



MANAGEMENT'S DISCUSSION AND ANALYSIS

Q3 2021



Report to shareholders

Management's Discussion and Analysis

Q3 2021

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Basis of presentation

This Management's Discussion and Analysis ("MD&A") for Parkland Corporation ("Parkland", "we", "our" or "us") dated November 2, 2021 should be read in conjunction with our September 30, 2021 interim condensed consolidated financial statements (the "Interim Condensed Consolidated Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2020 (the "Annual Consolidated Financial Statements"), our 2020 annual MD&A (the "Annual MD&A"), and our annual information form for the fiscal year ended December 31, 2020 dated March 5, 2021 (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 www.sedar.com and Parkland's website, www.parkland.ca.

The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first nine months of 2021.

Non-GAAP financial measures and key performance indicators

Parkland has identified several key operating performance measures that management believes provide meaningful information in assessing Parkland's underlying performance. Readers are cautioned that these measures may not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to Section 14 of this MD&A for a list of defined non-GAAP financial measures and key performance indicators ("KPIs").

Measures of segment profit

Adjusted EBITDA and Adjusted gross margin, including fuel and petroleum product adjusted gross margin and non-fuel adjusted gross margin (formerly adjusted gross profit), are measures of segment profit as reported in Note 12 of the Interim Condensed Consolidated Financial Statements and Note 24 of the Annual Consolidated Financial Statements. Refer to Section 14 of this MD&A for more information on these measures of segment profit and non-GAAP 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, the Annual MD&A, and the Annual Information Form. The information within these sections of this MD&A is based on Parkland's current expectations, estimates, projections and assumptions that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein is subject to a number of risks and uncertainties beyond Parkland's control including, without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under Section 10 of this MD&A and the Risk Factors section of the Annual 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 15 of this MD&A for further details.

1. PARKLAND OVERVIEW

Parkland Corporation ("Parkland" or "the Company") is a leading convenience store operator, independent supplier and marketer of fuel and petroleum products. The Company's operations span 25 countries across the Americas. Through its family of trusted brands, Parkland serves customers through its retail, commercial and wholesale sales channels, and optimizes its fuel supply to each by leveraging a growing portfolio of supply relationships and storage and logistics infrastructure and by operating its refinery in Burnaby, British Columbia (the "Burnaby Refinery").

Parkland captures value across its entire value chain and its proven strategy is centred around growing organically, realizing a strong supply advantage, acquiring prudently and integrating successfully, and enabling our teams to succeed in an agile organizational culture. The Company's diverse geographical reach and product portfolio provides a resilient, stable platform with multiple avenues for growth. The Company is focused on expanding margins across its fuel and non-fuel categories and delivering the essential energy on which its customers depend on, with lower carbon intensity. In addition to its track record of renewable fuel manufacturing and as a natural extension to its commitment to a lower-carbon future and energy transition activities, Parkland has announced an Electric Vehicle ultra-fast charging network, which is expected to open to customers in 2022, in the emerging British Columbia market.

Effective May 15, 2020, Parkland amended its articles to change its name from "Parkland Fuel Corporation" to "Parkland Corporation" and adopted "Corporation Parkland" as its French name.

2. PERFORMANCE OVERVIEW

(\$ millions, unless otherwise noted)	Three months ended September 30,			Nine months ended September 30,		
Financial Summary	2021	2020	2019	2021	2020	2019
Fuel and petroleum product volume (million litres) ⁽¹⁾	6,267	5,301	5,622	17,563	15,939	16,483
Sales and operating revenue ⁽¹⁾	6,006	3,498	4,605	15,260	10,505	13,674
Adjusted gross margin ⁽²⁾⁽³⁾	779	674	679	2,143	1,754	2,104
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA") ⁽²⁾⁽³⁾	364	338	302	1,000	720	963
Canada ⁽⁴⁾	105	128	104	322	323	292
International	83	77	63	216	198	208
USA ⁽⁵⁾	44	21	17	95	64	41
Supply ⁽⁴⁾⁽⁵⁾	161	124	146	451	201	507
Corporate	(29)	(12)	(28)	(84)	(66)	(85)
Net earnings (loss) attributable to Parkland	115	76	24	89	29	206
Net earnings (loss) per share - basic (\$ per share)	0.76	0.51	0.16	0.59	0.19	1.41
Net earnings (loss) per share - diluted (\$ per share)	0.75	0.50	0.16	0.59	0.19	1.38
Adjusted earnings (loss) attributable to Parkland ("Adjusted earnings") ⁽³⁾	107	93	65	295	81	259
Adjusted earnings (loss) per share - basic (\$ per share) ⁽³⁾	0.70	0.62	0.44	1.96	0.54	1.77
Adjusted earnings (loss) per share - diluted (\$ per share) ⁽³⁾	0.70	0.62	0.44	1.94	0.54	1.74
TTM Cash generated from (used in) operating activities ⁽²⁾⁽⁶⁾	746	1,458	1,105	746	1,458	1,105
TTM Distributable cash flow ⁽³⁾⁽⁶⁾	712	485	594	712	485	594
TTM Distributable cash flow per share ⁽³⁾⁽⁶⁾	4.72	3.28	4.15	4.72	3.28	4.15
Dividends	48	47	45	143	137	133
Dividends per share ⁽²⁾	0.3087	0.3036	0.2985	0.9227	0.9074	0.8921
Weighted average number of common shares (million shares)	152	149	148	151	149	147
Total assets	10,646	8,978	9,157	10,646	8,978	9,157
Non-current financial liabilities ⁽²⁾	5,215	4,168	4,278	5,215	4,168	4,278

⁽¹⁾ Certain amounts within sales and operating revenue and fuel and petroleum product volumes were restated and reclassified to conform to the presentation used in the current period.

⁽²⁾ Measure of segment profit or key performance indicator. See Section 14 of this MD&A.

⁽³⁾ Non-GAAP financial measure. See Section 14 of this MD&A.

⁽⁴⁾ For comparative purposes, information for the year ended December 31, 2019 was restated due to a change in segment presentation. Canada Retail and Canada Commercial, formerly presented separately as individual segments, and the Canadian distribution business, formerly presented in Supply, are now included in Canada, reflecting a change in organizational structure in 2020.

⁽⁵⁾ For comparative purposes, information for previous periods was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first nine months of 2021.

⁽⁶⁾ Amounts presented on a trailing-twelve-month basis ("TTM").

A. Adjusted EBITDA, Net earnings and Adjusted earnings

Parkland achieved a record Adjusted EBITDA of \$364 million for the third quarter of 2021 and \$1,000 million for the first nine months of 2021, representing an increase of \$26 million and \$280 million, respectively, as compared to the same periods in 2020. Net earnings attributable to Parkland were \$115 million for the third quarter of 2021 and \$89 million for the first nine months of 2021, representing an increase of \$39 million and \$60 million, respectively, as compared to the same periods in 2020. Parkland achieved a record Adjusted earnings of \$107 million for the third quarter of 2021 and \$295 million for the first nine months of 2021, representing an increase of \$14 million and \$214 million for the third quarter and the first nine months of 2021, respectively, as compared to the same periods in 2020.

Adjusted EBITDA

Overall, the period-over-period variances in Adjusted EBITDA are due to the following:

- Canada delivered Adjusted EBITDA of \$105 million for the third quarter of 2021 and \$322 million for the first nine months of 2021 representing a decrease of \$23 million for the third quarter of 2021 and remaining relatively flat for the first nine months of 2021. The decrease for the third quarter of 2021 is driven by lower unit margins in the third quarter of 2021 and an increase in operating and marketing, general and administrative costs primarily due to (i) a reduction in the Canada Emergency Wage Subsidy ("CEWS"), (ii) increased variable costs associated with higher fuel volumes and commodity prices, and (iii) the normalization of employee and other costs as economic activity improves, which more than offset the positive impact of (i) higher volumes due to increased domestic vehicle traffic and economic activity with reduced COVID-19-related restrictions, and (ii) margin optimization initiatives.
- International achieved a \$6 million increase in Adjusted EBITDA for the third quarter of 2021 and \$18 million increase for the first nine months of 2021 driven by (i) strong contributions from the International Transactions¹, (ii) higher volumes and strong unit margins across majority of the businesses, driven by the emerging tourism recovery in the region, (iii) cost reduction initiatives, and (iv) an increase in aviation services in the third quarter of 2021. This increase was partially offset by (i) the strengthening of the Canadian Dollar against the U.S. Dollar, impacting the reported Adjusted EBITDA in Canadian Dollars, (ii) lower third-party freight income, and (iii) lower unit margins in the retail business in the third quarter of 2021 due to increasing rack prices.
- USA achieved a \$23 million increase in Adjusted EBITDA for the third quarter of 2021 and a \$31 million increase for the first nine months of 2021, primarily driven by (i) the USA Acquisitions², (ii) increased economic activities driven by COVID-19 recovery, (iii) continued focus on organic growth, (iv) strong non-fuel margins driven by margin optimization and increased domestic traffic, and (v) increased unit margins from the realization of supply synergies and market dynamics in the third quarter of 2021. These increases were partially offset by (i) the strengthening of the Canadian Dollar against the U.S. Dollar, impacting the reported Adjusted EBITDA in Canadian Dollars, (ii) continued demand weakness in the cruise ship industry, and (iii) higher costs for labour and operations.
- Supply achieved a \$37 million increase in Adjusted EBITDA for the third quarter of 2021 and a \$250 million increase for the first nine months of 2021, driven by (i) safe and reliable operations leading to increased utilization to meet the rebounding product demand as a result of easing of COVID-19 restrictions, (ii) the planned shutdown of the Burnaby Refinery for the 2020 Turnaround in the prior year, from early February 2020 to late April 2020 (the "2020 Turnaround"), (iii) lower utilization rates in the prior year following start-up after the 2020 Turnaround to manage the reduced product demand and lower finished product prices driven by COVID-19, and (iv) strong margins from the logistics business as a result of rebounding fuel volumes in the third quarter of 2021 due to easing of COVID-19 restrictions. These increases were partially offset by (i) a reduction in CEWS, (ii) normalization of employee-related costs due to

¹ Parkland (through its subsidiaries) acquired (i) a 50% indirect ownership in Isla Dominicana de Petroleo Corp. ("Isla"), through the contribution of cash and International's existing business in the Dominican Republic (the "Isla Transaction"), and (ii) all of the issued and outstanding equity interests of Gulfstream Petroleum SXM B.V. ("GP"), an integrated fuel marketing business with operations in St. Maarten (the "St. Maarten Transaction"). The Isla Transaction and the St. Maarten Transaction (collectively, the "International Transactions") closed on July 1, 2021 and July 17, 2021, respectively.

² Parkland successfully completed the acquisition of: (i) all of the issued and outstanding equity interests of Kellerstrass Enterprises, LLC as well as equity interests and the assets of certain of its affiliates on February 14, 2020; (ii) certain ConoMart Super Stores on May 13, 2020; (iii) all of the assets of Sevier Valley Oil Company, Inc. on December 7, 2020; and (iv) certain assets of Carter Oil Company, Inc. (collectively, the "2020 USA Acquisitions"). Parkland also completed the acquisition of: (i) the assets of Story Distributing Company and its affiliates on February 1, 2021; (ii) the outstanding shares of Conrad and Bischoff Inc. and its related companies on April 7, 2021; and (iii) certain assets and liabilities of Red Carpet Carwash, a retail business headquartered in Bismarck, North Dakota, Master Petroleum, a commercial fuel distributor based in Rifle, Colorado, concurrently on August 31, 2021, and Bradenton Fuel Oil, Inc., a commercial fuel business in Bradenton, Florida, on September 10, 2021 (the "2021 USA Acquisitions", and together with the 2020 USA Acquisitions, the "USA Acquisitions").

increased business activity as the impacts of COVID-19 recede, and (iii) higher maintenance costs in anticipation of the minor planned turnaround³.

- Corporate Adjusted EBITDA expense increased by \$17 million for the third quarter of 2021 and \$18 million for the first nine months of 2021, primarily due to (i) reduction in CEWS, (ii) increased administration costs to support the partial return to pre-COVID-19 business activities and growth programs, and (iii) normalization of employee costs after cost reduction initiatives taken in the first half of 2020, including a salary reduction taken by the leadership team.

Net earnings attributable to Parkland

Net earnings attributable to Parkland were \$115 million for the third quarter of 2021 and \$89 million for the first nine months of 2021, representing an increase of \$39 million and \$60 million in net earnings respectively as compared to the same periods in 2020. These changes were primarily due to (i) increased economic activities as a result of continued COVID-19 recovery and the strong results from the USA and International Acquisitions, also resulting in an increase in Adjusted EBITDA as discussed above, and (ii) lower acquisition, integration and other costs in the first half of 2021 driven by comprehensive restructuring activities undertaken in the prior year in response to COVID-19, which did not recur in 2021. These increases were offset by the following:

- the net changes in non-cash valuation gains and losses within other (gains) and losses related to an increase in the redemption value of the Sol Put Option, driven by strong underlying results of International and continued recovery from COVID-19 and the change in fair value of the Redemption Options;
- an increase in finance costs driven by premiums paid on the early redemption of the 2021 Redeemed Notes⁴; and,
- an increase in tax expense driven by an increase in taxable earnings.

Adjusted earnings

Parkland recorded Adjusted earnings⁶ of \$107 million for the third quarter of 2021 and \$295 million for the first nine months of 2021, representing an increase of \$14 million and \$214 million for the third quarter and the first nine months of 2021, respectively, as compared to the same periods in 2020, primarily due to (i) increases in Adjusted EBITDA⁵ as discussed above, and (ii) a decrease in depreciation and amortization due to contribution of assets as part of the Isla Transaction and optimization of shipping vessel leases.

B. Cash flows and liquidity

Parkland achieved distributable cash flows⁶ of \$712 million and cash flows from operating activities of \$746, respectively, for the trailing twelve months ended September 30, 2021. This cash generation is due to strong operational performance and effective cost control measures.

- The cash flow from Parkland's operations for the third quarter and for the first nine months of 2021 fully funded our capital expenditures, dividend payments, and payments for interest on leases and long-term debt, providing us with continued balance sheet strength and financial flexibility.
- Parkland amended the existing syndicated facility to expand the available facility and extend the maturity date until 2026, increasing financial flexibility and positioning ourselves to take advantage of potential future growth opportunities.
- Parkland completed the private offering of (i) the 4.375% \$600 million Senior Notes, due 2029 on March 25, 2021, (ii) the 4.50% US\$800 million Senior Notes, due 2029 on April 13, 2021, and (iii) the 3.875% \$600 million Senior Notes, due 2026 on June 16, 2021, respectively (collectively, the "2021 Senior Notes Offerings"). The net proceeds from the 2021 Senior Notes Offerings were used to repay (i) the 2021 Redeemed Notes, and (ii) certain amounts outstanding under Parkland's existing syndicated credit facility (the "Credit Facility"). These transactions extend the maturity of Parkland's debt, provide financial flexibility, increase liquidity and reduce financing costs.
- Total Funded Debt to Credit Facility EBITDA ratio as at September 30, 2021 was 3.19, and below the covenant restriction of 5.00.
- Liquidity available as at September 30, 2021 was \$1,489 million.

³ The turnaround commenced in early October and the Burnaby Refinery was substantially operational by the end of October 2021.

⁴ Parkland redeemed the \$300 million 5.75% Senior Notes on April 9, 2021, the US\$500 million 6.00% Senior Notes on April 14, 2021, and the \$500 million 5.625% Senior Notes on May 10, 2021 (collectively, the "2021 Redeemed Notes").

⁵ Refer to Section 9 of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss).

⁶ Non-GAAP financial measures. See Section 14 of this MD&A.

C. Dividends and dividend payout ratio

- Dividends of \$48 million and \$143 million for the third quarter and the first nine months of 2021, respectively, were issued to shareholders. The dividends issued were higher as compared to the respective periods in 2020, primarily due to a \$0.0204 per share increase in the annual dividend effective March 20, 2020 and March 22, 2021, and an increase in the number of common shares outstanding driven by shares issued under the dividend reinvestment and stock option plans, the at-the-market ("ATM") equity program, vesting of restricted share units and shares issued on the USA Acquisitions.
- The dividend payout ratio² decreased by 10 p.p. for the trailing twelve months ended September 30, 2021, as compared to the same period in 2020. This decrease is primarily attributable to higher distributable cash flows, as a result of an increase in Adjusted EBITDA and lower maintenance capital expenditures as compared to the prior period due to the 2020 Turnaround.
- In 2021, Parkland increased its per-share annual dividend for the 9th consecutive year. Dividends increased by \$0.0204 per share, from \$1.2144 to \$1.2348, effective with the monthly dividend payable on April 15, 2021.

D. Capital expenditures attributable to Parkland

Parkland maintained a prudent approach to growth and maintenance capital expenditures to sustain financial flexibility and balance sheet strength in the current uncertain economic environment. The increase in capital expenditures during the third quarter as compared to the same period in 2020 is primarily due to a focus on certain capital growth and maintenance projects, including preparation for the minor planned turnaround. The decrease in capital expenditures for the first nine months of 2021, as compared to the same periods in 2020, is primarily due to higher spending in the prior year as a result of the 2020 Turnaround and re-prioritization and deferral of certain capital projects in the current year as continued restrictions and safety measures remained in place due to COVID-19. Some of these capital projects are expected to be completed during the fourth quarter of 2021. Parkland optimized the 2021 USA Acquisitions with the timing of certain capital projects that were deferred due to COVID-19-related restrictions and safety measures in place.

- Growth capital expenditures attributable to Parkland² were \$33 million for the third quarter of 2021 and \$69 million for the first nine months of 2021, primarily focused on (i) construction and acquisition of new-to-industry sites, (ii) retail station upgrades and refreshes including On the Run / Marché Express site conversions in Canada, (iii) select network and infrastructure development across our areas of operation, (iv) certain low-carbon manufacturing growth initiatives at the Burnaby Refinery, (v) marketing and data analytics projects to enhance our digital capability, and (vi) improving customer value proposition across our business.
- Maintenance capital expenditures attributable to Parkland² were \$40 million for the third quarter of 2021 and \$105 million for the first nine months of 2021, primarily related to infrastructure, safety, equipment and IT maintenance and upgrades across our areas of operations, and preparation for the minor planned turnaround and other ongoing maintenance projects at the Burnaby Refinery.

3. SUSTAINABILITY

Parkland's environmental, social and governance ("ESG") practices are deeply embedded across our business, as we continue to develop an enterprise-wide sustainability strategy that will be grounded in meaningful ESG targets, ongoing transparency and regular performance reporting while building on our accomplishments and low-carbon leadership. The Company's philosophy and aspirations are focused on five strategic areas including: (i) Climate Change, (ii) Safety and Emergency Preparedness, (iii) Product Transportation and Storage, (iv) Diversity and Inclusion, and (v) Governance and Ethics. The following are the key updates for the first nine months of 2021 as we continue to advance in our sustainability journey:

- We plan to publish our next Sustainability Report in the fourth quarter of 2021, which will build upon our inaugural report and contain an overview of our enterprise-wide sustainability strategy, including greenhouse gas emissions reduction targets.
- We achieved record volumes of co-processed bio-feedstocks of 33 million litres during the third quarter of 2021 and a total of 82 million litres during the first nine months of 2021, with an average of 27 million litres per quarter, which is a reflection of our commitment to renewable fuel leadership. This increase in co-processing is underpinned by the work completed during the 2020 Turnaround. Bio-feedstocks, such as tallow and canola, are considered carbon neutral feedstocks for the Burnaby Refinery and produce lower-carbon refined products. We are on track to achieve our 2021 co-processing target of 100 million litres, which has the equivalent effect of taking over 80,000 passenger vehicles off the road in 2021.
- We announced plans to launch the largest network (by site count) of Electric Vehicle ultra-fast chargers in British Columbia as a natural extension to our energy transition activities. Strategically located on major highways and in key cities and towns across our extensive retail portfolio, this network of approximately 25 high-quality sites will stretch from Vancouver Island to Calgary and is expected to open to customers in 2022.
- Further to our commitment to lower-carbon leadership, on March 1, 2021, we launched a "carbon offset" reward option as part of our JOURNIE™ Rewards program to help customers offset their emissions. These carbon offsets will be directed toward a landfill gas capture and utilization project in Niagara, Ontario.
- We are committed to diversity at all levels of the organization. The Board of Directors adopted a written diversity policy that sets a target for women to occupy at least 30 percent of Board seats and executive officer positions by 2023 and 2025, respectively. Women currently occupy 27 percent of Board seats and 20 percent of executive officer positions.
- We continued to celebrate and embed Diversity and Inclusion ("D&I"), with our Senior Leadership Team completing 88 hours and employees completing over 1,000 hours of D&I training. In July 2021, we also launched a four-hour Inclusive Leadership training program to a selection of our Vice Presidents, Directors and Managers across all regions completing over 500 hours of additional training. We also hosted Pride Month events, Hispanic Heritage month events and also had events hosted by our Women's network.
- Effective August 5, 2021, and consistent with our commitment to Board renewal, we appointed Board members with extensive global experience in supply, low-carbon technologies and in creating value across the entire downstream value chain. We expect the Company, and our shareholders, will benefit greatly from their contributions.
- Throughout September, employees in all our operating geographies came together to recognize Canada's National Day for Truth and Reconciliation. This included a virtual event hosted by senior leadership and attended by approximately 800 employees that featured a former-elected chief, and residential school survivor and author. The event was designed to educate our employees on the history of Canadian Indigenous people.

Health, safety and environment ("HS&E")

Parkland is committed to ensuring a safe working environment that protects our employees, customers and the environment. During this period of uncertainty as a result of COVID-19, Parkland 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. "Drive to Zero" is another program demonstrating Parkland's commitment aimed at reducing any at-risk behaviours by never accepting unsafe conditions or behaviours. 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") and total recordable injury frequency ("TRIF") calculated on a trailing-twelve-month basis. Despite a small increase compared to the prior year, these strong results are within our annual target and demonstrate Parkland's continued commitment to safety. We are confident that a continual focus on our leading HS&E indicators will drive long term sustainable LTIF and TRIF improvements.

	September 30, 2021	September 30, 2020
TTM LTIF ⁽¹⁾	0.22	0.21
TTM TRIF ⁽¹⁾	1.14	1.12

⁽¹⁾ Key performance indicator. See Section 14 of this MD&A.

4. SEGMENT OVERVIEW, HIGHLIGHTS AND RESULTS

Refer to Note 24 of the Annual Consolidated Financial Statements for a description of Parkland's segments and Note 12 of the Interim Condensed Consolidated Financial Statements for any changes during the first nine months of 2021.

A. Canada

	Three months ended September 30,				Nine months ended September 30,			
(\$ millions, unless otherwise noted)	2021	2020	Change	%	2021	2020	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	2,409	2,309	100	4%	6,623	6,497	126	2%
Fuel and petroleum product adjusted gross margin ⁽²⁾⁽⁵⁾	196	203	(7)	(3)%	576	556	20	4%
Non-fuel adjusted gross margin ⁽²⁾	51	50	1	2%	152	141	11	8%
Total adjusted gross margin ⁽²⁾	247	253	(6)	(2)%	728	697	31	4%
Operating Costs	115	106	9	8%	331	316	15	5%
Marketing, General and Administrative	28	19	9	47%	76	59	17	29%
Other adjusting items ⁽⁶⁾	(1)	—	(1)	—%	(1)	(1)	—	—%
Adjusted EBITDA ⁽²⁾	105	128	(23)	(18)%	322	323	(1)	—%
KPIs:								
Company Volume SSSG ⁽³⁾⁽⁴⁾	0.6%	(11.5)%	12.1 p.p		(1.6)%	(15.2)%	13.6 p.p	
Company C-Store SSSG ⁽³⁾	(4.9)%	10.7%	(15.6) p.p		(1.2)%	8.2%	(9.4) p.p	

⁽¹⁾ Includes gasoline, diesel and propane volumes.

⁽²⁾ Measure of segment profit and non-GAAP financial measure. See Section 14 for additional information and breakdown of non-fuel gross margin.

⁽³⁾ SSSG denotes same-store sales growth. See Section 14 of this MD&A for an explanation of this KPI.

⁽⁴⁾ Company Volume SSSG includes gasoline and diesel volumes, but excludes propane volumes sold at retail sites.

⁽⁵⁾ Fuel and petroleum product adjusted gross margin (cpl) was 8.14 for the third quarter of 2021 (2020 - 8.79) and 8.70 for the first nine months of 2021 (2020 - 8.56). Refer to Section 14 of this MD&A for a description of key performance indicators.

⁽⁶⁾ Includes customer finance income.

Q3 and Q3 YTD Performance - 2021 vs. 2020

Canada delivered Adjusted EBITDA of \$105 million for the third quarter of 2021 and \$322 million for the first nine months of 2021, representing decreases of \$23 million and \$1 million, respectively, as compared to the same periods in 2020. The decrease in Adjusted EBITDA is primarily due to the following:

- Fuel and petroleum product adjusted gross margin decreased \$7 million for the third quarter of 2021 and increased \$20 million for the first nine months of 2021 as compared to the same periods in 2020. We benefited from higher volumes in the third quarter of 2021, as reduced COVID-19 restrictions resulted in increased domestic vehicle traffic and economic activity. Offsetting this increase were lower unit margins relative to a strong third quarter 2020, driven by market dynamics and rising underlying commodity prices. The strong fuel and petroleum product adjusted gross margin for the first nine months of 2021 is driven by stronger unit margins attributable to favourable market dynamics and enhanced digital and analytics capabilities.

- Non-fuel adjusted gross margin increased by \$1 million for the third quarter of 2021, and \$11 million for the first nine months of 2021 as compared to the same periods in 2020, with our retail initiatives continuing to drive robust performance on top of strong comparable period growth. The increase was driven by sales uplift across several categories, including beverages, centre of store and food service, along with new digital, analytics and execution capabilities and margin optimization initiatives. The strong performance demonstrates the resilience of the convenience channel and is reflected in Company C-Store SSSG (excluding cigarettes) of 1.7% in the third quarter of 2021 and 6.5% in the first nine months of 2021. Including cigarettes, Company C-Store SSSG was (4.9)% for the third quarter of 2021 and (1.2)% for the first nine months of 2021, due to temporary COVID-19-related impacts and changes in consumer behaviour, which strengthened the prior year comparative figure.
- Operating costs increased \$9 million for the third quarter of 2021 and \$15 million for the first nine months of 2021 as compared to the same periods in 2020 due to (i) reduction in CEWS and normalization of some employee-related costs as economic activity improves, and (ii) higher retailer commissions and credit card fees resulting from increased fuel demand and commodity prices, respectively.
- Marketing, General and Administrative expenses increased \$9 million for the third quarter of 2021 and \$17 million for the first nine months of 2021 as compared to the same periods in 2020 due to (i) reduction in CEWS and normalization of some employee-related costs as economic activity improves, and (ii) increased marketing and digital costs resulting from the partial return to pre-COVID-19 business activity and growth programs.

B. International

(\$ millions, unless otherwise noted)	Three months ended September 30,				Nine months ended September 30,			
	2021	2020	Change	%	2021	2020	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	1,324	1,112	212	19%	3,755	3,730	25	1%
Fuel and petroleum product adjusted gross margin ⁽¹⁾⁽²⁾⁽³⁾	134	130	4	3%	374	362	12	3%
Non-fuel adjusted gross margin ⁽¹⁾⁽²⁾	24	27	(3)	(11)%	63	73	(10)	(14)%
Adjusted gross margin ⁽¹⁾⁽²⁾	158	157	1	1%	437	435	2	—%
Operating Costs ⁽¹⁾	37	36	1	3%	106	117	(11)	(9)%
Marketing, General and Administrative ⁽¹⁾	21	21	—	—%	59	63	(4)	(6)%
Share of (earnings) loss of associates and joint ventures	(7)	(3)	(4)	133%	(11)	(7)	(4)	57%
Other adjusting items to Adjusted EBITDA ⁽⁴⁾	(4)	—	(4)	—%	(6)	(2)	(4)	200%
Adjusted EBITDA including NCI ⁽¹⁾⁽⁵⁾	111	103	8	8%	289	264	25	9%
Less: Adjusted EBITDA attributable to NCI	28	26	2	8%	73	66	7	11%
Adjusted EBITDA ⁽²⁾	83	77	6	8%	216	198	18	9%

⁽¹⁾ At 100% Sol interest.

⁽²⁾ Measure of segment profit and non-GAAP financial measure. See Section 14 of this MD&A.

⁽³⁾ Fuel and petroleum product adjusted gross margin (cpl) was 10.12 for the third quarter of 2021 (2020 - 11.69) and 9.96 for the first nine months of 2021 (2020 - 9.71). Refer to Section 14 of this MD&A for a description of key performance indicators.

⁽⁴⁾ Includes other income and adjustments to share of (earnings) loss of associates and joint ventures.

⁽⁵⁾ Refer to Section 9 of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss).

Q3 and Q3 YTD Performance - 2021 vs. 2020

International delivered record Adjusted EBITDA of \$83 million in the third quarter of 2021, representing an increase of \$6 million compared to the same period in 2020. Adjusted EBITDA was \$216 million for the first nine months of 2021, representing an increase of \$18 million compared to the same period in 2020. The reported growth in Canadian Dollar Adjusted EBITDA was impacted by the strengthening of the Canadian Dollar against the U.S. Dollar⁷, which also impacted the translation of the other financial metrics into Canadian Dollars. The increase in Adjusted EBITDA is primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased \$4 million for the third quarter of 2021 as compared to the same period in 2020, primarily due to higher volumes and higher unit margins in the wholesale and aviation businesses driven by the emerging tourism recovery in the region and the contribution from the St. Maarten Transaction, partially offset by lower margins in the Puerto Rico retail business. Fuel and petroleum product adjusted gross margin increased \$12 million for the first nine months of 2021 as compared to the same periods in 2020, reflecting higher volumes and unit margins across the businesses as tourism activities began to recover in the third quarter of 2021, and the contribution from the St. Maarten Transaction.

⁷ The Canadian Dollar strengthened against the U.S. Dollar by 5% for the third quarter of 2021 and 8% for the first nine months of 2021 as compared to the same periods in 2020.

- Non-fuel adjusted gross margin decreased \$3 million for the third quarter of 2021 and \$10 million for the first nine months of 2021 as compared to the same periods in 2020 due to reduced third-party freight income as a result of shipping optimization and increased utilization of shipping vessels driven by higher volumes, partially offset by an increase in non-fuel aviation service fees in the third quarter, as aviation traffic rebounded versus 2020 levels.
- Operating Costs and Marketing, General and Administrative expenses remained relatively flat in the third quarter of 2021 as compared to the same period in 2020. Operating Costs and Marketing, General and Administrative expenses decreased \$11 million and \$4 million, respectively, in the first nine months of 2021 as compared to the same period in 2020, primarily as a result of cost management initiatives implemented in response to the COVID-19 pandemic.
- Share of (earnings) loss of associates and joint ventures and other adjusting items increased by \$8 million in the third quarter and first nine months of 2021 as compared to the same periods in 2020, primarily reflecting Parkland's share of the strong Adjusted EBITDA from the Isla Transaction⁸.

C. USA

(\$ millions, unless otherwise noted)	Three months ended September 30,				Nine months ended September 30,			
	2021	2020	Change	%	2021	2020	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	1,417	767	650	85%	3,804	2,243	1,561	70%
Fuel and petroleum product adjusted gross margin ⁽²⁾⁽³⁾	76	29	47	162%	173	108	65	60%
Non-fuel adjusted gross margin ⁽²⁾	49	34	15	44%	122	95	27	28%
Total adjusted gross margin ⁽²⁾	125	63	62	98%	295	203	92	45%
Operating Costs	64	31	33	106%	159	104	55	53%
Marketing, General and Administrative	17	11	6	55%	41	35	6	17%
Adjusted EBITDA ⁽²⁾	44	21	23	110%	95	64	31	48%

⁽¹⁾ Includes gasoline, diesel and propane volumes.

⁽²⁾ Measure of segment profit and non-GAAP financial measure. See Section 14 of this MD&A.

⁽³⁾ Fuel and petroleum product adjusted gross margin (cpl) was 5.36 for the third quarter of 2021 (2020 - 3.78) and 4.55 for the first nine months of 2021 (2020 - 4.81). Refer to Section 14 of this MD&A for a description of key performance indicators.

Q3 and Q3 YTD Performance - 2021 vs. 2020

USA delivered record results with Adjusted EBITDA of \$44 million for the third quarter of 2021 and \$95 million for the first nine months of 2021, representing increases of \$23 million and \$31 million, respectively, as compared to the same periods in 2020. The reported growth in Canadian Dollar Adjusted EBITDA was impacted by the strengthening of the Canadian Dollar against the U.S. Dollar, which also impacted the translation of the other financial metrics into Canadian Dollars. The increase in Adjusted EBITDA is primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased \$47 million for the third quarter of 2021 and \$65 million for the first nine months of 2021, primarily due to contributions from the USA Acquisitions, continued focus on organic growth through increased activities from existing customers and new commercial business wins and national account growth across all regional operating centres ("ROCs"). This strong growth was partially offset by continued demand weakness in the cruise ship industry in the Southeast ROC. Unit margins increased in the third quarter of 2021 as compared to the same period in 2020, primarily due to the realization of supply synergies in the Pacific Northwest ROC and the impact of increasing margins to offset higher costs driven by inflation. These were partially offset by lower retail unit margins due to increasing rack prices.
- Non-fuel adjusted gross margin increased \$15 million for the third quarter of 2021 and \$27 million for the first nine months of 2021, driven by the USA Acquisitions, strong results from lubricant margin optimization initiatives, and higher C-Store sales attributed to increased domestic traffic.
- Operating Costs increased \$33 million and \$55 million for the third quarter of 2021 and for the first nine months of 2021, respectively, primarily due to the USA Acquisitions, increased volumes, and the impact of higher costs for labour and other operating costs. Marketing, General and Administrative expenses also increased \$6 million for the third quarter and the first nine months of 2021, as compared to the same periods in 2020, mainly due to the USA Acquisitions and the impact of inflation.

⁸ During the third quarter of 2021, International contributed the existing business operations in the Dominican Republic to the Isla joint venture as partial consideration for the Isla Transaction, which has resulted in a reduction in all of the International volume and financial metrics except "Share of (earnings) loss of associates and joint ventures" and "Other adjusting items" for the third quarter and the first nine months of 2021 when compared to the same periods in 2020. Parkland reports its share of Isla's earnings (loss) within "Share of (earnings) loss of associates and joint ventures" and reports its share of any adjustments to calculate its share of Adjusted EBITDA from the joint ventures within "Other adjusting items".

D. Supply

(\$ millions, unless otherwise noted)	Three months ended September 30,				Nine months ended September 30,			
	2021	2020	Change	%	2021	2020	Change	%
Fuel and petroleum product volume ⁽¹⁾ (million litres)	1,117	1,113	4	—%	3,381	3,469	(88)	(3)%
Fuel and petroleum product adjusted gross margin ⁽²⁾	247	192	55	29%	676	415	261	63%
Non-fuel adjusted gross margin ⁽²⁾	—	(1)	1	(100)%	3	4	(1)	(25)%
Total adjusted gross margin ⁽²⁾	247	191	56	29%	679	419	260	62%
Operating Costs	78	61	17	28%	205	199	6	3%
Marketing, General and Administrative	8	6	2	33%	23	19	4	21%
Adjusted EBITDA ⁽²⁾	161	124	37	30%	451	201	250	124%
KPIs:								
Crude utilization ⁽³⁾	96.6%	90.3%	6.3p.p		92.9%	61.8%	31.1p.p	
Composite utilization ⁽³⁾	100.7%	92.3%	8.4p.p		96.4%	63.0%	33.4p.p	
Crude throughput ⁽³⁾ (000's bpd)	53.1	49.7	3.4	7%	51.1	34.0	17.1	50%
Bio-feedstock throughput ⁽³⁾ (000's bpd)	2.3	1.1	1.2	109%	1.9	0.6	1.3	217%

⁽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 and non-GAAP financial measure. See Section 14 of this MD&A.

⁽³⁾ See Section 14 of this MD&A for a description of this KPI.

Q3 and Q3 YTD Performance - 2021 vs. 2020

Supply delivered strong results with Adjusted EBITDA of \$161 million for the third quarter of 2021 and \$451 million for the first nine months of 2021, representing increases of \$37 million and \$250 million, respectively, as compared to the same periods in 2020. The increase in Adjusted EBITDA is primarily due to the following:

- Adjusted gross margin increased \$56 million for the third quarter of 2021 and \$260 million for the first nine months of 2021. These results were underpinned by safe and reliable operations and driven by significantly higher crude and bio-feedstock Refinery throughput and stronger margins in 2021 as a result of rebounding product demand. The increase for the first nine months of 2021 compared to the same period in 2020 was also due to the planned 2020 Turnaround from early February 2020 to late April 2020, and lower Refinery utilization rates following the 2020 Turnaround to manage reduced product demand and lower finished product prices driven by COVID-19. The increase in Refinery production during the first nine months of 2021 resulted in a corresponding increase in compliance costs. These compliance costs⁹ were optimized through a significant year-over-year increase in the co-processing of bio-feedstocks. Supply also continued to realize strong margins in its integrated logistics business driven by rebounding Canada fuel volumes in the third quarter of 2021 as the COVID-19-related restrictions were further eased.
- Operating Costs increased \$17 million for the third quarter of 2021 and \$6 million for the first nine months of 2021 due to higher variable costs associated with the increased refinery utilization, higher maintenance costs in preparation for the minor planned turnaround¹⁰, and higher labour costs due to reduced CEWS benefits and increased business activity as the impacts of COVID-19 recede. The increase for the first nine months of 2021 was partially offset by higher labour and other costs associated with the execution of the 2020 Turnaround in the first six months of 2020.
- Marketing, General and Administrative expenses increased \$2 million for the third quarter of 2021 and \$4 million for the first nine months of 2021 primarily due to higher employee-related costs as Supply increased its staff to support the ramp-up in product demand and activity in the second and third quarters of 2021 as COVID-19 restrictions eased progressively.
- Crude utilization and average refinery crude throughput were 96.6% and 53.1 kbpd for the third quarter of 2021 and 92.9% and 51.1 kbpd for the first nine months of 2021, respectively. The Refinery also co-processed an average of 2,300 bpd and 1,900 bpd of bio-feedstocks through its Fluid Catalytic Cracking ("FCC") and Diesel Hydrotreating ("DHT") processing units for the third quarter of 2021 and the first nine months of 2021 as compared to approximately 1,100 bpd and 600 bpd in the same periods in 2020, respectively. This resulted in a composite utilization of 100.7% for the third quarter of 2021 and 96.4% for the first nine months of 2021. The Refinery set new records for bio-feedstock throughput in the third quarter of 2021 and continued to increase crude utilization as the economy recovered from the COVID-19-related demand destruction. The Refinery's strong utilization was driven by its safe and reliable operations

⁹ The compliance costs are incurred to meet the Low Carbon Fuel Requirements ("LCFR") in British Columbia to reduce the combined fuels' carbon intensity, which can be met through various pathways from blending Hydrogenation-Derived Renewable Diesel ("HARD") being the least economic to blending ethanol and bio-diesel and co-processing, which are more economic.

¹⁰ The turnaround commenced in early October and the Burnaby Refinery was substantially operational by the end of October 2021.

allowing it to optimize its local sales channels and utilize Parkland's integrated supply chain infrastructure in the U.S. for gasoline and distillates. The significant year to date increase in utilization and throughput KPIs is also impacted by the 2020 Turnaround, which fully shut down the Refinery, and lower utilization rates at the Refinery following start-up after the 2020 Turnaround to meet reduced product demand associated with COVID-19.

E. Corporate

(\$ millions, unless otherwise noted)	Three months ended September 30,				Nine months ended September 30,			
	2021	2020	Change	%	2021	2020	Change	%
(Gain) loss on foreign exchange - realized	1	(11)	12	(109)%	(3)	3	(6)	(200)%
Other adjusting items ⁽¹⁾	(3)	1	(4)	(400)%	(1)	(3)	2	(67)%
Marketing, General and Administrative	31	22	9	41%	88	66	22	33%
Adjusted EBITDA ⁽²⁾ expense	29	12	17	142%	84	66	18	27%

⁽¹⁾ Includes realized foreign exchange (gain) loss on cash pooling arrangements.

⁽²⁾ Measure of segment profit and non-GAAP financial measure. See Section 14 of this MD&A.

Corporate Adjusted EBITDA expense increased by \$17 million for the third quarter of 2021 and \$18 million for the first nine months of 2021 as compared to the same periods in 2020, primarily due to the following:

- Marketing, General and Administrative expenses increased \$9 million for the third quarter of 2021 and \$22 million for the first nine months of 2021 primarily due to (i) a reduction in CEWS, (ii) increased marketing and administration costs to support the partial return to pre-COVID-19 business activity and growth programs, and (iii) the normalization of employee costs after the cost reduction initiatives, including a salary reduction taken by the leadership team in 2020. This led Corporate's Marketing, General and Administrative expenses as a percentage of Parkland's Adjusted gross margin (see Section 14 of this MD&A) to increase from 3.3% to 4.0% for the third quarter of 2021 and from 3.8% to 4.1% for the first nine months of 2021 as compared to the same periods in 2020.
- The realized foreign exchange (gain) loss during the third quarter of 2021 was nominal as compared to the same period of 2020, when \$11 million of foreign exchange gain was realized with the repayment of USD-denominated liabilities due to the stronger Canadian Dollar environment. For the first nine months of 2021, the realized foreign exchange gain of \$3 million was primarily driven by the repayment of the Intermediation Facility and USD-denominated liabilities with the stronger Canadian Dollar in the first half of the year. This compares to the \$3 million realized foreign exchange loss for the first nine months of 2020 driven by the repayment of USD-denominated liabilities with the weaker Canadian Dollar environment in the first half of 2020.

5. QUARTERLY FINANCIAL DATA

(\$ millions, unless otherwise noted)	2021			2020				2019
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 ⁽⁵⁾	6,006	5,021	4,233	3,506	3,498	2,691	4,316	4,779
Adjusted gross margin ⁽¹⁾⁽²⁾	779	699	665	606	674	487	593	728
Adjusted EBITDA ⁽¹⁾⁽²⁾	364	322	314	247	338	191	191	302
Canada ⁽³⁾	105	101	116	112	128	93	102	88
International	83	66	67	72	77	54	67	73
USA ⁽⁴⁾	44	31	20	8	21	27	16	15
Supply ⁽³⁾⁽⁴⁾	161	154	136	81	124	35	42	153
Corporate	(29)	(30)	(25)	(26)	(12)	(18)	(36)	(27)
Net earnings (loss) attributable to Parkland	115	(57)	31	53	76	32	(79)	176
Net earnings (loss) per share – basic (\$ per share)	0.76	(0.38)	0.21	0.36	0.51	0.22	(0.53)	1.19
Net earnings (loss) per share – diluted (\$ per share)	0.75	(0.38)	0.20	0.35	0.50	0.21	(0.53)	1.17
Adjusted earnings (loss) ⁽²⁾	107	96	92	43	93	(10)	(2)	96
Adjusted earnings (loss) per share – basic (\$ per share) ⁽²⁾	0.70	0.64	0.61	0.29	0.62	(0.07)	(0.02)	0.65
Adjusted earnings (loss) per share – diluted (\$ per share) ⁽²⁾	0.70	0.63	0.61	0.28	0.62	(0.07)	(0.02)	0.64

⁽¹⁾ Measure of segment profit. See Section 14 of this MD&A.

⁽²⁾ Non-GAAP financial measure. See Section 14 of this MD&A.

⁽³⁾ For comparative purposes, information for the year ended December 31, 2019 was restated due to a change in segment presentation. Canada Retail and Canada Commercial, formerly presented separately as individual segments, and the Canadian distribution business, formerly presented in Supply, are now included in Canada, reflecting a change in organizational structure in 2020.

⁽⁴⁾ For comparative purposes, information for previous periods was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first nine months of 2021.

⁽⁵⁾ Certain amounts within sales and operating revenue were restated and reclassified to conform to the presentation used in the current period.

Over the last eight quarters, Parkland's quarterly results were primarily impacted by COVID-19, the 2020 Turnaround and the USA Acquisitions. In particular:

- Sales and operating revenue trended lower from the first quarter of 2020 to the first quarter of 2021 as compared to the fourth quarter of 2019, due to the lower volumes driven by reduced demand as a result of COVID-19 and a decrease in fuel and petroleum product prices. Sales and operating revenue have been increasing since the first quarter of 2021, driven mainly by (i) higher volume due to the easing of COVID-19 restrictions resulting in increased economic activity, (ii) an increase in prices of fuel and petroleum products, and (iii) contributions from the USA Acquisitions and the International Transactions.
- Adjusted gross margin, Adjusted EBITDA and Adjusted earnings in 2020 trended lower than the fourth quarter of 2019 due to the economic impacts of COVID-19 and the 2020 Turnaround, which lasted from February 2020 to April 2020. The third quarter of 2020 realized a temporary recovery after the successful completion of the 2020 Turnaround prior to the second wave of COVID-19 in the fourth quarter of 2020. Adjusted gross margin, Adjusted EBITDA and Adjusted earnings (loss) in 2021 continued trending upwards primarily due to the 2020 USA Acquisitions, which were completed in late 2020, the 2021 USA Acquisitions, strong Supply results and continued market recovery from COVID-19. The fluctuations in Supply Adjusted EBITDA are largely driven by refinery utilization and the crack spreads, which change based on market conditions and drive refining margins and the timing of the maintenance turnaround.
- Net earnings attributable to Parkland declined in the first half of 2020, as compared to the fourth quarter of 2019, primarily driven by the economic impacts of COVID-19 and the 2020 Turnaround. The second half of 2020 showed an increasing trend in net earnings as compared to the first half of the year due to partial market recovery from COVID-19, despite a resurgence in COVID-19 cases in the fourth quarter. Net earnings attributable to Parkland declined in the first half of 2021 as compared to the prior quarter primarily due to (i) increased finance costs and net changes in non-cash valuation losses on redemption options within other (gains) and losses, driven by the early redemption of the 2021 Redeemed Notes, and (ii) an increase in the redemption value of the Sol Put Option, primarily driven by strong underlying results of International and continued recovery from COVID-19. Net earnings attributable to Parkland increased in the third quarter of 2021 due to (i) continued recovery from COVID-19, (ii) normalization of finance costs after the early redemption of the 2021 Redeemed Notes, and (iii) a lower change in the redemption value of the Sol Put Option.

6. CASH FLOWS AND DIVIDENDS

A. Cash flows

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

(\$ millions)	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Cash generated from (used in) operating activities ⁽¹⁾	200	253	786	1,210
Cash generated from (used in) financing activities ⁽¹⁾	(27)	(841)	88	(762)
Cash generated from (used in) investing activities	(400)	(46)	(871)	(332)
Increase (decrease) in net cash	(227)	(634)	3	116
Impact of foreign currency translation on cash	10	(10)	(14)	5
Net cash, beginning of period	502	1,022	296	257
Net cash, end of period	285	378	285	378

⁽¹⁾ For comparative purposes, information for previous periods was restated due to a change in presentation of cash flows from operating and financing activities. Interest paid on long-term debt and leases, formerly included in "Cash generated from (used in) operating activities", is now included in "Cash generated from (used in) financing activities", reflecting a more relevant presentation of finance costs payments. Refer to Note 3 of the Interim Condensed Consolidated Financial Statements.

Operating activities

Q3 2021 vs. Q3 2020

Parkland generated \$200 million cash in operating activities for the third quarter of 2021, primarily driven by Adjusted EBITDA including NCI⁵ of \$392 million. This also includes the impact of (i) the change in net non-cash working capital outflow of \$64 million, largely attributable to higher receivables and inventories balances, partially offset by higher accounts payable due to increased product prices and higher activity levels as COVID-19 restrictions ease, (ii) outflow of \$62 million primarily related to the risk management and other instruments, (iii) current income taxes of \$41 million due to higher taxable net earnings, and (iv) \$12 million in acquisition, integration and other costs primarily related to the International Transactions and 2021 USA Acquisitions.

In comparison, operating activities generated \$253 million of cash for the third quarter of 2020, primarily driven by Adjusted EBITDA including NCI⁵ of \$364 million. This was partially offset by: (i) net non-cash working capital outflow of \$89 million, largely attributable to higher inventories and receivable balances due to an increase in commodity prices and lower accounts payable as extensions in payment deadlines for certain government duties and taxes due to COVID-19 were ending, and (ii) \$9 million in acquisition, integration and other costs that primarily included restructuring costs incurred as part of our drive to reduce fixed and variable costs.

Q3 2021 YTD vs. Q3 2020 YTD

Parkland generated \$786 million cash in operating activities for the first nine months of 2021, primarily driven by Adjusted EBITDA including NCI⁵ of \$1,073 million. This was offset by: (i) the change in net non-cash working capital outflow of \$139 million, largely attributable to higher receivables and inventories balances, partially offset by higher accounts payable due to an increase in product prices and higher activity levels as COVID-19 restrictions ease, (ii) outflow of \$70 million primarily related to the purchases of emission credits and allowances within risk management and other instruments, (iii) current income taxes of \$52 million due to higher taxable net earnings, and (iv) \$28 million in acquisition, integration and other costs primarily driven by the 2021 USA Acquisitions and the International Transactions.

In comparison, Parkland generated \$1,210 million cash in operating activities for the first nine months of 2020, primarily driven by Adjusted EBITDA including NCI of \$786 million and the net non-cash working capital inflow of \$471 million, largely attributable to lower inventories and accounts receivable as a result of lower product demand and prices, and focused efforts on collection of receivables, respectively. This was partially offset by: (i) \$38 million in acquisition, integration and other costs primarily related to restructuring costs incurred as a response to COVID-19, and (ii) current income taxes of \$19 million.

Financing activities

Q3 2021 vs. Q3 2020

Dividends paid to shareholders increased in the third quarter of 2021 by \$1 million to \$34 million as compared to the same period in 2020 driven by the increase in the annual dividend by \$0.1029 per share (2020 - \$0.1012 per share), partially offset by

an increase in DRIP participation rate from 26.3% for the three months ended September 30, 2020, to 29.0% for the three months ended September 30, 2021.

During the third quarter of 2021, financing activities used \$27 million of cash, primarily attributable to (i) \$97 million of net proceeds from the Credit Facility, (ii) \$55 million of payments for interest on leases and long-term debt, (iii) \$36 million of payments made on principal amount on leases under IFRS 16, and (iv) \$34 million in cash dividends paid to shareholders.

In comparison, financing activities used \$841 million of cash for the third quarter of 2020, primarily attributable to (i) \$308 million of net repayments to the Credit Facility using cash on hand, (ii) payments of \$403 million on the early redemption senior notes, (iii) \$58 million of payments for interest on leases and long-term debt, (iv) \$40 million of payments made on the principal amount of leases under IFRS 16, and (v) \$33 million in cash dividends paid to shareholders.

Q3 2021 YTD vs. Q3 2020 YTD

During the first nine months of 2021, Parkland paid a monthly dividend ranging from \$0.1012 per share to \$0.1029 per share (2020 - \$0.0995 per share to \$0.1012 per share). However, despite the increase in dividend per share, the cash dividends paid to shareholders for the first nine months of 2021 decreased by \$3 million to \$100 million as compared to the same period in 2020, due to the increase in DRIP participation rate from 23.1% for the nine months ended September 30, 2020, to 29.3% for the nine months ended September 30, 2021.

During the first nine months of 2021, financing activities generated \$88 million of cash, primarily attributable to (i) net proceeds of \$2,174 million from the issuance of the 2021 Senior Notes Offerings, and (ii) \$22 million of cash generated from the common shares issued under the ATM equity program. These were partially offset by (i) \$1,430 million related to the 2021 Redeemed Notes repayments, (ii) \$194 million related to the settlement of the Intermediation Facility, (iii) \$164 million of payments for interest on leases and long-term debt, (iv) \$104 million of payments made on principal amount on leases under IFRS 16, (v) \$100 million and \$6 million in cash dividends paid to shareholders and non-controlling interests, respectively, (vi) \$59 million of net repayments of the Credit Facility, and (vii) \$51 million related to the premiums paid on the 2021 Redeemed Notes.

In comparison, financing activities used \$762 million of cash during the first nine months of 2020, primarily attributable to (i) \$194 million net repayments to the Credit Facility using cash on hand, (ii) \$425 million of payments largely due to the early redemption of senior notes, offset by net proceeds of \$395 million from the issuance of new senior notes, (iii) \$175 million of payments for interest on leases and long-term debt, (iv) \$130 million of payments attributable to lower borrowings under the Intermediation Facility due to changes in the intermediation agreement, which provides Parkland additional flexibility on the amount of financing, (v) \$114 million of payments made on principal amounts on leases under IFRS 16, and (vi) \$103 million and \$16 million in cash dividends paid to shareholders and non-controlling interests, respectively.

Investing activities

Q3 2021 vs. Q3 2020

Parkland invested \$400 million in the third quarter of 2021, including (i) \$251 million primarily related to the 2021 USA Acquisitions and the St. Maarten Transaction, (ii) \$89 million related to the Isla Transaction, and (iii) \$76 million of growth and maintenance capital expenditures primarily related to the construction and acquisition of new-to-industry retail sites, retail station upgrades and refreshes, and preparation for the minor planned turnaround at the Burnaby Refinery. This was partially offset by \$16 million related to net change in non-cash working capital related to capital expenditure, change in long-term receivables and proceeds on the disposal of certain assets.

In comparison, Parkland invested \$46 million in the third quarter of 2020, primarily related to the growth and maintenance capital expenditures, including (i) growth capital expenditures for certain low-carbon manufacturing growth projects at the Burnaby Refinery, minor organic growth initiatives and network development across our areas of operation, and projects to enhance our digital capability, and (ii) the purchase of the license for the exclusive use of the On the Run convenience store trademark in the majority of United States.

Q3 2021 YTD vs. Q3 2020 YTD

Parkland invested \$871 million in the first nine months of 2021, including (i) \$603 million primarily related to the 2021 USA Acquisitions and the St. Maarten Transaction, (ii) \$183 million of growth and maintenance capital expenditures primarily related to the construction and acquisition of new-to-industry retail sites, site conversions and upgrades, and network and infrastructure

development across our areas of operation, and (iii) \$89 million related to the Isla Transaction. This was partially offset by \$10 million in dividends from the investment in associates.

In comparison, Parkland invested \$332 million in the first nine months of 2020, primarily related to (i) \$261 million of capital expenditures focused on network development, expansion of storage facilities, and other capital projects at the Burnaby Refinery, and maintenance capital expenditures primarily focused on the 2020 Turnaround and other ongoing maintenance projects at the Burnaby Refinery, and (ii) \$85 million for the 2020 USA Acquisitions. This was partially offset by (i) \$18 million related to proceeds on the disposal of certain assets and change in long-term receivables, and (ii) \$10 million dividends from the investment in associates.

B. Dividends, distributable cash flow and dividend payout ratio

	Trailing twelve months ended September 30,	
(\$ millions, unless otherwise noted)	2021	2020
TTM Cash generated from (used in) operating activities ⁽²⁾⁽⁵⁾	746	1,458
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(90)	(81)
	656	1,377
Reverse: Change in other assets, other liabilities and other instruments	48	(17)
Reverse: Net change in non-cash working capital	427	(393)
Include: Maintenance capital expenditures attributable to Parkland ⁽²⁾	(144)	(277)
Exclude: Turnaround maintenance capital expenditures	5	75
Include: Proceeds on asset disposals	16	21
Reverse: Acquisition, integration and other costs	42	52
Include: Interest on leases and long-term debt	(220)	(232)
Exclude: Interest on leases and long-term debt attributable to NCI	4	1
Include: Payments of principal amount on leases	(139)	(143)
Exclude: Payments of principal amount on leases attributable to NCI	17	21
Distributable cash flow ⁽¹⁾⁽³⁾	712	485
Distributable cash flow per share ⁽¹⁾⁽³⁾⁽⁴⁾	4.72	3.28
Dividends	190	181
Dividend payout ratio ⁽¹⁾⁽³⁾	27 %	37 %
Dividends paid to shareholders, net of dividend reinvestment plan ("DRIP")	133	131

⁽¹⁾ Non-GAAP financial measure. See Section 14 of this MD&A.

⁽²⁾ Key performance indicator. See Section 14 of this MD&A.

⁽³⁾ Prior to March 31, 2021, distributable cash flow and the dividend payout ratio were referred to as adjusted distributable cash flow and adjusted dividend payout ratio, respectively.

⁽⁴⁾ Calculated using the weighted average number of common shares.

⁽⁵⁾ For comparative purposes, information for previous periods was restated due to a change in presentation of cash flows from operating and financing activities. Interest paid on long-term debt and leases, formerly included in "Cash generated from (used in) operating activities", is now included in "Cash generated from (used in) financing activities", reflecting a more relevant presentation of finance costs payments.

Dividends to shareholders increased by \$9 million for the trailing twelve months ended September 30, 2021, primarily due to a \$0.0204 increase in the annual dividend to \$1.2144 per share effective March 20, 2020, and a \$0.0204 increase in the annual dividend to \$1.2348 per share effective March 22, 2021. Furthermore, there was an increase in the number of common shares outstanding, driven by shares issued under the dividend reinvestment and stock option plans, the at-the-market ("ATM") equity program, vesting of restricted share units and shares issued on the USA Acquisitions. The average DRIP participation rate for the trailing twelve months ended September 30, 2021, was 29.2%, which was higher than the participation rate of 25.3% for the trailing twelve months ended September 30, 2020.

The dividend payout ratio decreased by 10 p.p. for the trailing twelve months ended September 30, 2021 as compared to the same period in 2020. This decrease is primarily attributable to a lower distributable cash flow in the comparative period, driven by (i) lower Adjusted EBITDA in the first nine months of 2020 due to the economic impacts of COVID-19 and the 2020 Turnaround at the Burnaby Refinery, and (ii) higher maintenance capital expenditures in Supply as a result of the 2020 Turnaround at the Burnaby Refinery. In comparison, cash flow generated from operating activities for the trailing twelve months ended September 30, 2021 decreased by \$712 million as compared to the same period in 2020. This decrease is primarily due to (i) the change in net non-cash working capital outflow due to increased product prices and higher activity levels as COVID-19 restrictions ease and payment of certain government duties and taxes in the fourth quarter of 2020 that were previously deferred as a result of deadline extensions due to COVID-19, and (ii) cash outflow related to the risk management and other instruments in the first nine months of 2021, partially offset by higher Adjusted EBITDA for the trailing twelve months ended September 30, 2021 as compared to the same period in 2020.

7. LIQUIDITY AND COMMITMENTS

A. Financial covenants and metrics

As at September 30, 2021, Parkland was in compliance with all debt covenants. The Senior Funded Debt and Total Funded Debt to Credit Facility EBITDA ratios are well below the covenant restrictions of 3.50 and 5.00, respectively, and are in line with management's long-term targets of under 3.50 and between 2.00 - 3.50, respectively. The Interest coverage ratio is well above the covenant restriction of 2.50 and increased from 5.33 to 5.85 due to increased EBITDA. Refer to Section 14 of this MD&A for the calculation of Parkland's debt covenants. Debt covenant ratios are tested on a trailing-twelve-month basis. The financial covenants of the Credit Facility are as follows:

Ratio ⁽¹⁾	Covenant restriction	Management long-term target	Actual debt covenant ratios as at	
			September 30, 2021	December 31, 2020
1. Senior Funded Debt to Credit Facility EBITDA ratio	< 3.50	< 3.50	0.67	0.42
2. Total Funded Debt to Credit Facility EBITDA ratio	< 5.00 ⁽²⁾	2.00 - 3.50	3.19	2.91
3. Interest coverage ratio	> 2.50 ⁽²⁾	> 3.00	5.85	5.33

⁽¹⁾ Debt covenant ratios are calculated as at September 30, 2021, pursuant to the terms of the Credit Facility. See Section 14 of this MD&A.

⁽²⁾ Effective March 25, 2021, the temporary maximum Total Funded Debt to Credit Facility EBITDA ratio of 6.0 times effective from Q4 2020 to Q3 2021 has been removed and reverted to 5.0 times and the minimum Interest coverage ratio has been reduced to 2.5 times, from 3.0 times.

B. Available sources of liquidity

Parkland's sources of liquidity as at September 30, 2021 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, and management believes cash flows from operations will be adequate to fund maintenance capital expenditures, interest, income taxes, and dividends. Any future acquisitions will be funded by available cash flows from operations, debt and equity offerings if needed, and available borrowing capacity under the Credit Facility.

On March 25, 2021, Parkland's Credit Facility was amended to expand the available facility and extend the maturity date and was further amended on September 22, 2021 to include a combined revolving facility amount of \$1,651 million and US\$205 million with a maturity date of March 25, 2026. Parkland can obtain various types of loans under the facilities, including loans at Canadian and U.S. Prime rates, the London Interbank Offered Rate, and the Canadian Dollar Offered Rate. The revolving facilities are extendible each year for a rolling five-year period at Parkland's option, subject to approval by the lenders. Security on the Credit Facility consists of the assignment of insurance and priority interests on all present and future Parkland properties and assets. Additionally, certain subsidiaries have provided security in connection with the Credit Facility.

On March 25, 2021, Parkland established the ATM equity program, which allows Parkland to issue up to \$250 million of common shares from treasury to the public at prevailing market prices. Use of the ATM program will be evaluated relative to the cost of other funding options and in consideration of leverage levels. The volume and timing of sales, if any, will be determined by Parkland, subject to regulatory requirements. For the three months ended September 30, 2021, Parkland issued 31 thousand common shares under the ATM equity program at a weighted average price of \$40.07 per share for aggregated proceeds of \$1.24 million, net of share issuance costs of \$0.26 million. For the nine months ended September 30, 2021, Parkland issued 550 thousand common shares under the ATM equity program at a weighted average price of \$40.66 per share for aggregated proceeds of \$22.36 million, net of share issuance costs of \$0.67 million.

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

(\$ millions)	September 30, 2021	December 31, 2020
Cash and cash equivalents	228	262
Unused credit facilities	1,261	1,005
	1,489	1,267

C. Contractual commitments

Parkland has contracted 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 commitments increased from \$7,168 million as at December 31, 2020, to \$9,951 million as at September 30, 2021. This increase is primarily due to (i) a new pipeline transportation commitment, (ii) an increase in long-term debt due to the 2021 Senior Notes Offerings, after repayments of the 2021 Redeemed Notes and certain credit facility balances, partially offset by the final settlement of the intermediation facility, (iii) higher accounts payable due to an increase in product prices and higher activity levels, (iv) higher Sol Put Option driven by strong underlying results of International and continued recovery from COVID-19, and (v) an increase in contractual commitments for property, plant and equipment due to the construction of new and upgrading of existing retail service stations, and the minor planned turnaround.

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 contractual obligations and guarantees. Parkland believes all relationships or arrangements with entities that are likely to have a material effect on its liquidity or the availability of capital resources are consolidated into the financial statements. 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, 2021, Parkland provided \$2,967 million (December 31, 2020 - \$2,601 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

Parkland provides guarantees in the form of letters of credit and surety bonds in the ordinary course of business. As at September 30, 2021, these guarantees amount to \$302 million (December 31, 2020 - \$261 million) and are not recognized in the Interim Condensed Consolidated Financial Statements. Maturity dates of these guarantees vary and are up to and including April 5, 2023.

8. CAPITAL EXPENDITURES

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

(\$ millions)	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Growth capital expenditures				
Canada	15	5	26	26
International	7	4	16	14
USA ⁽²⁾	2	2	8	5
Supply ⁽²⁾	6	2	12	12
Corporate	5	3	11	11
Growth capital expenditures including NCI	35	16	73	68
Attributable to NCI	2	1	4	3
Growth capital expenditures attributable to Parkland⁽¹⁾	33	15	69	65
Maintenance capital expenditures				
Canada	15	7	36	18
International	7	5	21	28
USA ⁽²⁾	5	1	16	5
Supply ⁽²⁾	13	6	32	140
Corporate	1	—	5	2
Maintenance capital expenditures including NCI	41	19	110	193
Attributable to NCI	1	1	5	7
Maintenance capital expenditures attributable to Parkland⁽¹⁾	40	18	105	186
Additions to property, plant and equipment and intangible assets	76	35	183	261
Attributable to NCI	3	2	9	10
Additions to property, plant and equipment and intangible assets attributable to Parkland⁽¹⁾	73	33	174	251

⁽¹⁾ Key performance indicator. See Section 14 of this MD&A.

⁽²⁾ For comparative purposes, information for the three and nine months ended September 30, 2020 was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first nine months of 2021.

Parkland's combined growth and maintenance capital expenditures increased \$40 million for the third quarter of 2021 and decreased \$77 million during the first nine months of 2021 as compared to the same periods in 2020.

Growth capital expenditures increased \$18 million for the third quarter of 2021 and \$4 million for the first nine months of 2021 as compared to the same periods in 2020 due to the reduction in the capital expenditures in the prior year to maintain operational flexibility during COVID-19. Growth capital expenditures during the third quarter and the first nine months of 2021 were focused on (i) the construction and acquisition of new-to-industry retail sites, (ii) retail station upgrades and refreshes, including On the Run / Marché Express site conversions in Canada, (iii) select network and infrastructure development across our areas of operation, (iv) certain low-carbon manufacturing growth initiatives at the Burnaby Refinery, and (v) marketing and data analytics projects to enhance our digital capability.

Maintenance capital expenditures increased by \$22 million for the third quarter of 2021 as compared to the same period in 2020 due to the reduction in the capital expenditures in the prior year to maintain operational flexibility during COVID-19. Maintenance capital expenditures during the third quarter of 2021 were focused on (i) selected infrastructure and IT maintenance, (ii) equipment maintenance and upgrades across our areas of operation, (iii) preparation for the minor planned turnaround at the Burnaby Refinery, and (iv) other ongoing maintenance projects at the Burnaby Refinery.

Maintenance capital expenditures decreased \$81 million for the first nine months of 2021 as compared to the same periods in 2020 primarily due to (i) higher expenditures related to the 2020 Turnaround in the prior year, and (ii) the deferral of certain maintenance projects as a result of COVID-19 restrictions during the first six months of 2021. Maintenance capital expenditures during the first nine months of 2021 primarily relate to (i) infrastructure, safety, equipment and IT maintenance and upgrades across our areas of operations, and (ii) expenditures in preparation for the minor planned turnaround and other ongoing maintenance projects at the Burnaby Refinery.

Committed capital expenditures

Contractual commitments for the acquisition of property, plant and equipment attributable to Parkland as at September 30, 2021 are \$190 million (December 31, 2020 - \$81 million). These contractual commitments are expected to be incurred primarily over the next 12 months and relate mainly to (i) the construction of new and upgrading of existing retail service stations, including projects to retrofit and rebrand to the On the Run / Marché Express brand and, (ii) the minor planned turnaround and other ongoing maintenance projects at the Burnaby Refinery. Parkland plans to fund these commitments using cash and cash equivalents, cash flows from operations, and available borrowing capacity under the Credit Facility.

9. REVENUE AND NET EARNINGS

A. Revenue

(\$ millions)	Canada		International		USA ⁽¹⁾		Supply ⁽¹⁾		Consolidated	
Three months ended September 30,	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Fuel and petroleum product revenue ⁽¹⁾	2,310	1,578	1,226	761	1,261	378	863	474	5,660	3,191
Non-fuel revenue ⁽¹⁾	135	143	32	37	179	127	—	—	346	307
Sales and operating revenue ⁽²⁾	2,445	1,721	1,258	798	1,440	505	863	474	6,006	3,498

(\$ millions)	Canada		International		USA ⁽¹⁾		Supply ⁽¹⁾		Consolidated	
Nine months ended September 30,	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Fuel and petroleum product revenue ⁽¹⁾	5,880	4,402	3,237	2,621	2,982	1,203	2,204	1,378	14,303	9,604
Non-fuel revenue ⁽¹⁾	395	417	92	109	467	372	3	3	957	901
Sales and operating revenue ⁽²⁾	6,275	4,819	3,329	2,730	3,449	1,575	2,207	1,381	15,260	10,505

⁽¹⁾ For comparative purposes, information for the three and nine months ended September 30, 2020 was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first nine months of 2021. Additionally, certain amounts within sales and operating revenue were restated and reclassified to conform to the presentation used in the current period.

⁽²⁾ Refer to Note 12 of the Interim Condensed Consolidated Financial Statements for additional information on Parkland's segments.

Sales and operating revenue for the three and nine months ended 2021 increased by \$2,508 million and \$4,755 million, respectively, as compared to the same periods in 2020. Overall, the period-over-period variances for sales and operating revenue are as follows:

- Sales and operating revenue for Canada increased \$724 million for the third quarter of 2021 and \$1,456 million for the first nine months of 2021 due to (i) higher fuel and petroleum product commodity prices and (ii) higher fuel volumes driven by increased domestic vehicle traffic and economic activity as a result of reduced COVID-19 restrictions during 2021.
- Sales and operating revenue for International increased \$460 million for the third quarter of 2021, and \$599 million for the first nine months of 2021 primarily due to (i) higher fuel and petroleum product commodity prices, and (ii) higher fuel volumes driven by the emerging tourism recovery in the region, and (iii) the contribution from the St. Maarten Transaction, partially offset by the strengthening of the Canadian Dollar against the U.S. Dollar.
- Sales and operating revenue for USA increased by \$935 million for the third quarter of 2021 and \$1,874 million for the first nine months of 2021, primarily due to (i) the USA Acquisitions, (ii) higher fuel and petroleum product commodity prices, (iii) increased economic activities as a result of continued COVID-19 recovery, and (iv) our continued focus on organic growth, partially offset by continued demand weakness in the cruise ship and oil and gas industries and the strengthening of the Canadian Dollar against the U.S. Dollar.
- Sales and operating revenue for Supply increased \$389 million for the third quarter of 2021 and \$826 million for the first nine months of 2021 due to (i) higher fuel and petroleum product commodity prices, (ii) increased wholesale volumes achieved through strategic pricing, and (iii) partial rebound in volumes in the second and third quarters of 2021 due to the easing of COVID-19 restrictions.

B. Net earnings

The following table outlines items other than Adjusted EBITDA that impacted net earnings (loss) for the three and nine months ended September 30, 2021.

	Three months ended September 30,		Nine months ended September 30,	
(\$ millions)	2021	2020	2021	2020
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	364	338	1,000	720
Add: Attributable to NCI	28	26	73	66
Adjusted EBITDA including NCI ⁽¹⁾	392	364	1,073	786
Less:				
Acquisition, integration and other costs	12	9	28	38
Depreciation and amortization	152	163	460	465
Finance costs	61	63	237	192
(Gain) loss on foreign exchange - unrealized	(16)	(1)	(13)	(2)
(Gain) loss on asset disposals	(10)	2	(8)	1
(Gain) loss on risk management and other derivatives - unrealized	(2)	(16)	21	1
Other (gains) and losses ⁽²⁾	9	12	164	25
Other adjusting items ⁽³⁾	8	(1)	8	6
Income tax expense (recovery)	48	42	58	12
Net earnings (loss)	130	91	118	48

⁽¹⁾ Refer to Section 9 of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss).

⁽²⁾ Other (gains) and losses for the three months ended September 30, 2021 include the following: (i) \$40 million loss (2020 - \$43 million loss) due to the change in redemption value of Sol Put Option; (ii) \$38 million gain (2020 - \$36 million gain) due to the change in fair value of redemption options; (iii) \$9 million loss (2020 - \$7 million loss) due to change in estimates of environmental provisions; and (iv) \$2 million gain (2020 - \$2 million gain) on other items. Other (gains) and losses for the nine months ended September 30, 2021 include the following: (i) \$112 million loss (2020 - \$11 million gain) due to change in redemption value of Sol Put Option; (ii) \$52 million loss (2020 - \$38 million loss) due to change in fair value of redemption options; (iii) \$10 million gain (2020 - \$9 million loss) due to change in estimates of environmental provisions; and (iv) \$10 million loss (2020 - \$11 million gain) on other items. Refer to Note 11 of the Interim Condensed Consolidated Financial Statements.

⁽³⁾ Other Adjusting Items for the three months ended September 30, 2021 include the following: (i) \$3 million loss (2020 - \$1 million gain) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) customer finance income of \$1 million (2020 - nil); (iii) Parkland's share of depreciation and income taxes from the Isla joint venture of \$3 million (2020 - nil); and (iv) other income of \$1 million (2020 - nil). Other Adjusting Items for the nine months ended September 30, 2021 include the following: (i) \$1 million loss (2020 - \$8 million loss) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) nil (2020 - \$4 million) in fuel discounts provided to frontline workers within fuel and petroleum product cost of purchases; (iii) an unrealized gain of nil (2020 - \$9 million gain) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases; (iv) customer finance income of \$1 million (2020 - \$1 million); (v) Parkland's share of depreciation and income taxes from the Isla joint venture of \$3 million (2020 - nil); (vi) adjustments to share of income from equity accounted associates of \$1 million (2020 - nil); and (vii) other income of \$2 million (2020 - \$2 million).

Q3 2021 vs. Q3 2020

Net earnings increased by \$39 million for the third quarter of 2021 as compared to the same period in 2020. The increase is primarily due to (i) the increase in Adjusted EBITDA including NCI by \$28 million as discussed in Section 2 above, (ii) an increase in unrealized gain on foreign exchange by \$15 million, primarily related to the translation impact on U.S. Dollar denominated receivables driven by the exchange rate fluctuations during the quarter, (iii) an increase in gains on asset disposals by \$12 million primarily driven by the Isla Transaction, (iv) a decrease in depreciation and amortization by \$11 million due to contribution of assets as part of the Isla Transaction, optimization of shipping vessel leases and strengthening of the Canadian Dollar, and (v) the net changes in non-cash valuation gains and losses within other (gains) and losses of \$3 million related to an increase in the redemption value of the Sol Put Option, driven by strong underlying results of International and continued recovery from COVID-19, offset by an increase in the redemption value of several senior notes due to a decrease in credit spread. These were offset by:

- a decrease in unrealized gain on risk management and other derivatives by \$14 million as a result of rising commodity prices;
- an increase in income tax expense by \$6 million driven by higher taxable net earnings; and
- an increase in acquisition, integration and other costs by \$3 million primarily due to higher acquisition costs as a result of increased acquisition activity in USA and International.

Q3 2021 YTD vs. Q3 2020 YTD

Net earnings increased by \$70 million for the first nine months of 2021 as compared to the same period in 2020. The increase is primarily due to (i) the increase in Adjusted EBITDA including NCI by \$287 million as discussed in Section 2 above, (ii) an increase in unrealized gain on foreign exchange by \$11 million primarily related to the translation impact on U.S. Dollar denominated receivables driven by the exchange rate fluctuations during the quarter, (iii) a decrease in acquisition, integration and other costs by \$10 million as the comprehensive restructuring activities undertaken during the first quarter of 2020 in response to COVID-19 did not recur in 2021, (iv) an increase in gains on asset disposals by \$9 million primarily driven by the Isla Transaction, and (v) a decrease in depreciation and amortization by \$5 million due to contribution of assets as part of the Isla Transaction, optimization of shipping vessel leases and strengthening of the Canadian Dollar. These were offset by:

- the net changes in non-cash valuation gains and losses within other (gains) and losses of \$139 million related to an increase in the redemption value of the Sol Put Option, driven by strong underlying results of International and continued recovery from COVID-19, and (ii) the early exercise of redemption options on the 2021 Redeemed Notes offset by (i) an increase in the fair value of the Redemption Options due to a decrease in credit spread, and (ii) the decrease in environmental provision due to a change in the discount rate;
- an increase in income tax expense by \$46 million driven by higher taxable net earnings;
- an increase in finance costs by \$45 million driven by the early redemption of the 2021 Redeemed Notes and the increase in long-term borrowings to partially finance the 2021 Acquisitions, offset by lower interest on the long-term debt; and
- an increase in unrealized loss on risk management and other derivatives by \$20 million as a result of rising commodity prices.

10. 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 9 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

Parkland uses various financial instruments recorded at fair value through profit or loss to manage exposures to fluctuations in commodity prices, support business and growth strategies, as well as for trading purposes. These financial instruments include commodities swaps, forwards and futures contracts, currency forward exchange contracts, Intermediation Facility Derivatives, emission credits and allowances, Redemption Options, the Sol Put Option, and certain other items. On February 26, 2021, Parkland terminated and fully repaid the Intermediation Facility.

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,		Nine months ended September 30,	
	2021	2020	2021	2020
Gain (loss) on risk management and other instruments - realized ⁽¹⁾	(8)	(5)	(86)	43
Gain (loss) on risk management and other instruments - unrealized ⁽¹⁾	2	16	(21)	(1)
Gain (loss) on risk management and other instruments	(6)	11	(107)	42
Change in fair value of Redemption Options ⁽²⁾	38	36	(52)	(38)
Change in redemption value of Sol Put Option ⁽²⁾	(40)	(43)	(112)	11
Gain (loss) on Intermediation Facility Derivatives - realized ⁽³⁾	—	(1)	(16)	34
Gain (loss) on Intermediation Facility Derivatives - unrealized ⁽³⁾	—	—	—	9
Impact on consolidated statements of income (loss)	(8)	3	(287)	58

⁽¹⁾ Gains and losses on risk management and other instruments are primarily driven by commodities swaps, forward and futures contracts, and emission credits and allowances.

⁽²⁾ Recognized in other (gains) and losses. See Note 21 of the Annual Consolidated Financial Statements and Section 9 of the Annual MD&A for details on the Redemption Options and the Sol Put Option.

⁽³⁾ Recognized in cost of purchases. See Note 12 of the Annual Consolidated Financial Statements and Section 9 of the Annual MD&A for details on the Intermediation Facility.

Other risks

A detailed discussion of additional risk factors relating to Parkland and its business is presented in the Annual Information Form available on SEDAR at www.sedar.com.

11. OUTLOOK

2021 Guidance metrics

There have been no changes to the guidance metric for the Adjusted EBITDA Guidance range of \$1,250 million +/- 5 percent as we expect to finish 2021 at higher end of the guidance range. The guidance metric for the Burnaby refinery utilization also remains unchanged at approximately 85 percent.

2021 Capital Program

There have been no changes to the guidance metrics for growth capital expenditures attributable to Parkland of \$150 - \$250 million and maintenance capital expenditures attributable to Parkland of \$200 - \$250 million (the "2021 Capital Program") as we expect to finish 2021 at mid to lower end of the guidance ranges. In addition, Parkland optimized the 2021 USA Acquisitions with the timing of certain capital projects that were deferred due to COVID-19-related restrictions and safety measures in place. Our strategy and 2021 outlook are underpinned by our disciplined approach to capital allocation and the following key pillars of our strategy:

Grow organically

Parkland will continue to benefit from a robust pipeline of organic growth opportunities in retail, commercial and supply, across all our geographies. Our organic growth is supported by strong brands, customer value proposition, loyalty programs and digital insights.

Acquire prudently and integrate

Parkland will continue to add incremental value to recently completed acquisitions through our disciplined approach, established integration capabilities and synergy capture and capitalize on the high-quality consolidation opportunities across all of our geographies.

Strong supply advantage

We will leverage our growing scale, product diversity and capital light infrastructure to enhance margins. We will also continue to invest in safe and reliable operations and renewable fuel manufacturing at our Burnaby refinery.

One Parkland

We will strive for safe, reliable and local customer service underpinned by organizational capability and a performance-driven culture and continue powering journeys and energizing communities through our common values and behaviours.

For additional details regarding the 2021 Guidance Range and the 2021 Capital Program, refer to the Annual MD&A and Parkland's press release dated March 4, 2021. The factors and assumptions that contribute to Parkland's assessment of the 2021 Guidance Range are consistent with the existing Parkland disclosures. The 2021 Guidance Range is subject to risks and uncertainties inherent in Parkland's business described in the Annual MD&A and Parkland's Annual Information Form. Refer to Parkland's press release issued on November 2, 2021 on SEDAR at www.sedar.com for more information.

12. OTHER

A. Controls environment

Internal controls over financial reporting

Based on the evaluation of Parkland's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as defined in National Instrument ("NI") 52-109, the Chief Executive Officer and Chief Financial Officer have concluded that Parkland's DC&P and ICFR were designed and operating effectively as at September 30, 2021.

In accordance with the provisions of NI 52-109, Parkland has limited the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of businesses acquired not more than 365 days before September 30, 2021, which includes the C&B Acquisition. This scope limitation is primarily due to the time required for Parkland's management to assess DC&P and ICFR in a manner consistent with Parkland's other operations.

The following tables summarize the financial information related to these acquisitions under the NI 52-109 scope limitation:

(\$ millions)	As at September 30, 2021	(\$ millions)	Nine months ended September 30, 2021
Current assets	125	Sales and operating revenue	426
Non-current assets	259	Net earnings (loss)	11
Current liabilities	81		
Non-current liabilities	9		

Changes in internal controls over financial reporting

There were no changes in Parkland's ICFR during the nine months ended September 30, 2021 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, 2021, Parkland had approximately 152.2 million common shares, 3.9 million share options, 1.8 million restricted share units, and 0.3 million deferred share units outstanding. The share options consist of approximately 2.8 million share options that are currently exercisable into common shares.

C. Fuel and petroleum product volume

(million litres)	Canada		International		USA		Supply		Consolidated	
For the three months ended September 30,	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Retail ⁽¹⁾	1,718	1,693	386	414	157	73	—	—	2,261	2,180
Commercial, wholesale, and supply ⁽¹⁾	691	616	938	698	1,260	694	1,117	1,113	4,006	3,121
Fuel and petroleum product volume	2,409	2,309	1,324	1,112	1,417	767	1,117	1,113	6,267	5,301

⁽¹⁾ Includes gasoline, diesel and propane volumes.

(million litres)	Canada		International		USA		Supply		Consolidated	
For the nine months ended September 30,	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Retail ⁽¹⁾	4,515	4,476	1,217	1,124	375	191	—	—	6,107	5,791
Commercial, wholesale, and supply ⁽¹⁾	2,108	2,021	2,538	2,606	3,429	2,052	3,381	3,469	11,456	10,148
Fuel and petroleum product volume	6,623	6,497	3,755	3,730	3,804	2,243	3,381	3,469	17,563	15,939

⁽¹⁾ Includes gasoline, diesel and propane volumes.

13. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

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

Significant accounting estimates, assumptions and judgments

The preparation of Parkland's consolidated financial statements requires management to make estimates, assumptions and judgments (including those affected by and related to the future effects of COVID-19) 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. Refer to "Significant accounting estimates, assumptions and judgments" in the Annual MD&A for further information on these significant accounting estimates, assumptions and judgments. Since the date of our Annual MD&A, there were no material changes to the significant accounting estimates, assumptions and judgments except as noted in Note 2 of the Interim Condensed Consolidated Financial Statements.

14. FINANCIAL MEASURES AND KEY PERFORMANCE INDICATORS

A. Measures of segment profit

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and Adjusted gross margin, including fuel and petroleum product adjusted gross margin and non-fuel adjusted gross margin, are non-GAAP financial measures used by the chief operating decision maker to make decisions about resource allocation to the segment and to assess its performance. 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 or loss only if they are included in the measure of the segment's profit or loss that is used by the chief operating decision maker. As such, these measures are unlikely to be comparable to measures of segment profit and loss presented by other issuers, who may calculate these measures differently. Refer to Note 12 of the Interim Condensed Consolidated Financial Statements for a full reconciliation of Adjusted EBITDA and Adjusted gross margin for each of Parkland's operating segments.

Adjusted EBITDA

Parkland views Adjusted EBITDA as the key measure for the underlying core operating performance of business segment activities at an operational level. Adjusted EBITDA is used by management to set targets for Parkland (including annual guidance and variable compensation targets) and is used to determine Parkland's ability to service debt, finance capital expenditures and provide for dividend payments to shareholders. In addition to finance costs, depreciation, amortization and income tax expense (recovery), Adjusted EBITDA also excludes costs that are not considered representative of Parkland's underlying core operating performance, including, among other items: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, (v) unrealized gains and losses on foreign exchange, risk management derivatives, Intermediation Facility Derivatives and other derivatives, (vi) realized foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (vii) realized foreign exchange gains and losses on accrued financing costs in foreign currency and the offsetting realized risk management gains and losses on the related foreign exchange risk management instruments, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, (x) impairments of non-current assets, and (xi) other adjusting items. Parkland's Adjusted EBITDA is also adjusted to include Parkland's proportionate share of its joint-venture investees' Adjusted EBITDA.

Please refer to table below for the reconciliation of Adjusted EBITDA to net earnings (loss).

(\$ millions)	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net earnings (loss)	130	91	118	48
Add:				
Acquisition, integration and other costs	12	9	28	38
Depreciation and amortization	152	163	460	465
Finance costs	61	63	237	192
(Gain) loss on foreign exchange – unrealized	(16)	(1)	(13)	(2)
(Gain) loss on asset disposals	(10)	2	(8)	1
(Gain) loss on risk management and other derivatives – unrealized	(2)	(16)	21	1
Other (gains) and losses ⁽¹⁾	9	12	164	25
Other adjusting items ⁽²⁾	8	(1)	8	6
Income tax expense (recovery)	48	42	58	12
Adjusted EBITDA including NCI ⁽³⁾	392	364	1,073	786
Deduct: Attributable to NCI	28	26	73	66
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	364	338	1,000	720

⁽¹⁾ Other (gains) and losses for the three months ended September 30, 2021 include the following: (i) \$40 million loss (2020 - \$43 million loss) due to the change in redemption value of Sol Put Option; (ii) \$38 million gain (2020 - \$36 million gain) due to the change in fair value of redemption options; (iii) \$9 million loss (2020 - \$7 million loss) due to change in estimates of environmental provisions; and (iv) \$2 million gain (2020 - \$2 million gain) on other items. Other (gains) and losses for the nine months ended September 30, 2021 include the following: (i) \$112 million loss (2020 - \$11 million gain) due to change in redemption value of Sol Put Option; (ii) \$52 million loss (2020 - \$38 million loss) due to change in fair value of redemption options; (iii) \$10 million gain (2020 - \$9 million loss) due to change in estimates of environmental provisions; and (iv) \$10 million loss (2020 - \$11 million gain) on other items. Refer to Note 11 of the Interim Condensed Consolidated Financial Statements.

⁽²⁾ Other Adjusting Items for the three months ended September 30, 2021 include the following: (i) \$3 million loss (2020 - \$1 million gain) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) customer finance income of \$1 million (2020 - nil); (iii) Parkland's share of depreciation and income taxes from the Isla joint venture of \$3 million (2020 - nil); and (iv) other income of \$1 million (2020 - nil). Other Adjusting Items for the nine months ended September 30, 2021 include the following: (i) \$1 million loss (2020 - \$8 million loss) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) nil (2020 - \$4 million) in fuel discounts provided to frontline workers within fuel and petroleum product cost of purchases; (iii) an unrealized gain of nil (2020 - \$9 million gain) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases; (iv) customer finance income of \$1 million (2020 - \$1 million); (v) Parkland's share of depreciation and income taxes from the Isla joint venture of \$3 million (2020 - nil); (vi) adjustments to share of income from equity accounted associates of \$1 million (2020 - nil); and (vii) other income of \$2 million (2020 - \$2 million).

⁽³⁾ 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 and 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 unrealized gains and losses on foreign exchange and risk management and other instruments and non-recurring discounts to customers. Adjusted gross margin is calculated and reconciled as follows:

(\$ millions)	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Sales and operating revenue	6,006	3,498	15,260	10,505
Cost of purchases	(5,214)	(2,835)	(13,033)	(8,785)
Gain (loss) on risk management and other instruments - realized	(8)	(5)	(86)	43
Gain (loss) on foreign exchange - realized	(8)	17	1	(12)
Other adjusting items to Adjusted gross margin ⁽¹⁾	3	(1)	1	3
Adjusted gross margin	779	674	2,143	1,754
Fuel and petroleum product adjusted gross margin	655	564	1,803	1,441
Non-fuel adjusted gross margin	124	110	340	313
Adjusted gross margin	779	674	2,143	1,754

⁽¹⁾ Other adjusting items to Adjusted gross margin for the three months ended September 30, 2021 include the \$3 million loss (2020 - \$1 million gain) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized. For the nine months ended September 30, 2021, other adjusting items include the following: (i) \$1 million loss (2020 - \$8 million loss) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) nil (2020 - \$4 million) in fuel discounts provided to frontline workers within fuel and petroleum product cost of purchases; and (iii) an unrealized gain of nil (2020 - \$9 million gain) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases.

Non-fuel adjusted gross margin

(\$ millions)	Canada		International		USA ⁽³⁾		Supply ⁽³⁾		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
For the three months ended September 30,										
Convenience store ⁽¹⁾	34	34	2	3	18	11	—	—	54	48
Lubricants and other non-fuel ⁽²⁾⁽³⁾	17	16	22	24	31	23	—	(1)	70	62
Non-fuel adjusted gross margin	51	50	24	27	49	34	—	(1)	124	110

(\$ millions)	Canada		International		USA ⁽³⁾		Supply ⁽³⁾		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
For the nine months ended September 30,										
Convenience store ⁽¹⁾	98	87	7	8	41	27	—	—	146	122
Lubricants and other non-fuel ⁽²⁾⁽³⁾	54	54	56	65	81	68	3	4	194	191
Non-fuel adjusted gross margin	152	141	63	73	122	95	3	4	340	313

⁽¹⁾ Convenience store revenue generated from Canada, International, and USA depends on the business model operated by each segment.

⁽²⁾ Lubricants and other non-fuel include rent, freight, tanks and parts installation, cylinder exchanges, royalties, emission allowances and other products and services.

⁽³⁾ For comparative purposes, information for the three and nine months ended September 30, 2020 was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first nine months of 2021. Additionally, certain amounts within sales and operating revenue were restated and reclassified to conform to the presentation used in the current period.

B. Other non-GAAP financial measures

In addition to Adjusted EBITDA and Adjusted gross margin, including fuel and petroleum product adjusted gross margin and non-fuel adjusted gross margin, other non-GAAP financial measures are included in this MD&A to assist management with the analysis of operating performance, leverage and liquidity. These non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. Except as otherwise indicated, these non-GAAP measures are calculated and disclosed on a consistent basis from period to period.

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

Adjusted earnings (loss) and Adjusted earnings (loss) per share are non-GAAP measures 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 believes that Adjusted earnings (loss) and Adjusted earnings (loss) per share are useful in assessing the Company's overall performance.

Adjusted earnings (loss) excludes costs that are not considered representative of Parkland's underlying core operating performance including: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, (v) unrealized gains and losses on foreign exchange, risk management derivatives, Intermediation Facility Derivatives and other derivatives, (vi) realized foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (vii) realized foreign exchange gains and losses on accrued financing costs in foreign currency and the offsetting realized risk management gains and losses on the related foreign exchange risk management instruments, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, (x) impairments of non-current assets, (xi) loss on modification of long-term debt, and (xii) other adjusting items. Parkland's Adjusted earnings (loss) and Adjusted earnings (loss) per share are also adjusted to include Parkland's proportionate share of its joint-venture investees' Adjusted earnings (loss). These adjustments are considered to result in a more comparable economic representation.

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

	Three months ended September 30,		Nine months ended September 30,	
(\$ millions, unless otherwise stated)	2021	2020	2021	2020
Net earnings (loss)	130	91	118	48
Add:				
Acquisition, integration and other costs	12	9	28	38
Loss on modification of long-term debt	—	—	59	3
(Gain) loss on foreign exchange - unrealized	(16)	(1)	(13)	(2)
(Gain) loss on asset disposals	(10)	2	(8)	1
(Gain) loss on risk management and other instruments - unrealized	(2)	(16)	21	1
Other (gains) and losses ⁽⁴⁾	9	12	164	25
Other adjusting items ⁽¹⁾	8	(1)	8	6
Tax normalization ⁽²⁾	(11)	7	(51)	(18)
Adjusted earnings (loss) including NCI	120	103	326	102
Less: Adjusted earnings (loss) attributable to NCI	13	10	31	21
Adjusted earnings (loss)	107	93	295	81
Weighted average number of common shares (million shares) ⁽³⁾	152	149	151	149
Weighted average number of common shares adjusted for the effects of dilution (million shares) ⁽³⁾	153	151	152	151
Adjusted earnings (loss) per share (\$ per share)				
Basic	0.70	0.62	1.96	0.54
Diluted	0.70	0.62	1.94	0.54

⁽¹⁾ Other Adjusting Items for the three months ended September 30, 2021 include the following: (i) \$3 million loss (2020 - \$1 million gain) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) customer finance income of \$1 million (2020 - nil); (iii) Parkland's share of depreciation and income taxes from the Isla joint venture of \$3 million (2020 - nil); and (iv) other income of \$1 million (2020 - nil). Other Adjusting Items for the nine months ended September 30, 2021 include the following: (i) \$1 million loss (2020 - \$8 million loss) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) nil (2020 - \$4 million) in fuel discounts provided to frontline workers within fuel and petroleum product cost of purchases; (iii) an unrealized gain of nil (2020 - \$9 million gain) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases; (iv) customer finance income of \$1 million (2020 - \$1 million); (v) Parkland's share of depreciation and income taxes from the Isla joint venture of \$3 million (2020 - nil); (vi) adjustments to share of income from equity accounted associates of \$1 million (2020 - nil); and (vii) other income of \$2 million (2020 - \$2 million).

⁽²⁾ The tax normalization adjustment was applied to net earnings (loss) adjusting items that were considered temporary differences, such as gains and losses on asset disposals, acquisition, integration and other costs, unrealized foreign exchange gains and losses, gains and losses on risk management and other derivatives, changes in fair value of redemption options, changes in estimates of environmental provisions, 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.

⁽⁴⁾ Other (gains) and losses for the three months ended September 30, 2021, include the following: (i) \$40 million loss (2020 - \$43 million loss) due to the change in redemption value of Sol Put Option; (ii) \$38 million gain (2020 - \$36 million gain) due to the change in fair value of redemption options; (iii) \$9 million loss (2020 - \$7 million loss) due to change in estimates of environmental provisions; and (iv) \$2 million gain (2020 - \$2 million gain) on other items. Other (gains) and losses for the nine months ended September 30, 2021, include the following: (i) \$112 million loss (2020 - \$11 million gain) due to change in redemption value of Sol Put Option; (ii) \$52 million loss (2020 - \$38 million loss) due to change in fair value of redemption options; (iii) \$10 million gain (2020 - \$9 million loss) due to change in estimates of environmental provisions; and (iv) \$10 million loss (2020 - \$11 million gain) on other items. Refer to Note 11 of the Interim Condensed Consolidated Financial Statements.

Corporate Marketing, General and Administrative expenses 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.

	Three months ended September 30,		Nine months ended September 30,	
(\$ millions)	2021	2020	2021	2020
Corporate Marketing, General and Administrative expenses	31	22	88	66
Parkland's gross margin	779	674	2,143	1,754
Corporate Marketing, General and Administrative expenses as a % of Parkland's gross margin	4.0%	3.3%	4.1%	3.8%

TTM cash generated from (used in) operating activities, TTM distributable cash flow, TTM dividends, and TTM dividend payout ratio

Distributable cash flow is a cash metric that adjusts for the impact of seasonality in Parkland's business by removing non-cash working capital items and excludes the effect of items that are not considered representative of Parkland's ability to generate cash flows. Such items include: (i) acquisition, integration, and other costs; (ii) turnaround maintenance capital expenditures; (iii) the change in certain risk management and other instruments and (iv) interest on leases and long-term debt, and principal payments on leases attributable to non-controlling interests. We use this metric to monitor normalized cash flows of the business by eliminating the impact of Parkland's working capital fluctuations and expenditures used in acquisition, integration and other activities, which can vary significantly from quarter-to-quarter.

The dividend payout ratio is a ratio of dividends distributed to distributable cash flow. We use this ratio as an indicator of Parkland's ability to generate cash flows to sustain monthly dividends, including those issued under the dividend reinvestment plan.

	Three months ended				Trailing twelve months ended
	December 31,	March 31,	June 30,	September	September 30,
(\$ millions, unless otherwise noted)	2020	2021	2021	30, 2021	2021
Cash generated from (used in) operating activities ⁽²⁾	(40)	264	322	200	746
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(20)	(23)	(21)	(26)	(90)
	(60)	241	301	174	656
Reverse: Change in other assets, other liabilities and other instruments ⁽⁴⁾	12	(14)	(9)	59	48
Reverse: Net change in non-cash working capital	288	53	22	64	427
Include: Maintenance capital expenditures attributable to Parkland	(39)	(20)	(45)	(40)	(144)
Exclude: Turnaround maintenance capital expenditures	2	—	—	3	5
Include: Proceeds on asset disposals	6	5	1	4	16
Reverse: Acquisition, integration and other costs	14	5	11	12	42
Include: Interest on leases and long-term debt	(56)	(54)	(54)	(56)	(220)
Exclude: Interest on leases and long-term debt attributable to NCI ⁽³⁾	1	1	1	1	4
Include: Payments on principal amount on leases	(35)	(35)	(33)	(36)	(139)
Exclude: Payments on principal amount on leases attributable to NCI	4	4	4	5	17
Distributable cash flow ⁽¹⁾	137	186	199	190	712
Weighted average number of common shares (million shares)					151
Distributable cash flow per share					4.72
Dividends	47	47	48	48	190
Dividend payout ratio					27 %

⁽¹⁾ Prior to March 31, 2021, distributable cash flow and the dividend payout ratio were referred to as adjusted distributable cash flow and adjusted dividend payout ratio, respectively.

⁽²⁾ For comparative purposes, information for previous periods was restated due to a change in presentation of cash flows from operating and financing activities. Interest paid on long-term debt and leases, formerly included in "Cash generated from (used in) operating activities", is now included in "Cash generated from (used in) financing activities", reflecting a more relevant presentation of finance costs payments.

⁽³⁾ Beginning in the the third quarter of 2020, interest on leases and long-term debt attributable to NCI is excluded from distributable cash flow.

⁽⁴⁾ Beginning in the the third quarter of 2021, the reversal of the change in other assets, other liabilities and other instruments includes the changes in certain other instruments included within change in risk management and other instruments.

(\$ millions, unless otherwise noted)	Three months ended				Trailing twelve months ended
	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	September 30, 2020
Cash generated from (used in) operating activities ⁽²⁾	248	328	629	253	1,458
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(22)	(20)	(15)	(24)	(81)
	226	308	614	229	1,377
Reverse: Change in other liabilities and other assets	(20)	(21)	(3)	27	(17)
Reverse: Net change in non-cash working capital	78	(135)	(425)	89	(393)
Include: Maintenance capital expenditures attributable to Parkland	(91)	(118)	(50)	(18)	(277)
Exclude: Turnaround maintenance capital expenditures	3	55	16	1	75
Include: Proceeds on asset disposals	11	3	5	2	21
Reverse: Acquisition, integration and other costs	14	21	8	9	52
Include: Interest on leases and long-term debt	(55)	(59)	(59)	(59)	(232)
Exclude: Interest on leases and long-term debt attributable to NCI ⁽³⁾	—	—	—	1	1
Include: Payments on principal amount on leases	(29)	(39)	(35)	(40)	(143)
Exclude: Payments on principal amount on leases attributable to NCI	5	5	5	6	21
Distributable cash flow ⁽¹⁾	142	20	76	247	485
Weighted average number of common shares (million shares)					148
Distributable cash flow per share					3.28
Dividends	44	45	45	47	181
Dividend payout ratio					37 %

⁽¹⁾ Prior to March 31, 2021, distributable cash flow and the dividend payout ratio were referred to as adjusted distributable cash flow and adjusted dividend payout ratio, respectively.

⁽²⁾ For comparative purposes, information for previous periods was restated due to a change in presentation of cash flows from operating and financing activities. Interest paid on long-term debt and leases, formerly included in "Cash generated from (used in) operating activities", is now included in "Cash generated from (used in) financing activities", reflecting a more relevant presentation of finance costs payments.

⁽³⁾ Beginning September 30, 2020, interest on leases and long-term debt attributable to NCI is excluded from distributable cash flow.

C. Key Performance Indicators ("KPIs")

In addition to non-GAAP financial measures, Parkland uses a number of operational KPIs to measure the success of our strategic objectives and to set variable compensation targets for employees. These KPIs 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.

KPI	Description	Calculation	Why we use the KPI and why it is useful	Comments
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 projects at the Burnaby Refinery; • upgrades of service stations, including primarily aesthetic major renovations (also known as "refreshes") of retail service stations; • rebrand or refresh of service stations, 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 KPI 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.	

KPI	Description	Calculation	Why we use the KPI and why it is useful	Comments
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 fuel service station; and - addition of new infrastructure and tanks to support large new customer contracts. However, acquisitions of businesses and intangibles are not included as part of growth capital expenditures. The calculation is adjusted to exclude the portion of additions to maintenance capital expenditures attributable to NCI.	Parkland uses growth capital expenditures to monitor expenditures on property, plant and equipment and intangible assets that increase the current level of economic activity. The classification of capital as growth or maintenance is subject to judgment, as many of Parkland's capital projects have components of both. A reconciliation of this measure is presented in Section 8 of this MD&A.	
Additions to property, plant and equipment and intangible assets attributable to Parkland	Capital expenditure metric that includes both maintenance and growth capital expenditures	Additions to property, plant and equipment and intangible assets	Parkland uses net additions to property, plant and equipment and intangible assets to monitor additions 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.	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.	
Dividends per share	Measure represents the dividends paid per share for the respective period.	Dividends per share is the sum of the monthly 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.	

KPI	Description	Calculation	Why we use the KPI and why it is useful	Comments
Company C-Store same-store sales growth ("Company C-Store SSSG")	Company C-Store SSSG refers to sales growth generated by retail convenience stores at 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.	Company C-Store SSSG is derived from the point-of-sale ("POS", i.e. cash register) value of goods and services sold to retail customers at convenience stores operated by retailers at Company sites. Specifically, current year POS sales of active sites are compared to prior year POS sales of comparable sites. Since Parkland generally collects fixed rent for the facilities plus a percentage rent on convenience store sales from the retailer and typically does not directly own or sell the convenience store inventory, POS amounts used to calculate Company C-Store SSSG are not a Parkland financial measure and do not form part of Parkland's consolidated financial statements.	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.	
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 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 impacts financial performance.	
Crude utilization	Crude utilization refers to the amount of crude oil that is run through the crude distillation units compared to crude throughput.	The amount of crude oil that is run through the crude distillation units expressed as a percentage of the 55,000 barrels per day crude distillation capacity at the Burnaby Refinery.	Crude utilization provides meaningful information to investors in evaluating the operational performance of the refinery.	A higher utilization generally allows for more efficient operations and lower costs per barrel.
Composite utilization	Composite utilization refers to the amount of crude oil and co-processed bio-feedstock refined through the distillation units and Fluid Catalytic Cracking and Diesel Hydrotreating processing units compared to name-plate crude throughput.	The amount of crude oil and co-processed units expressed as a percentage of the 55,000 barrels per day name-plate distillation capacity at the Burnaby Refinery.	Composite utilization provides meaningful information to investors in evaluating the operational performance of the 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 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 of the refinery.	A higher throughput generally allows for more efficient operations and lower costs per barrel.
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 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.

KPI	Description	Calculation	Why we use the KPI and why it is useful	Comments
Measures calculated on a cents-per-litre ("cpl") basis	Financial measures calculated on a cpl basis (e.g. 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.	
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 the Acquisitions and other related initiatives.	This estimate is stated as a comparison of the acquisitions' performance before and after acquisition, presented as a forecasted annualized run-rate measure. This forward-looking estimate is based on 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.	Annual Synergies is used to measure synergy expectations of acquisitions against their investment business case.	Changes to these assumptions, market conditions, commodity prices, and timing of implementation of initiatives can significantly impact Annual Synergies. See Section 15 of this MD&A.
Lost time injury frequency ("LTIF") and total recordable injury frequency ("TRIF")	LTIF and TRIF 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 hours worked.	LTIF and TRIF are calculated by multiplying the number of incidents by 200,000, divided by the total number of employee hours worked.	Among other important indicators, LTIF and TRIF 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 station where convenience store merchandise and services such as car washes are sold.
COCO	Company-owned, company-operated.
CORO	Company-owned, retailer-operated.
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 station where fuel is sold at the pump.
Marketing, General and Administrative expense	Marketing, General and Administrative expenses are typically fixed in nature and do not vary significantly with volume. Activities in this category include sales, marketing, real estate, finance, operations, credit, network development and infrastructure.
Operating Costs	Operating Costs include wages and benefits for employees, driving and administrative labour, fleet maintenance and operating costs, third-party delivery expenses, retailer fuel commission, along with the costs associated with owning and maintaining land, buildings and equipment, such as rent, repairs and maintenance, environmental, utilities, insurance and property tax costs.
Refining crack spread	Terminology used in the oil and gas industry that refers to the general price differential between crude oil and petroleum products refined from it.
ROC	Canada's commercial operations are organized into five regional operating centres ("ROCs"), established across Canada, which enable strong local customer relationships and efficient operations. The USA segment includes three ROCs, being the Northern Tier, Rocky Mountain and Southern ROCs.

D. Debt Covenants

Credit Facility EBITDA

This is a debt covenant earnings metric defined in Parkland's Credit Facility. We use this to calculate debt covenant ratios, which are used to monitor Parkland's ability to service debt and meet current and future commitments.

(\$ millions)	Three months ended				Trailing twelve months ended September 30, 2021
	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	
Adjusted EBITDA	247	314	322	364	1,247
Adjusted EBITDA attributable to NCI	24	23	22	28	97
Share incentive compensation	8	6	6	5	25
	279	343	350	397	1,369
Acquisition pro-forma adjustment ⁽¹⁾					51
Reverse: Share in earnings (loss) or Adjusted EBITDA from associates and joint ventures					(18)
Include: Dividends from investments in associates and joint ventures					10
Acquisition, integration and other costs adjustment					(1)
Credit Facility EBITDA ⁽²⁾					1,411

⁽¹⁾ Amounts for the trailing twelve months ended September 30, 2021 include pro-forma pre-acquisition EBITDA estimates as if the acquisitions during the trailing twelve months ended September 30, 2021 occurred on October 1, 2020, pursuant to the terms of the Credit Facility. This amount is used for debt covenant calculation purposes only.

⁽²⁾ Effective March 25, 2021, pursuant to the terms of the amended Credit Facility, the impact of IFRS 16 is included in the calculation of the Credit Facility EBITDA.

(\$ millions)	Three months ended				Trailing twelve months ended December 31, 2020
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	
Adjusted EBITDA	191	191	338	247	967
Adjusted EBITDA attributable to NCI ⁽⁴⁾	23	17	26	24	90
Share incentive compensation	9	4	5	8	26
Reverse: IFRS 16 impact on Adjusted EBITDA	(39)	(38)	(40)	(40)	(157)
Reverse: IFRS 16 impact on Adjusted EBITDA attributable to NCI	(6)	(6)	(6)	(6)	(24)
	178	168	323	233	902
Acquisition pro-forma adjustment ⁽¹⁾					20
Reverse: Share in earnings (loss) or Adjusted EBITDA from associates and joint ventures					(10)
Include: Dividends from investments in associates and joint ventures					10
Acquisition, integration and other costs adjustment ⁽²⁾					(4)
Turnaround adjustment ⁽³⁾					197
Credit Facility EBITDA					1,115

⁽¹⁾ Amounts for the trailing twelve months ended December 31, 2021 include pro-forma pre-acquisition EBITDA estimates as if the acquisitions during the trailing twelve months ended December 31, 2021 occurred on January 1, 2020, pursuant to the terms of the Credit Facility. This amount is used for debt covenant calculation purposes only.

⁽²⁾ Beginning in Q2 2020, the adjustment for acquisition, integration and other costs was calculated pursuant to the terms of the Credit Facility, as amended on June 9, 2020. This amount is used for debt covenant calculation purposes only.

⁽³⁾ The Turnaround adjustment is a normalization of Adjusted EBITDA for the effect of the Turnaround, pursuant to the terms of the Credit Facility.

⁽⁴⁾ Beginning in Q1 2020, Credit Facility EBITDA includes Adjusted EBITDA attributable to NCI and excludes IFRS 16 impact attributable to NCI.

Senior Funded Debt and Total Funded Debt to Credit Facility EBITDA ratios

This is a debt covenant ratio metric defined in Parkland's Credit Facility, where Credit Facility EBITDA is compared to Senior Funded Debt and Total Funded Debt as ratios. We use these ratios to demonstrate compliance with debt covenants and provide users with an indication of Parkland's ability to repay debt. To manage Parkland's financing requirements, we may adjust capital spending or dividends paid to shareholders, or issue new shares or new debt. These metrics are also used to monitor and guide Parkland's overall financial strength and capital structure flexibility.

(\$ millions)	September 30, 2021	December 31, 2020
Senior Funded Debt:		
Credit Facility, net of unamortized deferred financing costs	626	684
Other notes	7	11
Letters of credit	44	37
Third-party guarantees	—	2
Lease obligations ⁽¹⁾	498	—
Less: cash and cash equivalents	(228)	(262)
Senior Funded Debt ⁽¹⁾	947	472
Senior Notes, net of unamortized premiums and discounts	3,557	2,774
Total Funded Debt ⁽¹⁾	4,504	3,246
Credit Facility EBITDA	1,411	1,115
Senior Funded Debt to Credit Facility EBITDA ratio	0.67	0.42
Total Funded Debt to Credit Facility EBITDA ratio ⁽²⁾	3.19	2.91

⁽¹⁾ Effective March 25, 2021, pursuant to the terms of the amended Credit Facility, the calculation of Total Funded Debt and Senior Funded Debt includes IFRS 16 lease obligations.

⁽²⁾ Effective March 25, 2021, the temporary maximum Total Funded Debt to Credit Facility EBITDA ratio of 6.0 times effective from Q4 2020 to Q3 2021 has been removed and reverted to 5.0 times.

Interest coverage ratio

This is a debt covenant metric defined in Parkland's Credit Facility, where Credit Facility EBITDA is compared to interest as a ratio. We use this ratio to provide us with an indication of Parkland's ability to pay interest on its outstanding debt, in addition to demonstrating compliance with debt covenants.

For the trailing twelve months ended (\$ millions)	September 30, 2021	December 31, 2020
Credit Facility EBITDA	1,411	1,115
Interest expense ⁽¹⁾	241	209
Interest coverage ratio ⁽¹⁾⁽²⁾	5.85	5.33

⁽¹⁾ Effective March 25, 2021, pursuant to the terms of the amended Credit Facility, the calculation of Interest Expense includes interest on leases.

⁽²⁾ Effective March 25, 2021, the minimum Interest coverage ratio has been reduced to 2.5 times, from 3.0 times.

15. 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;
- expectations regarding the 2021 Guidance Range, the 2021 Capital Program, the expected 2021 utilization rates at the Burnaby Refinery, and the business outlook contained in this MD&A;
- commitment to drive consistent organic growth annually by investing in growth opportunities, innovatively pursuing opportunities to increase Adjusted gross margin and lower costs, and continuously enhancing customer value and loyalty propositions;
- goal to develop an enterprise-wide sustainability strategy, including ESG targets, transparency and performance reporting and building and maintaining low-carbon leadership, and Parkland's commitment to such strategy;
- goal to deliver a supply advantage by leveraging our growing scale, product diversity and capital light infrastructure to enhance margins;
- construction of an electric vehicle ultra-fast charging network in British Columbia and the timing thereof;
- commitment to make strategic decisions and innovative investments that contribute to a lower-carbon future;

- expected exercise of the Sol Put Option or the Sol Call Option to acquire the remaining outstanding shares of Sol Investments Limited ("SIL") and the terms thereof;
- expectations regarding the anticipated benefits, costs and synergies of completed and future acquisitions, including the timing of the synergies, success and implementation of the systems integration and its additions to Parkland's fuel sales, Adjusted EBITDA and distributable cash flow;
- business and growth strategies, including the manner in which such strategies will be implemented;
- platform for growth in North America and the Caribbean;
- ability to add incremental value by effectively integrating acquisitions to create synergies and capitalize on consolidation opportunities in the geographies in which we operate;
- ability to safely and reliably operate;
- ability to deliver competitive returns to shareholders;
- expectations regarding the effects of seasonality on demand for products offered by the Canada, USA and International business segments;
- expected capital resources and its ability to meet payment obligations as they come due;
- capital investment philosophy;
- future dividend payments;
- anticipated sources of liquidity to fund maintenance capital, interest, income taxes, targeted dividends and other committed capital expenditures;
- expected sources for growth capital expenditures, future acquisitions and debt servicing payments;
- ability to adjust capital spending and to adjust dividends paid to shareholders; and
- expectations regarding the benefits of acquisitions.

The forward-looking information contained herein is based upon Parkland's current views with respect to future events based on certain material factors and assumptions. As such, readers are urged to consider the factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements contained in this MD&A are based upon a number of material factors and assumptions including, without limitation:

- prevailing and expected market conditions;
- the regulatory framework that governs the operation of Parkland's business;
- customer trends and preferences;
- the effect of COVID-19 on Parkland's business;
- Parkland's ability to successfully integrate completed acquisitions into its operations;
- Parkland's ability to identify and successfully negotiate accretive acquisitions;
- Parkland's ability to realize synergies and cost reductions from the implementation of integration initiatives, increased purchasing power, and contract renegotiations, among other items;
- commodity prices and volumes for gasoline, diesel, propane, lubricants, heating oil and other high-quality petroleum products;
- refining crack spreads per barrel;
- financial market conditions, including interest rates and U.S. dollar and other foreign exchange rates;
- ability of suppliers to meet commitments;
- 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; and
- Parkland's ability to continue to compete in a competitive landscape, as well as the additional factors referenced in the Annual Information Form.

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 is based upon Parkland's current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties including, without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under the heading "Risk Factors" in the Annual Information Form. More specifically, certain material factors and assumptions that could cause actual results to vary materially from those anticipated include, without limitation:

- general market conditions, including the duration and effect of COVID-19;
- ability to execute on our business and growth strategy and realize the benefits therefrom;
- ability to meet environmental, social and governance and low-carbon targets;
- ability to realize the benefits from our core capabilities;
- ability to capture value in each step of the value chain;
- ability to identify acquisition targets and to realize the expected benefits, synergies and opportunities from acquisitions;
- ability to secure future capital to support and develop our business, including the issuance of additional common shares;
- ability to secure funding to finance the consideration payable for acquisitions, including the remaining portion of the SIL shares under the Sol Put Option;
- effectiveness of Parkland's management systems and programs;
- factors and risks associated with retail pricing, margins and refining crack spreads;
- availability and pricing of petroleum product supply;
- volatility of crude oil prices;
- competitive environment of our industry in North America and the Caribbean;
- environmental impact;
- risk of changes to environmental and regulatory laws;
- risk of pending or future litigation;
- interest rate and foreign exchange rate fluctuations;
- potential undisclosed liabilities (including environmental) associated with completed acquisitions;
- failure to meet financial, operational and strategic objectives and plans; and
- availability of capital and operating funds.

Additional information on these and other factors that could affect Parkland's operations or financial results is discussed in this MD&A, the Annual Information Form and other continuous disclosure documents available under Parkland's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com or Parkland's website at www.parkland.ca.

The forward-looking statements speak only as of the date of this MD&A and Parkland does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by these cautionary statements.