

($ millions)	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Corporate Marketing, General and Administrative expenses	**34**	32	**89**	84
Parkland's Adjusted gross margin	**1,097**	864	**2,989**	2,681
Corporate Marketing, General and Administrative expenses as a % of Parkland's Adjusted gross margin	**3.1 %**	3.7 %	**3.0 %**	3.1 %

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

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

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Additions to property, plant and equipment and intangible assets attributable to Parkland	Capital expenditure metric that includes both maintenance and growth capital expenditures.	Additions to property, plant and equipment and intangible assets.	Parkland uses net additions to property, plant and equipment and intangible assets to monitor additions on property, plant and equipment and intangible assets to sustain the current level of economic activity, provide a growth platform and maintain cash flows from operating activities at a constant level of productive capacity.
Trailing-twelve-months ("TTM") Cash generated from (used in) operating activities	Measure of the amount of cash generated by the Company's operations over the last twelve months. Not applicable for annual reporting periods.	Refer to Parkland's Consolidated Statements of Cash Flows for details on the calculation of cash generated from (used in) operating activities.	TTM cash generated from (used in) operating activities indicates whether a company can generate sufficient positive cash flow to maintain and grow its operations.
TTM 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.
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.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Adjusted EBITDA Guidance	Measure represents our forecast of Adjusted EBITDA.	This measure is calculated based on historical data and estimates of future conditions as inputs to make informed forecasts that are predictive in determining the direction of future trends. This measure is a forward-looking measure of which the equivalent historical measure is Adjusted EBITDA. See Section 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 16D for further detail on the composition of the Leverage Ratio.	Parkland uses this measure to provide guidance to shareholders, investors and analysts on Parkland's overall financial strength, capital structure flexibility, and ability to service debt and meet future commitments.

D. Capital management measures

Leverage Ratio

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

	December 31, 2022	March 31, 2023	June 30, 2023	**September 30, 2023**
Leverage Debt	5,480	5,454	5,297	**5,141**
Leverage EBITDA	1,602	1,644	1,582	**1,786**
Leverage Ratio	3.4	3.3	3.3	**2.9**

	December 31, 2022	March 31, 2023	June 30, 2023	**September 30, 2023**
Long-term debt	6,972	6,783	6,456	**6,407**
Less:				
Lease obligations	(828)	(883)	(873)	**(895)**
Cash and cash equivalents	(716)	(498)	(345)	**(428)**
Add:				
Letters of credit	52	52	59	**57**
Leverage Debt	5,480	5,454	5,297	**5,141**

	Three months ended				
	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	**Trailing twelve months ended September 30, 2023**
Adjusted EBITDA including NCI	455	395	470	585	**1,905**
Share incentive compensation	9	8	6	5	**28**
Reverse: IFRS 16 impact[1]	(58)	(61)	(68)	(71)	**(258)**
	406	342	408	519	**1,675**
Other adjustments[2]					**111**
Leverage EBITDA					**1,786**

[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 normalized EBITDA in relation to non-recurring events including the completion of turnarounds.

	Three months ended				
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	Trailing twelve months ended June 30, 2023
Adjusted EBITDA including NCI	340	455	395	470	1,660
Share incentive compensation	7	9	8	6	30
Reverse: IFRS 16 impact[1]	(49)	(58)	(61)	(68)	(236)
	298	406	342	408	1,454
Acquisition pro-forma adjustment[2]					6
Other adjustments[3]					122
Leverage EBITDA					1,582

[1] Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.
[2] Amounts for the trailing twelve months ended June 30, 2023 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 and mechanical break-downs.

	Three months ended				
	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	Trailing twelve months ended March 31, 2023
Adjusted EBITDA including NCI	478	340	455	395	1,668
Share incentive compensation	5	7	9	8	29
Reverse: IFRS 16 impact[1]	(46)	(49)	(58)	(61)	(214)
	437	298	406	342	1,483
Acquisition pro-forma adjustment[2]					27
Other adjustments[3]					134
Leverage EBITDA					1,644

[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 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.

	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 unplanned 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 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 frozen food retail sites operated by franchisees. Parkland enters into long-term agreements with franchisees and a large network of suppliers to develop, distribute and earn royalty and other revenues from the sales of frozen food products.
Marketing, General and Administrative expense ("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 Northern Tier, Rocky Mountain, Southeast and Pacific North West ROCs.

17. FORWARD-LOOKING INFORMATION

Caution regarding forward-looking information

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

- business objectives and strategy, including our strategic pillars and focus on developing the existing business in resilient markets, growing our food, convenience and renewable energy businesses, and helping customers to decarbonize;
- deleveraging strategy and continuing to provide balance sheet strength and financial flexibility;
- capital investment philosophy, including continuing to prudently invest in growth across the organization and fund maintenance expenditures;
- "Drive to Zero" strategy encompassing our goals of achieving zero safety incidents and spills, upholding zero tolerance for racism, discrimination, corruption, bribery and unethical behaviour, and supporting our governments' goals of achieving net-zero emissions by 2050;
- plan to build one of western Canada's largest ultra-fast EV charging networks and the funding and status thereof;
- expansion of Sol Ecolution's state-of-the-art solar photovoltaic systems at retail sites across the Caribbean region;
- 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, targeted dividends, any share repurchases, any future acquisitions, other committed capital expenditures and debt servicing payments;
- expectations and initiatives regarding operations and expenses, including reduction in Corporate Marketing, General and Administrative expenses;
- Credit Facility and availability thereunder;
- intention to convert its two-year term loan into the revolving and operating loans under the Credit Facility prior to maturity;
- contractual commitments for the acquisition of property, plant and equipment attributable to Parkland as at September 30, 2023 and expectations relating to such commitments, projects relating thereto, if such projects are completed, and the timing and funding thereof;
- expectations regarding the anticipated benefits, costs and synergies of completed acquisitions 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 payment obligations as they come due;
- future dividend payments;
- ability to adjust capital spending and to adjust dividends paid to shareholders;
- outlook and the Revised 2023 Guidance, including the Revised 2023 Adjusted EBITDA Guidance Range and Parkland's expectation to exceed the Revised 2023 Adjusted EBITDA Guidance Range, Revised 2023 Capital Program and the 2023 Leverage Ratio Guidance; 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;
- the effects of inflation;
- the effects of global military conflicts on commodity prices and the world economy;
- climate change impacts on Parkland's operations;

- Parkland's ability to adapt its business in a changing regulatory environment;
- Parkland's ability to win new customers in the various markets where it operates;
- Parkland's ability to identify customers' evolving needs;
- Parkland's ability to successfully integrate completed acquisitions into its operations;
- Parkland's ability to identify and successfully negotiate accretive acquisitions, if applicable;
- Parkland's ability to realize synergies and cost reductions from the implementation of integration initiatives, increased purchasing power, and contract renegotiations, among other items;
- Parkland's ability to reliably source crude and bio-feedstocks for the Burnaby Refinery;
- commodity prices and volumes for gasoline, diesel, propane, lubricants, heating oil and other petroleum products;
- refining crack spreads per barrel;
- financial market conditions, including interest rates, inflation and exchange rates;
- ability of suppliers to meet commitments;
- Parkland's ability to safely and reliably operate;
- 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 Revised 2023 Adjusted EBITDA Guidance Range, which is described in Section 13 of this MD&A, include:

- full year contribution of 2022 acquisitions, integration and synergy capture, and organic growth initiatives;
- increase in Retail and Commercial fuel and petroleum product adjusted gross margin of approximately 10% and Food, convenience and other adjusted gross margin of approximately 15% as compared to the year ended December 31, 2022;
- refining adjusted gross margin of approximately $45/bbl. and average Burnaby Refinery utilization of approximately 80% based on the Burnaby Refinery's crude processing capacity of 55,000 bpd.

Additionally, Parkland's confidence in its ability to exceed the Revised 2023 Adjusted EBITDA Guidance Range is driven by strong utilization, optimization at the refinery, and favourable refinery margins as well as the strength of the International business in the third quarter of 2023, as described in Section 13 of this MD&A.

Parkland issued the 2024 guidance metrics in September 2023. Please refer to Parkland's press release dated September 5, 2023 for additional details on the metrics and the related cautionary statements, assumptions and risk factors.

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 core capabilities;
- ability to capture value in each step of the value chain;
- ability to realize the expected benefits, synergies and opportunities from completed acquisitions and, if applicable, those of future acquisitions as well;
- ability to identify buyers and complete dispositions, if any, on terms reasonable to Parkland and in a timely manner;
- ability to identify future acquisition targets, if applicable;
- ability to secure future capital to support and develop our business, including the issuance of additional common shares;

- ability to secure funding to finance projects and consideration payable for future acquisitions, if any;
- effectiveness of Parkland's management systems and programs;
- effectiveness of Parkland's risk management strategy;
- factors and risks associated with retail pricing, margins and refining crack spreads;
- availability and pricing of petroleum product supply;
- volatility of crude oil and refined product prices;
- competitive environment of our industry in North America and the Caribbean;
- environmental impact;
- risk of changes to environmental and regulatory laws, including the failure of Parkland to obtain or maintain required permits;
- risk of pending or future litigation;
- potential undisclosed liabilities (including environmental) associated with completed acquisitions;
- failure to meet financial, operational and strategic objectives and plans;
- cyber-attacks and data breaches; and
- availability of capital and operating funds.

Additional information on these and other factors that could affect Parkland's operations or financial results is discussed in this MD&A, the Annual Information Form and other continuous disclosure documents available under Parkland's profile on 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.