

Parkland Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2023



Parkland Corporation
Consolidated Balance Sheets
(Unaudited)

(\$ millions)	Note	September 30, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents - Unrestricted		283	653
Cash and cash equivalents - Restricted		145	63
Accounts receivable		1,999	1,872
Inventories		1,839	1,745
Income taxes receivable		39	14
Risk management and other financial assets	7	63	39
Prepaid expenses and other		92	109
Assets classified as held for sale	4	316	79
		4,776	4,574
Non-current assets			
Property, plant and equipment		4,988	5,141
Intangible assets		1,238	1,355
Goodwill		2,450	2,484
Investments in associates and joint ventures		339	342
Long-term receivables		108	113
Other long-term assets	5	97	82
Deferred tax assets		183	197
		14,179	14,288
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		3,075	2,806
Dividends declared and payable		60	57
Income taxes payable		28	22
Long-term debt - current portion	6	180	173
Provisions and other liabilities - current portion	9	104	139
Risk management and other financial liabilities	7	111	69
Liabilities associated with assets held for sale	4	30	20
		3,588	3,286
Non-current liabilities			
Long-term debt	6	6,227	6,799
Provisions and other liabilities	9	738	752
Deferred tax liabilities		367	414
		10,920	11,251
Shareholders' equity			
Shareholders' capital	10	3,256	3,237
Contributed surplus		88	73
Accumulated other comprehensive income (loss)		(83)	(67)
Retained earnings (deficit)		(2)	(206)
		3,259	3,037
		14,179	14,288

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Income (Loss) (Unaudited)

(\$ millions, unless otherwise stated)	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Sales and operating revenue	13	8,873	9,422	24,848	26,743
Expenses					
Cost of purchases		7,638	8,635	21,776	23,759
Operating costs		392	387	1,186	1,069
Marketing, general and administrative		150	147	454	409
Acquisition, integration and other costs		38	45	104	76
Depreciation and amortization		205	202	601	531
Finance costs	11	93	87	295	237
Foreign exchange (gain) loss		4	(3)	5	(1)
(Gain) loss on risk management and other		111	(101)	9	310
Other (gains) and losses	12	(37)	(88)	(2)	44
Share of (earnings) loss of associates and joint ventures		(5)	(5)	(17)	(16)
Earnings (loss) before income taxes		284	116	437	325
Current income tax expense (recovery)		24	5	64	63
Deferred income tax expense (recovery)		30	(7)	(12)	(15)
Net earnings (loss)		230	118	385	277
Net earnings (loss) attributable to:					
Parkland		230	105	385	241
Non-controlling interest ("NCI")		–	13	–	36
Net earnings (loss) per share (\$ per share):					
Basic		1.31	0.67	2.19	1.55
Diluted		1.28	0.66	2.15	1.53
Weighted average number of common shares (000's of shares)		175,886	156,183	175,685	155,592
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)		179,657	158,048	179,176	157,524

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(\$ millions)	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Net earnings (loss)		230	118	385	277
Other comprehensive income (loss):					
Items that may be reclassified to consolidated statements of income (loss) in subsequent periods:					
Exchange differences on translation of foreign operations		62	140	(15)	175
Exchange differences on USD-denominated debt designated as a hedge of the net investment in foreign operations ("Net Investment Hedge"), net of tax	6	(63)	(155)	–	(197)
Changes in the fair value of cash flow hedges, net of tax		1	4	1	5
Hedging (gains) losses reclassified to the consolidated statements of comprehensive income (loss)		(1)	(2)	(3)	(4)
Items that will not be reclassified to consolidated statements of income (loss) in subsequent periods:					
Remeasurements on employee benefit plans		1	–	1	(1)
Other comprehensive income (loss)		–	(13)	(16)	(22)
Total comprehensive income (loss)		230	105	369	255
Total comprehensive income (loss) attributable to:					
Parkland		230	69	369	190
NCI		–	36	–	65

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

(\$ millions)	Note	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income (loss)	SoI Put Option reserve	Retained earnings (deficit)	NCI	Total shareholders' equity
As at January 1, 2023		3,237	73	(67)	–	(206)	–	3,037
Net earnings (loss)		–	–	–	–	385	–	385
Other comprehensive income (loss)		–	–	(16)	–	–	–	(16)
Dividends		–	–	–	–	(180)	–	(180)
Share incentive compensation		–	21	–	–	–	–	21
Shares issued under share option plan	10	17	(2)	–	–	–	–	15
Shares issued on vesting of performance share units	10	2	(4)	–	–	–	–	(2)
Other		–	–	–	–	(1)	–	(1)
As at September 30, 2023		3,256	88	(83)	–	(2)	–	3,259
As at January 1, 2022		2,586	59	(39)	(494)	(142)	362	2,332
Net earnings (loss)		–	–	–	–	241	36	277
Other comprehensive income (loss)		–	–	(51)	–	–	29	(22)
Dividends		–	–	–	–	(150)	(35)	(185)
Share incentive compensation		–	19	–	–	–	–	19
Shares issued on acquisitions		26	–	–	–	–	–	26
Shares issued under dividend reinvestment plan, net of costs		32	–	–	–	–	–	32
Shares issued under share option plan		9	(1)	–	–	–	–	8
Shares issued on vesting of performance share units		1	(3)	–	–	–	–	(2)
As at September 30, 2022		2,654	74	(90)	(494)	(51)	392	2,485

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Cash Flows (Unaudited)

(\$ millions)	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Operating activities					
Net earnings (loss)		230	118	385	277
Adjustments for:					
Depreciation and amortization		205	202	601	531
Interest on leases and long-term debt	11	83	76	264	209
Share incentive compensation		8	5	23	19
Change in risk management and other		62	20	76	(16)
Change in other liabilities and other assets		(7)	(23)	(7)	(20)
Change in fair value of Redemption Options	12	(13)	(37)	(17)	65
Change in redemption value of Sol Put Option		–	(59)	–	(11)
Deferred income tax expense (recovery)		30	(7)	(12)	(15)
Share of net (earnings) loss of associates and joint ventures		(5)	(5)	(17)	(16)
Early redemption and modification premiums	11	–	–	–	2
Other operating activities		(17)	2	2	32
Net change in non-cash working capital related to operating activities	3	(48)	112	65	(360)
Cash generated from (used in) operating activities		528	404	1,363	697
Investing activities					
Acquisitions, net of cash acquired		–	(219)	–	(697)
Investment in joint venture and associates		–	(1)	–	(3)
Dividends received from investments in associates and joint ventures		4	5	22	17
Additions to property, plant and equipment and intangible assets		(109)	(111)	(340)	(256)
Change in long-term receivables and other assets		(6)	(7)	(6)	(21)
Proceeds on asset disposals		12	1	29	4
Net change in non-cash working capital related to investing activities	3	7	1	(109)	(15)
Cash generated from (used in) investing activities		(92)	(331)	(404)	(971)
Financing activities					
Net proceeds from (repayments of) the Credit Facility	6	(162)	(195)	(641)	729
Long-term debt repayments, excluding the Credit Facility	6	(1)	(36)	(1)	(38)
Proceeds from long-term debt, net of financing costs, excluding the Credit Facility	6	–	–	2	–
Premiums on early redemptions and modifications	11	–	–	–	(2)
Interest paid on leases and long-term debt	11	(86)	(78)	(270)	(209)
Payments on principal amount on leases		(57)	(50)	(164)	(125)
Dividends paid to shareholders, net of dividend reinvestment plan		(60)	(36)	(177)	(83)
Shares issued for cash, net of share issuance costs	10	4	–	13	10
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 at beginning of period		345	663	716	326
Cash and cash equivalents at end of period		428	361	428	361
Represented by:					
Cash and cash equivalents - Unrestricted		283	292	283	292
Cash and cash equivalents - Restricted		145	69	145	69
Cash and cash equivalents		428	361	428	361
Supplementary cash flow information:					
Income taxes refunded (paid)		(20)	(19)	(81)	(106)

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

1. CORPORATE INFORMATION

Parkland Corporation ("Parkland") is an international fuel distributor, marketer, and convenience retailer, with operations in 25 countries across the Americas. Parkland serves over one million customers each day through its consumer retail business, which is centered on fuel stations and convenience retail, and its commercial business, which is focused on cardlocks and delivering bulk fuel. Parkland exists under the Business Corporations Act (Alberta) in Canada and its corporate office is located at Suite 1800, 240 4 Ave SW, Calgary, Alberta, T2P 4H4, Canada. The interim condensed consolidated financial statements include the results of Parkland and its subsidiaries together with its interest in investments in associates and joint arrangements as at September 30, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

These interim condensed financial statements were approved for issue by the Board of Directors on November 1, 2023.

(b) Basis of measurement

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

(c) Presentation and functional currency

The interim condensed consolidated financial statements are presented in Canadian dollars, which is Parkland's functional currency. Functional currency of each of the Parkland's individual entities is based on the currency that reflects the primary economic environment in which it operates.

(d) Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements, other than the changes as per Notes 2(f) and 2(g) below and the recognition of income tax expense, which is based on an estimate of the weighted average effective annual income tax rate applied to the year-to-date earnings.

(e) Use of estimates and judgments

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

(f) Changes in other information and presentation

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

Certain amounts within fuel and petroleum product volumes, sales and operating revenue, and cost of purchases for the comparative periods were revised to conform to the current period presentation.

Certain amounts within cash generated from (used in) operating activities, included in the line items "Other operating activities" and "Change in risk management and other", were reclassified for the comparative periods to conform to the current period presentation.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

(g) Amended standards adopted by Parkland

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

- Amendments to IAS 12 - Income Taxes now require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments were applied retrospectively.
- Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors improve accounting policy disclosures and distinguish changes in accounting estimates from changes in accounting policies. The amendments were applied prospectively.
- Amendments to IAS 12 - Income Taxes on International Tax Reform - Pillar Two Model Rules ("Pillar Two amendments") effective on May 23, 2023 require an entity to retrospectively apply and disclose the use of the temporary exception from the requirements to recognize and disclose deferred tax assets and liabilities related to Pillar Two Global Minimum Tax legislation ("Pillar Two legislation") and contain targeted disclosure requirements for affected entities. Targeted disclosure requirements are effective for annual periods beginning on or after January 1, 2023. During the three and nine months ended September 30, 2023, Pillar Two legislation was substantively enacted only in certain jurisdictions where Parkland has an insignificant tax presence. In its 2023 budget, the Canadian Federal Government announced its intentions to substantively enact Pillar Two legislation for the fiscal years beginning on or after December 31, 2023. The draft legislation has been released on August 4, 2023 and was open for public consultation until September 29, 2023. Parkland continues to monitor changes to Canadian and global tax rules in relation to Pillar Two legislation.

(h) Recently announced accounting pronouncements

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

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

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

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

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

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures. The amendments address the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements, as well as disclosures required for such arrangements. The introduced disclosure requirements will assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 with earlier adoption permitted. Parkland is currently assessing the impact of these amendments on its consolidated financial statements.

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

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

3. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Accounts receivable	(444)	377	(182)	(419)
Inventories	(244)	207	(141)	(441)
Prepaid expenses and other	5	27	6	(18)
Accounts payable and accrued liabilities	582	(475)	361	550
Income taxes payable	12	1	7	(29)
Income taxes receivable	(8)	(15)	(24)	(14)
Deferred revenue	49	(10)	38	11
Net cash inflow (outflow) from changes in non-cash working capital related to operating activities	(48)	112	65	(360)

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Accounts payable and accrued liabilities	7	1	(25)	(15)
Provisions and other liabilities	—	—	(84)	—
Net cash inflow (outflow) from changes in non-cash working capital related to investing activities	7	1	(109)	(15)

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

4. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

	September 30, 2023	December 31, 2022
Assets classified as held for sale:		
Accounts receivable	31	—
Inventories	11	—
Prepaid expenses and other	1	—
Property, plant and equipment	238	76
Intangible assets	5	—
Goodwill	29	3
Long-term receivables	1	—
Total assets classified as held for sale	316	79
Liabilities directly associated with assets classified as held for sale:		
Accounts payable	4	—
Long term debt - lease obligations	1	—
Provisions and other liabilities	24	20
Deferred tax liabilities	1	—
Total liabilities associated with assets held for sale	30	20

5. OTHER LONG-TERM ASSETS

	Note	September 30, 2023	December 31, 2022
Redemption Options ⁽¹⁾	7	52	35
Long-term prepaid expenses, deposits and other assets		45	47
		97	82

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

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

6. LONG-TERM DEBT

	September 30, 2023	December 31, 2022
Credit Facility (a)	1,062	1,702
Unamortized deferred financing costs	(4)	(5)
	1,058	1,697
Senior Notes		
3.875% Senior Notes, due 2026	600	600
5.875% US\$500 Senior Notes, due 2027	677	677
6.00% Senior Notes, due 2028	400	400
4.375% Senior Notes, due 2029	600	600
4.50% US\$800 Senior Notes, due 2029	1,083	1,083
4.625% US\$800 Senior Notes, due 2030	1,083	1,083
Unamortized premium: Redemption Options	39	44
Unamortized discount: deferred financing costs	(36)	(42)
	4,446	4,445
Other notes and borrowings	8	2
Credit Facility, Senior Notes, Other notes and borrowings	5,512	6,144
Lease obligations ⁽¹⁾	895	828
Total long-term debt	6,407	6,972
Less: current portion of Credit Facility, Senior Notes, Other notes and borrowings	(1)	(1)
Less: current portion of Lease obligations	(179)	(172)
Long-term debt	6,227	6,799

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

Estimated principal repayments of the Credit Facility, Senior Notes, Other notes and borrowings, and future lease payments as at September 30, 2023 are as follows:

	2023	2024	2025	2026	2027	Thereafter	Interest included in minimum lease payments	Total
Credit Facility (a)								
Revolving facilities	-	-	-	-	520	-	-	520
Term loan ⁽¹⁾	-	-	-	-	542	-	-	542
Senior Notes								
3.875% Senior Notes, due 2026	-	-	-	600	-	-	-	600
5.875% US Senior Notes, due 2027	-	-	-	-	677	-	-	677
6.00% Senior Notes, due 2028	-	-	-	-	-	400	-	400
4.375% Senior Notes, due 2029	-	-	-	-	-	600	-	600
4.50% US Senior Notes, due 2029	-	-	-	-	-	1,083	-	1,083
4.625% US Senior Notes, due 2030	-	-	-	-	-	1,083	-	1,083
Other notes and borrowings	-	1	-	-	-	7	-	8
Undiscounted Future Lease Payments	67	198	143	120	102	551	(286)	895
	67	199	143	720	1,841	3,724	(286)	6,408

⁽¹⁾ Parkland intends to convert the Term Loan into a revolving and operating facility loan maturing in 2027 prior to the Term Loan's maturity in 2024, as permitted under the terms of the existing Credit Facility agreement.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

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

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

(a) Credit Facility

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

On June 9, 2023, Parkland modified the Credit Facility agreement to incorporate the mechanism for transition from the Canadian Dollar Offered Rate ("CDOR") benchmark to the Canadian Overnight Repo Rate Average ("CORRA") for bankers' acceptances under the Credit Facility as the CDOR benchmark will be discontinued in June 2024. As at September 30, 2023, Parkland is not carrying any amounts of bankers' acceptances within its outstanding Credit Facility balances.

Details on the Credit Facility as at September 30, 2023 are as follows:

	Maturity date	Effective rate	Balance
Revolving facilities:			
\$1,594 Canadian Revolving and Operating Facility ⁽¹⁾	April 14, 2027	7.05 %	513
US\$250 Bilateral and Operating Facility ⁽²⁾	April 14, 2027	12.37 %	7
US\$400 Term Loan ⁽³⁾	April 14, 2024	6.80 %	542
Outstanding borrowings under the Credit Facility			1,062

⁽¹⁾ The Credit Facility is subject to a floating interest rate. Parkland has entered into interest rate swaps to limit exposure to variable interest rates. The effective interest rate including the impact of the interest rate swaps was 6.37% as at September 30, 2023.

⁽²⁾ As at September 30, 2023, the US Bilateral and Operating Facility consisted primarily of debt in local Caribbean currencies.

⁽³⁾ The Term Loan with a maturity of April 14, 2024 has been classified as non-current, as under the existing terms of the Credit Facility, Parkland has the right and intent to convert the Term Loan into the revolving and operating facility loans within the Credit Facility.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

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

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

⁽¹⁾ The Credit Facility is subject to a floating interest rate.

⁽²⁾ As at December 31, 2022, the US Bilateral and Operating Facility consisted primarily of debt in local Caribbean currencies, with interest rates ranging from 6.4% to 8.8%.

As at September 30, 2023, Parkland issued \$57 (December 31, 2022 - \$52) of letters of credit and \$429 (December 31, 2022 - \$319) of surety bonds to provide guarantees on behalf of its subsidiaries in the ordinary course of business, which are not recognized in the interim condensed consolidated financial statements. Maturity dates for these guarantees vary and are up to and including March 31, 2035.

As at September 30, 2023, Parkland provided \$3,927 (December 31, 2022 - \$3,650) of unsecured guarantees to counterparties of commodities swaps and purchase and supply agreements of crude oil, fuel and other petroleum products.

(b) Net Investment Hedge

Parkland has designated certain USD-denominated debt and payable balances as a net investment hedge to mitigate foreign exchange risk related to net investments in foreign operations for which the US dollar is the functional currency. The foreign currency debt and the net investments in foreign operations are both denominated in US dollar currency; therefore, the hedge ratio is 1:1. The hedge is subject to potential ineffectiveness from the net investment amount falling below the designated balance. During the three and nine months ended September 30, 2023, Parkland recognized a foreign exchange loss, net of tax, of \$63 and nil, respectively (2022 - loss, net of tax, of \$155 and \$197, respectively) on these balances, representing the effective portion of the hedge in other comprehensive income (loss), offsetting exchange differences on translation of foreign operations. As at September 30, 2023, of the \$2,100 of USD-denominated Senior Notes, \$2,100 was designated as the net investment hedge (December 31, 2022 - \$1,950).

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

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

(a) Fair value measurement hierarchy

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

Fair value as at September 30, 2023					
	Note	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Commodities swaps, forwards and futures contracts		–	2	–	2
Interest rate swaps		–	5	–	5
Emission credit forward and option contracts		–	55	–	55
Currency forward exchange contracts		–	1	–	1
Risk management and other financial assets		–	63	–	63
Commodities swaps, forwards and futures contracts		–	(75)	–	(75)
Emission credit forward and option contracts		–	(36)	–	(36)
Risk management and other financial liabilities		–	(111)	–	(111)
Other items included in other long-term assets					
Redemption Options	5	–	52	–	52
Others		–	–	7	7
Other items included in other long-term assets		–	52	7	59
Fair value as at December 31, 2022					
	Note	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Commodities swaps, forwards and futures contracts		–	–	–	–
Interest rate swaps		–	–	–	–
Emission credit forward and option contracts		–	35	–	35
Currency forward exchange contracts		–	4	–	4
Risk management and other financial assets		–	39	–	39
Commodities swaps, forwards and futures contracts		–	(50)	–	(50)
US dollar forward exchange contract		–	(1)	–	(1)
Emission credit forward and option contracts		–	(18)	–	(18)
Risk management and other financial liabilities		–	(69)	–	(69)
Other items included in other long-term assets					
Redemption Options	5	–	35	–	35
Others		–	–	6	6
Other items included in other long-term assets		–	35	6	41

There were no changes in the nature and characteristics of commodities swaps, forwards and futures contracts, currency forward exchange contracts, emission credit forward and option contracts, and redemption options. In April 2023, Parkland entered into interest rate swaps to hedge its exposure to interest rate volatility on the outstanding borrowings under the Credit Facility. Interest rate swaps are measured at fair value through profit or loss with revaluation gains and losses recognized within (gain) loss on risk management and other. There were no transfers between fair value measurement hierarchy levels during the nine months ended September 30, 2023.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

(b) Other financial instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and dividends declared and payable approximate their fair values as at September 30, 2023 due to the short-term nature of these instruments. The Senior Notes had a carrying value of \$4,446 and an estimated fair value of \$3,952 as at September 30, 2023 (December 31, 2022 - \$4,445 and \$3,902 respectively), determined by discounting future cash flows using discount rates ranging from 7.8% to 8.0% (December 31, 2022 - 7.3% to 8.1%), representing the rates available to Parkland for loans with similar terms, conditions and maturity dates. The carrying value of other long-term liabilities carried at amortized cost approximates fair value as at September 30, 2023, given that they were recently incurred.

(c) Offsetting

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

	September 30, 2023			December 31, 2022		
	Gross amount	Amount offset	Net	Gross amount	Amount offset	Net
Risk management and other financial assets	450	(387)	63	179	(140)	39
Risk management and other financial liabilities	(498)	387	(111)	(209)	140	(69)

(d) Fair value measurement

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

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

8. CAPITAL MANAGEMENT

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

Leverage Ratio

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

	September 30, 2023	December 31, 2022
Leverage Debt	5,141	5,480
Leverage EBITDA	1,786	1,602
Leverage Ratio	2.9	3.4

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

	Note	September 30, 2023	December 31, 2022
Long-term debt	6	6,407	6,972
Less:			
Lease obligations	6	(895)	(828)
Cash and cash equivalents		(428)	(716)
Add:			
Letters of credit	6	57	52
Leverage Debt		5,141	5,480

	Three months ended				Trailing twelve months ended	
	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sep. 30, 2023	September 30, 2023	December 31, 2022
Adjusted EBITDA including NCI	455	395	470	585	1,905	1,687
Share incentive compensation	9	8	6	5	28	30
Reverse: IFRS 16 impact ⁽¹⁾	(58)	(61)	(68)	(71)	(258)	(197)
	406	342	408	519	1,675	1,520
Acquisition pro-forma adjustment ⁽²⁾					–	51
Other adjustments ⁽³⁾					111	31
Leverage EBITDA					1,786	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⁾ Includes 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.

Credit Facility covenants

Parkland is required under the terms of its Credit Facility to comply with certain financial covenants consisting of (i) Senior Funded Debt to Credit Facility EBITDA ratio, (ii) Total Funded Debt to Credit Facility EBITDA ratio, and (iii) Interest coverage ratio (calculated as a ratio of Credit Facility EBITDA to Interest Expense). The Credit Facility EBITDA, Senior Funded Debt and Interest Expense are defined under the terms of the Credit Facility and do not have any standardized meaning prescribed under IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. Parkland was in compliance with all Credit Facility covenants throughout the three and nine months ended September 30, 2023.

9. PROVISIONS AND OTHER LIABILITIES

	September 30, 2023	December 31, 2022
Asset retirement obligations - current (a)	11	11
Environmental provision - current (b)	6	1
Deferred revenue	74	36
Short-term deposits, provisions and other	13	91
Provisions and other liabilities - current	104	139
Asset retirement obligations - non-current (a)	530	521
Environmental provision - non-current (b)	109	114
Employee benefits and other	26	31
Long-term deposits, provisions and other	58	75
DSU liability	15	11
Provisions and other liabilities - non-current	738	752

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

(a) Asset retirement obligations

	January 1, 2023 to September 30, 2023	January 1, 2022 to December 31, 2022
Asset retirement obligations, beginning of period	532	420
Additional provisions and changes in retirement cost estimates	47	156
Acquisitions	–	89
Obligations settled or transferred	(16)	(49)
Change due to passage of time and discount rate	(21)	(94)
Change due to foreign exchange	(1)	10
Asset retirement obligations, end of period	541	532
Current	11	11
Non-current	530	521
Asset retirement obligations, end of period	541	532

As at September 30, 2023, the inflation rate used to determine the value of future asset retirement costs ranged from 2.97% to 3.24% (December 31, 2022 - 2.71% to 2.92%), and the discount rate used to determine the present value of the future asset retirement costs ranged from 5.62% to 6.36% (December 31, 2022 - 5.29% to 5.93%). The total undiscounted estimated future cash flows required to settle Parkland's asset retirement obligations were \$1,258 as at September 30, 2023 (December 31, 2022 - \$1,193). These costs are expected to be paid up to the year 2073 (December 31, 2022 - 2073).

(b) Environmental provision

	January 1, 2023 to September 30, 2023	January 1, 2022 to December 31, 2022
Environmental provision, beginning of period	115	129
Additional provision made in the period	2	11
Acquisitions	–	3
Change due to passage of time, discount rate and inflation rate	(1)	(28)
Obligations settled or transferred during the period	(1)	(5)
Exchange differences	–	5
Environmental provision, end of period	115	115
Current	6	1
Non-current	109	114
Environmental provision, end of period	115	115

As at September 30, 2023, the inflation rate used to determine the value of future costs related to environmental activities ranged from 2.97% to 3.24% (December 31, 2022 - 2.71% to 2.92%), and the discount rates used to determine the present value of the future costs related to environmental activities ranged from 5.55% to 5.62% (December 31, 2022 - 5.29% to 5.30%).

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

10. SHAREHOLDERS' CAPITAL

(a) Shareholders' capital

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

	January 1, 2023 to September 30, 2023		January 1, 2022 to December 31, 2022	
	Number of common shares (000's)	Amount (\$ millions)	Number of common shares (000's)	Amount (\$ millions)
Shareholders' capital, beginning of period	175,428	3,237	154,176	2,586
Shares issued on acquisitions	–	–	771	26
Issued under dividend reinvestment plan, net of costs	–	–	1,385	45
Issued on acquisition of non-controlling interest in Sol	–	–	20,000	591
Issued under share option plan	501	17	421	12
Issued on vesting of performance share units	56	2	128	4
Shares repurchased through NCIB	–	–	(1,453)	(27)
Shareholders' capital, end of period	175,985	3,256	175,428	3,237

(b) Base shelf prospectus

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

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

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

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

11. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest on long-term debt	70	64	228	181
Interest on leases	13	10	36	28
Loss on debt modification	–	–	–	2
Amortization, accretion and other finance costs	10	13	31	26
	93	87	295	237

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

12. OTHER (GAINS) AND LOSSES

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
(Gain) loss on disposal of assets	(6)	—	1	5
Change in fair value of Redemption Options	(13)	(37)	(17)	65
Change in estimates of environmental provision	(7)	7	3	(11)
Other income	(15)	(4)	(21)	(5)
Others ⁽¹⁾	4	(54)	32	(10)
	(37)	(88)	(2)	44

⁽¹⁾ Includes \$3 and \$27 for the three and nine months ended September 30, 2023 (2022 - nil and nil), respectively, associated with the write-off of certain assets related to the renewable diesel complex, and gains of nil and nil (2022 - \$59 and \$11), respectively, 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.

13. SEGMENT AND OTHER INFORMATION

Operating segments

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

Canada

Canada owns, supplies, and supports a coast-to-coast network of retail gas stations, electric vehicle ("EV") charging stations, frozen food retail locations, convenience stores, cardlock sites, bulk fuel, heating oil, lubricants, and other related services to commercial, industrial, and residential customers. Canada's retail business operates key retail fuel brands, including: Ultramar, Esso, Chevron, Pioneer and Fas Gas Plus and leading food and convenience store brands including M&M Food Market and On the Run / Marché Express, providing locally relevant food offerings and convenience merchandise. Canada also serves its commercial customer base through a family of brands, including Ultramar, Bluewave Energy, Pipeline Commercial, Chevron, and Columbia Fuels. Canada is also responsible for managing fuel supply contracts, marketing fuel, transporting and distributing fuel through ships, rail and highway carriers, and storing fuel in terminals and other owned and leased facilities. Additionally, Canada engages in low-carbon activities, such as emission credit and renewable fuel trading transactions and blending of low-carbon-intensity fuels (bio-diesel, ethanol and others) to produce greener fuels resulting in emission credits.

International

International includes operations in 23 countries predominantly located in the Caribbean and the northeast coast of South America. International operates and services a network of retail service stations under brands including Sol, Esso, Mobil, Shell and Texaco and owns the Sol Shop convenience store brand. International also serves commercial, industrial and aviation businesses. International also includes a 29% interest in the SARA refinery, an associate entity that is based in Martinique with operations to sell refined crude oil in Guadeloupe, French Guiana and Martinique, and a 50% indirect interest in Isla Dominicana de Petroleo Corp. ("Isla"), a joint venture that includes a network of retail locations alongside an integrated commercial and aviation business in the Dominican Republic.

USA

USA delivers fuel, lubricants and other related products and services to commercial and wholesale customers, and operates a network of retail fuel and convenience stores under various brands, including On the Run, Arco, Cenex, Chevron, Conoco, Exxon, and other brands, and cardlocks under various brands throughout the United States. USA operates a wide variety of terminals, storage facilities and trucks, and contracts with pipeline, storage facilities and third-party carriers to support its network.

Refining

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

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

Corporate

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

General information

Depreciation and amortization, finance costs, acquisition, integration and other costs, (gain) loss on risk management and other - unrealized unless underlying physical sales activity has occurred, (gain) loss on foreign exchange - unrealized, other (gains) and losses and income taxes are not allocated to segments because they are not reviewed as part of segment information by the chief operating decision maker. Accordingly, there are certain asymmetries in the allocation of net earnings (loss) to segments with respect to these items. The segregation of total assets and liabilities by reportable segment is not presented to or reviewed by the chief operating decision maker. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

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

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

Segment information	Canada		International		USA		Refining		Corporate		Intersegment eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022 ⁽⁶⁾	2023	2022	2023	2022	2023	2022 ⁽⁶⁾	2023	2022 ⁽⁶⁾
For the three months ended September 30,														
External fuel and petroleum product volume	3,454	3,330	1,908	1,703	1,276	1,612	466	342	–	–	–	–	7,104	6,987
Internal fuel and petroleum product volume ⁽¹⁾	110	79	–	–	–	80	710	777	–	–	(820)	(936)	–	–
Total fuel and petroleum product volume (million litres)	3,564	3,409	1,908	1,703	1,276	1,692	1,176	1,119	–	–	(820)	(936)	7,104	6,987
Sales and operating revenue⁽²⁾														
Revenue from external customers	4,376	4,394	2,355	2,350	1,745	2,316	397	362	–	–	–	–	8,873	9,422
Inter-segment revenue ⁽¹⁾	125	99	–	–	–	101	894	1,015	2	–	(1,021)	(1,215)	–	–
Total sales and operating revenue	4,501	4,493	2,355	2,350	1,745	2,417	1,291	1,377	2	–	(1,021)	(1,215)	8,873	9,422
Cost of purchases	4,083	4,163	2,026	2,224	1,565	2,293	982	1,170	–	–	(1,018)	(1,215)	7,638	8,635
Adjusted gross margin														
Fuel and petroleum product adjusted gross margin, before the following:	322	245	301	99	114	62	309	204	–	–	–	–	1,046	610
Gain (loss) on risk management and other - realized	4	21	(82)	65	(5)	–	(47)	14	–	–	–	–	(130)	100
Gain (loss) on foreign exchange - realized	–	–	(5)	(3)	–	–	(3)	(9)	–	(1)	–	–	(8)	(13)
Other adjusting items to adjusted gross margin ⁽³⁾	–	2	–	(3)	(1)	(10)	–	–	1	1	–	–	–	(10)
Fuel and petroleum product adjusted gross margin	326	268	214	158	108	52	259	209	1	–	–	–	908	687
Food, convenience and other adjusted gross margin	96	85	28	27	66	62	–	3	2	–	(3)	–	189	177
Total adjusted gross margin	422	353	242	185	174	114	259	212	3	–	(3)	–	1,097	864
Operating costs	175	155	57	53	97	106	65	72	–	1	(2)	–	392	387
Marketing, general and administrative	56	58	30	25	25	27	6	5	34	32	(1)	–	150	147
Share in (earnings) loss of associates and joint ventures	–	–	(5)	(5)	–	–	–	–	–	–	–	–	(5)	(5)
(Gain) loss on foreign exchange - realized ⁽⁵⁾	–	–	(5)	–	–	–	–	–	–	–	–	–	(5)	–
Other adjusting items to Adjusted EBITDA ⁽⁴⁾	(15)	–	(5)	(4)	–	(1)	–	–	–	–	–	–	(20)	(5)
Adjusted EBITDA including NCI	206	140	170	116	52	(18)	188	135	(31)	(33)	–	–	585	340
Attributable to NCI	–	–	–	12	–	–	–	–	–	–	–	–	–	12
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	206	140	170	104	52	(18)	188	135	(31)	(33)	–	–	585	328
Reconciliation to net earnings (loss)														
Adjusted EBITDA including NCI													585	340
Acquisition, integration and other costs													38	45
Depreciation and amortization													205	202
Finance costs													93	87
(Gain) loss on foreign exchange - unrealized													1	(16)
(Gain) loss on risk management and other - unrealized													(19)	(1)
Other (gains) and losses													(37)	(88)
Other adjusting items													20	(5)
Income tax expense (recovery)													54	(2)
Net earnings (loss)													230	118

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

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

⁽³⁾ Includes realized risk management gain related to underlying physical sales activity in another period of \$1 for USA (2022 - nil) and nil for International (2022 - \$3); adjustment to foreign exchange gains and losses related to cash pooling arrangements of \$1 for Corporate (2022 - \$1); unrealized risk management loss related to underlying physical sales activity in current period of nil for USA (2022 - \$10); and loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains of nil for Canada (2022 - \$2).

⁽⁴⁾ Includes other income of \$15 for Canada (2022 - \$1), nil for International (2022 - \$2), and nil for USA (2022 - \$1); share of depreciation and income taxes for the Isla joint venture of \$5 for International (2022 - \$2); and other expense of nil for Canada (2022 - \$1).

⁽⁵⁾ Includes realized foreign exchange gains of \$5 for International (2022 - nil) on settlement of financing balances not included within adjusted gross margin as these gains do not relate to the commodity sale and purchase transactions.

⁽⁶⁾ For comparative purposes, certain amounts within USA fuel and petroleum product volume, sales and operating revenue, and cost of purchases for the three months ended September 30, 2022 were revised to conform to the presentation used in the current period.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

Segment information	Canada		International		USA		Refining		Corporate		Intersegment eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022 ⁽⁶⁾	2023	2022	2023	2022	2023	2022 ⁽⁶⁾	2023	2022 ⁽⁶⁾
For the nine months ended September 30,														
External fuel and petroleum product volume	9,984	9,698	5,974	4,805	3,862	4,938	1,083	958	–	–	–	–	20,903	20,399
Internal fuel and petroleum product volume ⁽¹⁾	270	275	–	–	–	80	2,004	2,053	–	–	(2,274)	(2,408)	–	–
Total fuel and petroleum product volume (million litres)	10,254	9,973	5,974	4,805	3,862	5,018	3,087	3,011	–	–	(2,274)	(2,408)	20,903	20,399
Sales and operating revenue⁽²⁾														
Revenue from external customers	11,788	12,558	7,118	6,384	5,075	6,787	867	1,014	–	–	–	–	24,848	26,743
Inter-segment revenue ⁽¹⁾	297	330	–	–	–	101	2,411	2,672	4	–	(2,712)	(3,103)	–	–
Total sales and operating revenue	12,085	12,888	7,118	6,384	5,075	6,888	3,278	3,686	4	–	(2,712)	(3,103)	24,848	26,743
Cost of purchases	10,899	11,784	6,356	5,738	4,558	6,376	2,670	2,964	–	–	(2,707)	(3,103)	21,776	23,759
Adjusted gross margin														
Fuel and petroleum product adjusted gross margin, before the following:	909	880	669	573	337	341	608	715	–	–	–	–	2,523	2,509
Gain (loss) on risk management and other - realized	8	10	(33)	(130)	(11)	(57)	(35)	(103)	–	–	–	–	(71)	(280)
Gain (loss) on foreign exchange - realized	1	1	(11)	(1)	–	–	(1)	(16)	2	1	–	–	(9)	(15)
Other adjusting items to adjusted gross margin ⁽³⁾	–	2	–	(3)	(1)	(10)	(3)	–	1	3	–	–	(3)	(8)
Fuel and petroleum product adjusted gross margin	918	893	625	439	325	274	569	596	3	4	–	–	2,440	2,206
Food, convenience and other adjusted gross margin	277	224	93	73	180	171	–	7	4	–	(5)	–	549	475
Total adjusted gross margin	1,195	1,117	718	512	505	445	569	603	7	4	(5)	–	2,989	2,681
Operating costs	513	456	171	129	287	281	218	202	–	1	(3)	–	1,186	1,069
Marketing, general and administrative	178	157	89	70	83	85	17	13	89	84	(2)	–	454	409
Share in (earnings) loss of associates and joint ventures	–	–	(17)	(16)	–	–	–	–	–	–	–	–	(17)	(16)
(Gain) loss on foreign exchange - realized ⁽⁵⁾	–	–	(31)	–	(8)	–	–	–	–	–	–	–	(39)	–
Other adjusting items to Adjusted EBITDA ⁽⁴⁾	(19)	(1)	(15)	(11)	(4)	(1)	(1)	–	(6)	–	–	–	(45)	(13)
Adjusted EBITDA including NCI	523	505	521	340	147	80	335	388	(76)	(81)	–	–	1,450	1,232
Attributable to NCI	–	–	–	67	–	–	–	–	–	–	–	–	–	67
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	523	505	521	273	147	80	335	388	(76)	(81)	–	–	1,450	1,165
Reconciliation to net earnings (loss)														
Adjusted EBITDA including NCI													1,450	1,232
Acquisition, integration and other costs													104	76
Depreciation and amortization													601	531
Finance costs													295	237
(Gain) loss on foreign exchange - unrealized													35	(16)
(Gain) loss on risk management and other - unrealized													(62)	30
Other (gains) and losses													(2)	44
Other adjusting items													42	5
Income tax expense (recovery)													52	48
Net earnings (loss)													385	277

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

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

⁽³⁾ Includes realized risk management gain related to underlying physical sales activity in another period of \$3 for Refining (2022 - nil), \$1 for USA (2022 - nil), and nil for International (2022 - \$3); adjustment to foreign exchange gains and losses related to cash pooling arrangements of \$1 for Corporate (2022 - \$3); unrealized risk management loss related to underlying physical sales activity in the current period of nil for USA (2022 - \$10); and loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains of nil for Canada (2022 - \$2).

⁽⁴⁾ Includes other income of \$16 for Canada (2022 - \$2), \$4 for International (2022 - \$2), and \$1 for USA (2022 - \$1); the effect of market-based performance conditions for equity-settled share-based award settlements of \$6 for Corporate (2022 - nil), \$3 for Canada (2022 - nil), \$3 in USA (2022 - nil) and \$1 for Refining (2022 - nil) totalling \$13 (2022 - nil), the share of depreciation and income taxes for the Isla joint venture of \$11 for International (2022 - \$9), and other expense of nil for Canada (2022 - \$1).

⁽⁵⁾ Includes realized foreign exchange gains of \$39 (International: \$31 gain; USA: \$8 gain, 2022 - nil) on settlement of financing balances, not included within adjusted gross margin as these gains do not relate to the commodity sale and purchase transactions.

⁽⁶⁾ For comparative purposes, certain amounts within USA fuel and petroleum product volume, sales and operating revenue, and cost of purchases for the nine months ended September 30, 2022 were revised to conform to the presentation used in the current period.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

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

	Canada		International		USA		Refining		Corporate		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
For the three months ended September 30,												
Additions to property, plant and equipment and intangible assets ⁽¹⁾	46	27	9	19	5	16	36	34	13	15	109	111
Attributable to NCI	—	—	—	2	—	—	—	—	—	—	—	2
Additions to property, plant and equipment and intangible assets attributable to Parkland	46	27	9	17	5	16	36	34	13	15	109	109
Property, plant and equipment, intangible asset and goodwill acquisitions ⁽¹⁾	—	161	—	111	—	—	—	—	—	—	—	272
For the nine months ended September 30,												
Additions to property, plant and equipment and intangible assets ⁽¹⁾	110	61	24	47	31	45	140	79	35	24	340	256
Attributable to NCI	—	—	—	9	—	—	—	—	—	—	—	9
Additions to property, plant and equipment and intangible assets attributable to Parkland	110	61	24	38	31	45	140	79	35	24	340	247
Property, plant and equipment, intangible asset and goodwill acquisitions ⁽¹⁾	—	881	—	111	—	—	—	—	—	—	—	992

⁽¹⁾ Property, plant and equipment additions and acquisitions do not include right-of-use assets.

(b) Geographic information

Sales and operating revenue from external customers	Three months ended September 30,		Nine months ended September 30,	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Canada	4,458	4,363	11,763	12,404
United States	2,311	3,004	6,699	8,745
Other countries	2,104	2,055	6,386	5,594
Total	8,873	9,422	24,848	26,743

	September 30, 2023			
	Canada	United States	Other countries	Consolidated
Property, plant and equipment	2,963	958	1,067	4,988
Intangible assets	775	204	259	1,238
Goodwill	1,323	552	575	2,450
Total	5,061	1,714	1,901	8,676

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

⁽¹⁾ For comparative purposes, sales and operating revenue from external customers for the three and nine months ended September 30, 2022 were revised to conform to the presentation used in the current period.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

(c) Sales and operating revenue by product

	Canada		International		USA		Refining		Consolidated	
	2023	2022	2023	2022	2023	2022 ⁽⁷⁾	2023	2022	2023	2022 ⁽⁷⁾
For the three months ended September 30,										
Gasoline and diesel	3,828	3,795	1,903	1,823	1,522	2,062	52	69	7,305	7,749
Liquid petroleum gas ⁽¹⁾	61	106	23	28	3	6	–	–	87	140
Other fuel and petroleum products ⁽²⁾	359	374	386	456	1	32	345	289	1,091	1,151
Fuel and petroleum product revenue	4,248	4,275	2,312	2,307	1,526	2,100	397	358	8,483	9,040
Food and convenience store ⁽³⁾	81	69	6	5	96	91	–	–	183	165
Other retail ⁽⁴⁾⁽⁶⁾	4	2	7	4	3	2	–	–	14	8
Lubricants and other ⁽⁵⁾⁽⁶⁾	43	48	30	34	120	123	–	4	193	209
Food, convenience and other non-fuel revenue	128	119	43	43	219	216	–	4	390	382
External sales and operating revenue	4,376	4,394	2,355	2,350	1,745	2,316	397	362	8,873	9,422
For the nine months ended September 30,										
Gasoline and diesel	10,261	10,781	5,641	4,956	4,406	6,081	99	261	20,407	22,079
Liquid petroleum gas ⁽¹⁾	332	477	72	88	19	21	–	–	423	586
Other fuel and petroleum products ⁽²⁾	814	896	1,271	1,228	13	77	768	745	2,866	2,946
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 and convenience store ⁽³⁾	230	271	17	11	261	240	–	–	508	522
Other retail ⁽⁴⁾⁽⁶⁾	9	7	20	16	6	7	–	–	35	30
Lubricants and other ⁽⁵⁾⁽⁶⁾	142	126	97	85	370	361	–	8	609	580
Food, convenience and other non-fuel revenue	381	404	134	112	637	608	–	8	1,152	1,132
External sales and operating revenue	11,788	12,558	7,118	6,384	5,075	6,787	867	1,014	24,848	26,743

⁽¹⁾ Liquid petroleum gas includes propane and butane.

⁽²⁾ Other fuel and petroleum products include crude oil, aviation fuel, asphalt, fuel oils, gas oils, ethanol and biodiesel.

⁽³⁾ Convenience store revenue generated from Canada, International, and USA depends on the business model operated by each segment, and includes sale of merchandise, suppliers' rebates, rental income from retailers in the form of a percentage rent on convenience store sales, and food revenue generated from frozen food retail locations in Canada.

⁽⁴⁾ Other retail revenue include facilities rental revenue, advertising revenue and other miscellaneous retail-related revenues.

⁽⁵⁾ Lubricants and other include lubricants, freight, tanks and parts installation, cylinder exchanges, royalties, emission allowances and other products and services.

⁽⁶⁾ For comparative purposes, certain amounts within Food, convenience and other non-fuel revenue for the three and nine months ended September 30, 2022 were reclassified between Other retail and Lubricant and other to conform to the presentation used in the current period.

⁽⁷⁾ For comparative purposes, certain amounts within USA fuel and petroleum product revenue for the three and nine months ended September 30, 2022 were revised to conform to the presentation used in the current period.

14. OTHER DISCLOSURES

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

(a) Lines of business

Retail

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

Commercial

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

Refining

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

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

Corporate

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

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

	Retail		Commercial		Refining		Corporate		Eliminations		Consolidated	
For the three months ended September 30,	2023	2022 ⁽⁵⁾	2023	2022 ⁽⁵⁾	2023	2022	2023	2022	2023	2022 ⁽⁵⁾	2023	2022 ⁽⁵⁾
Fuel and petroleum product volume (million litres)												
External fuel and petroleum product volume	2,760	2,715	3,878	3,930	466	342	–	–	–	–	7,104	6,987
Internal fuel and petroleum product volume ⁽¹⁾	–	–	1,843	1,907	710	777	–	–	(2,553)	(2,684)	–	–
Total fuel and petroleum product volume	2,760	2,715	5,721	5,837	1,176	1,119	–	–	(2,553)	(2,684)	7,104	6,987
Sales and operating revenue												
Revenue from external customers	4,192	4,025	4,284	5,035	397	362	–	–	–	–	8,873	9,422
Inter-business line revenue ⁽¹⁾	–	–	2,072	2,251	894	1,015	2	–	(2,968)	(3,266)	–	–
Total sales and operating revenue	4,192	4,025	6,356	7,286	1,291	1,377	2	–	(2,968)	(3,266)	8,873	9,422
Cost of purchases	3,720	3,616	5,901	7,115	982	1,170	–	–	(2,965)	(3,266)	7,638	8,635
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	355	306	382	100	309	204	–	–	–	–	1,046	610
Gain (loss) on risk management and other derivatives - realized	(11)	(3)	(72)	89	(47)	14	–	–	–	–	(130)	100
Gain (loss) on foreign exchange - realized	–	–	(5)	(3)	(3)	(9)	–	(1)	–	–	(8)	(13)
Other adjusting items to adjusted gross margin ⁽²⁾	–	–	(1)	(11)	–	–	1	1	–	–	–	(10)
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
Operating costs	179	160	150	154	65	72	–	1	(2)	–	392	387
Marketing, general and administrative	51	52	60	58	6	5	34	32	(1)	–	150	147
Share in (earnings) loss of associates and joint ventures	(2)	(2)	(3)	(3)	–	–	–	–	–	–	(5)	(5)
(Gain) loss on foreign exchange - realized ⁽⁴⁾	(2)	–	(3)	–	–	–	–	–	–	–	(5)	–
Other adjusting items to Adjusted EBITDA ⁽²⁾⁽³⁾	(18)	(3)	(2)	(2)	–	–	–	–	–	–	(20)	(5)
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

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

⁽²⁾ Includes realized risk management gain related to underlying physical sales activity in another period of \$1 for Commercial (2022 - \$3); adjustment to foreign exchange gains and losses related to cash pooling arrangements of \$1 for Corporate (2022 - \$1); unrealized risk management loss related to underlying physical sales activity in current period of nil (2022 - \$10) for Commercial; and loss on inventory write-downs of nil (2022 - \$2) for which there are offsetting associated risk management derivatives with unrealized gains for Commercial.

⁽³⁾ Includes other income of \$13 for Retail (2022 - \$2) and \$2 for Commercial (2022 - \$2); and share of depreciation and income taxes for the Isla joint venture of \$5 for Retail (2022 - \$2).

⁽⁴⁾ Includes realized foreign exchange gains of \$5 (Commercial: \$3 gain; Retail: \$2 gain, 2022 - nil) on settlement of financing balances not included within adjusted gross margin as these gains do not relate to the commodity sale and purchase transactions.

⁽⁵⁾ For comparative purposes, certain amounts within Fuel and petroleum product volume, Sales and operating revenue, and Cost of purchases for the three months ended September 30, 2022 were revised to conform to the presentation used in the current period.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

For the nine months ended September 30,	Retail		Commercial		Refining		Corporate		Eliminations		Consolidated	
	2023	2022 ⁽⁵⁾	2023	2022 ⁽⁵⁾	2023	2022	2023	2022	2023	2022 ⁽⁵⁾	2023	2022 ⁽⁵⁾
Fuel and petroleum product volume (million litres)												
External fuel and petroleum product volume	7,779	7,475	12,041	11,966	1,083	958	–	–	–	–	20,903	20,399
Internal fuel and petroleum product volume ⁽¹⁾	–	–	5,091	4,966	2,004	2,053	–	–	(7,095)	(7,019)	–	–
Total fuel and petroleum product volume	7,779	7,475	17,132	16,932	3,087	3,011	–	–	(7,095)	(7,019)	20,903	20,399
Sales and operating revenue												
Revenue from external customers	11,325	11,154	12,656	14,575	867	1,014	–	–	–	–	24,848	26,743
Inter-business line revenue ⁽¹⁾	–	–	5,421	5,989	2,411	2,672	4	–	(7,836)	(8,661)	–	–
Total sales and operating revenue	11,325	11,154	18,077	20,564	3,278	3,686	4	–	(7,836)	(8,661)	24,848	26,743
Cost of purchases	10,038	9,977	16,899	19,479	2,670	2,964	–	–	(7,831)	(8,661)	21,776	23,759
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	961	898	954	896	608	715	–	–	–	–	2,523	2,509
Gain (loss) on risk management and other - realized	(22)	(20)	(14)	(157)	(35)	(103)	–	–	–	–	(71)	(280)
Gain (loss) on foreign exchange - realized	–	–	(10)	–	(1)	(16)	2	1	–	–	(9)	(15)
Other adjusting items to adjusted gross margin ⁽²⁾	–	–	(1)	(11)	(3)	–	1	3	–	–	(3)	(8)
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
Operating costs	506	439	465	427	218	202	–	1	(3)	–	1,186	1,069
Marketing, general and administrative	159	135	191	177	17	13	89	84	(2)	–	454	409
Share in (earnings) loss of associates and joint ventures	(8)	(8)	(9)	(8)	–	–	–	–	–	–	(17)	(16)
(Gain) loss on foreign exchange - realized ⁽⁴⁾	(19)	–	(20)	–	–	–	–	–	–	–	(39)	–
Other adjusting items to Adjusted EBITDA ⁽²⁾⁽³⁾	(26)	(8)	(12)	(5)	(1)	–	(6)	–	–	–	(45)	(13)
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

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

⁽²⁾ Includes realized risk management gain related to underlying physical sales activity in another period of \$3 for Refining (2022 - nil), and \$1 for Commercial (2022 - \$3); adjustment to foreign exchange gains and losses related to cash pooling arrangements of \$1 for Corporate (2022 - \$3); unrealized risk management loss related to underlying physical sales activity in current period of nil for Commercial (2022 - \$10); and loss on inventory write-downs of nil (2022 - \$2) for which there are offsetting associated risk management derivatives with unrealized gains for Commercial.

⁽³⁾ Includes other income of \$14 for Retail and \$7 for Commercial (2022 - \$5); the effect of market-based performance conditions for equity-settled share-based award settlements of \$6 for Corporate (2022 - nil), \$5 for Commercial (2022 - nil), \$1 for Retail (2022 - nil), and \$1 for Refining (2022 - nil) totalling \$13 (2022 - nil); and the share of depreciation and income taxes for the Isla joint venture of \$11 for Retail (2022 - \$9).

⁽⁴⁾ Includes realized foreign exchange gains of \$39 (Commercial: \$20 gain; Retail: \$19 gain, 2022 - nil) on settlement of financing balances not included within adjusted gross margin as these gains do not relate to the commodity sale and purchase transactions.

⁽⁵⁾ For comparative purposes, certain amounts within Fuel and petroleum product volume, Sales and operating revenue, and Cost of purchases for the nine months ended September 30, 2022 were revised to conform to the presentation used in the current period.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

(b) Renewable and Conventional results

Parkland is involved in emission credit and renewable fuel trading, co-processing of bio-feedstocks and blending of low-carbon-intensity fuels to produce greener fuels and generate emission credits. The conventional business comprises those operations of Parkland that are not considered renewable.

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

The results of renewable and conventional operations are as follows:

For the three months ended September 30,	Renewable		Conventional		Consolidated	
	2023	2022	2023	2022 ⁽⁶⁾	2023	2022 ⁽⁶⁾
Total fuel and petroleum product volume⁽¹⁾	186	176	6,918	6,811	7,104	6,987
Sales and operating revenue	465	412	8,817	9,385	9,282	9,797
Eliminations ⁽²⁾					(409)	(375)
Sales and operating revenue - after eliminations					8,873	9,422
Cost of purchases	420	399	7,627	8,611	8,047	9,010
Eliminations ⁽²⁾					(409)	(375)
Cost of purchases - after eliminations					7,638	8,635
Adjusted gross margin						
Fuel and petroleum product adjusted gross margin, before the following:	45	13	1,001	597	1,046	610
Gain (loss) on risk management and other - realized	12	7	(142)	93	(130)	100
Gain (loss) on foreign exchange - realized	–	–	(8)	(13)	(8)	(13)
Other adjusting items to adjusted gross margin ⁽³⁾	(1)	–	1	(10)	–	(10)
Fuel and petroleum product adjusted gross margin	56	20	852	667	908	687
Food, convenience and other adjusted gross margin	–	–	189	177	189	177
Total adjusted gross margin	56	20	1,041	844	1,097	864
Operating costs	5	4	387	383	392	387
Marketing, general and administrative	1	–	149	147	150	147
Share in (earnings) loss of associates and joint ventures	–	–	(5)	(5)	(5)	(5)
(Gain) loss on foreign exchange - realized ⁽⁴⁾	–	–	(5)	–	(5)	–
Other adjusting items to Adjusted EBITDA ⁽⁵⁾	–	–	(20)	(5)	(20)	(5)
Adjusted EBITDA including NCI	50	16	535	324	585	340
Attributable to NCI	–	–	–	12	–	12
Adjusted EBITDA	50	16	535	312	585	328

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

⁽²⁾ Represents elimination of transactions between Renewable and Conventional operations.

⁽³⁾ Includes realized risk management gain related to underlying physical sales activity in another period of \$1 (2022 - \$3) for Conventional; adjustment to foreign exchange gains and losses on cash pooling of \$1 (2022 - \$1) for Conventional; other expense of \$1 (2022 - nil) for Renewable; and other income of \$1 (2022 - nil) for Conventional; unrealized risk management loss related to underlying physical sales activity in the current period of nil (2022 - \$10) for Conventional; and loss on inventory write-downs of nil (2022 - \$2) for which there are offsetting associated risk management derivatives with unrealized gains for Conventional.

⁽⁴⁾ Includes realized foreign exchange gains of \$5 (2022 - nil) for Conventional on settlement of financing balances not included within adjusted gross margin as these gains do not relate to the commodity sale and purchase transactions.

⁽⁵⁾ Includes other income of \$15 (2022 - \$4) for Conventional; and share of depreciation and income taxes for the Isla joint venture of \$5 (2022 - \$2) for Conventional.

⁽⁶⁾ For comparative purposes, certain amounts within Sales and operating revenue and Cost of purchases for the three months ended September 30, 2022 were revised to conform to the current period presentation.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

For the nine months ended September 30,	Renewable		Conventional		Consolidated	
	2023	2022	2023	2022 ⁽⁶⁾	2023	2022 ⁽⁶⁾
Total fuel and petroleum product volume⁽¹⁾	479	457	20,424	19,942	20,903	20,399
Sales and operating revenue	1,051	988	24,764	26,612	25,815	27,600
Eliminations ⁽²⁾					(967)	(857)
Sales and operating revenue - after eliminations					24,848	26,743
Cost of purchases	985	920	21,758	23,696	22,743	24,616
Eliminations ⁽²⁾					(967)	(857)
Cost of purchases - after eliminations					21,776	23,759
Adjusted gross margin						
Fuel and petroleum product adjusted gross margin, before the following:	66	68	2,457	2,441	2,523	2,509
Gain (loss) on risk management and other - realized	25	4	(96)	(284)	(71)	(280)
Gain (loss) on foreign exchange - realized	–	1	(9)	(16)	(9)	(15)
Other adjusting items to adjusted gross margin ⁽³⁾	2	–	(5)	(8)	(3)	(8)
Fuel and petroleum product adjusted gross margin	93	73	2,347	2,133	2,440	2,206
Food, convenience and other adjusted gross margin	–	–	549	475	549	475
Total adjusted gross margin	93	73	2,896	2,608	2,989	2,681
Operating costs	12	12	1,174	1,057	1,186	1,069
Marketing, general and administrative	3	2	451	407	454	409
Share in (earnings) loss of associates and joint ventures	–	–	(17)	(16)	(17)	(16)
(Gain) loss on foreign exchange - realized ⁽⁴⁾	–	–	(39)	–	(39)	–
Other adjusting items to Adjusted EBITDA ⁽⁵⁾	–	–	(45)	(13)	(45)	(13)
Adjusted EBITDA including NCI	78	59	1,372	1,173	1,450	1,232
Attributable to NCI	–	–	–	67	–	67
Adjusted EBITDA	78	59	1,372	1,106	1,450	1,165

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

⁽²⁾ Represents elimination of transactions between Renewable and Conventional operations.

⁽³⁾ Includes realized risk management gain related to underlying physical sales activity in another period of \$4 (2022 - \$3) for Conventional; unrealized risk management loss related to underlying physical sales activity in the current period of nil (2022 - \$10) for Conventional; loss on inventory write-downs of nil (2022 - \$2) for which there are offsetting associated risk management derivatives with unrealized gains for Conventional; adjustment to foreign exchange gains and losses related to cash pooling arrangements of \$1 (2022 - \$3) for Conventional, other credits of \$2 (2022 - nil) for Renewable and other costs of \$2 (2022 - nil) for Conventional.

⁽⁴⁾ Includes realized foreign exchange gains of \$39 (2022 - nil) for Conventional on settlement of financing balances not included within adjusted gross margin as these gains do not relate to the commodity sale and purchase transactions.

⁽⁵⁾ Includes the share of depreciation and income taxes for the Isla joint venture of \$11 (2022 - \$9) for Conventional; the effect of market-based performance conditions for equity-settled share-based award settlements of \$13 (2022 - nil) for Conventional; and other income of \$21 (2022 - \$5) for Conventional.

⁽⁶⁾ For comparative purposes, certain amounts within Sales and operating revenue and Cost of purchases for the nine months ended September 30, 2022 were revised to conform to the current period presentation.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2023

(\$ millions, unless otherwise stated)

15. COMMITMENTS

Parkland has entered into legally binding agreements to make future payments for the purchase of goods and services, including the acquisition of property, plant and equipment. Approximate future undiscounted payments under these agreements are as follows:

September 30, 2023	2023 ⁽²⁾	2024 ⁽³⁾	2025 ⁽³⁾	2026 ⁽³⁾	2027 ⁽³⁾	Thereafter	Total
Pipeline commitment ⁽¹⁾	–	46	84	86	88	1,743	2,047
Contractual commitments for the acquisition of property, plant and equipment	82	35	1	–	–	–	118
	82	81	85	86	88	1,743	2,165

⁽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⁾ Includes amounts for the three month period ending December 31, 2023.

⁽³⁾ Include amounts for the annual periods ending December 31.

December 31, 2022	2023	2024	2025	2026	2027	Thereafter	Total
Pipeline commitment ⁽¹⁾	51	51	51	51	51	764	1,019
Contractual commitments for the acquisition of property, plant and equipment	157	3	–	2	–	–	162
	208	54	51	53	51	764	1,181

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