PARKLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

Q2 2022

PARKLAND

Three and six months ended June 30, 2022

Report to shareholders

Management's Discussion and Analysis Q2 2022

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Basis of presentation

This Management's Discussion and Analysis ("MD&A") for Parkland Corporation ("Parkland", "the Company", "we", "our" or "us") dated August 4, 2022 should be read in conjunction with our interim condensed consolidated financial statements for the three and six months ended June 30, 2022 (the "Interim Condensed Consolidated Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2021 (the "Annual Consolidated Financial Statements"), our 2021 annual MD&A (the "Annual MD&A"), and our revised annual information form for the fiscal year ended December 31, 2021 dated March 17, 2022 (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, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2022, and following the change, the Supply segment has been renamed to "Refining" as it only includes the results of the Burnaby Refinery (as such term is defined herein). This change better aligns Canada results with those of USA and International, which carry supply businesses within their respective divisions.

Specified financial measures and non-financial measures

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

Adjusted EBITDA and Adjusted gross margin, including fuel and petroleum product adjusted gross margin and Food, convenience and other adjusted gross margin are measures of segment profit as reported in Note 13 of the Interim Condensed Consolidated Financial Statements. Refer to Section 14 of this MD&A for more information on these measures of segment profit and other specified financial measures.

Risks and forward-looking information

Parkland's financial and operational performance is potentially affected by a number of factors including, but not limited to, the factors described within the Forward-looking Information section and Risk factors section of this MD&A, 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 is a leading food and convenience store operator, independent supplier and marketer of fuel and petroleum products, and a leader in renewable energy. Our operations span 25 countries and territories across the Americas and each day, we serve over one million customers through our retail, commercial and wholesale sales channels. Parkland optimizes its fuel supply to each of its sales channels by leveraging a growing portfolio of supply relationships, storage and logistics infrastructure, and operating its refinery in Burnaby, British Columbia (the "Burnaby Refinery" or "Refinery"). Parkland's common shares are listed and traded on the Toronto Stock Exchange under the symbol PKI. We operate through four reportable segments: Canada, International, USA, and Refining.

Parkland's purpose is to Power Journeys and Energize Communities. We leverage our supply and storage capabilities to provide the essential fuels that our diverse customers rely on. Parkland is a leader in renewable energy, building an electric vehicle ("EV") charging network to serve growing demand for convenient charging from EV drivers in select markets and helping its customers decarbonize through renewable fuels manufacturing, solar energy, and compliance and carbon offsets marketing and trading. Parkland's proven strategy is centered around growing organically, realizing supply advantages, acquiring prudently, and integrating successfully. We are well positioned to lead through the energy transition and are focused on growing our existing business in resilient markets, and further diversifying our retail business into food, convenience, and EV charging.

2. PERFORMANCE OVERVIEW

($ millions, unless otherwise noted)	Three months ended June 30,			Six months ended June 30,		
Financial Summary	**2022**	2021[7]	2020	**2022**	2021[7]	2020
Fuel and petroleum product volume (million litres)	**6,440**	5,746	4,730	**13,412**	11,269	10,638
Sales and operating revenue[2][7]	**9,715**	4,974	2,691	**17,321**	9,200	7,007
Adjusted gross margin[4]	**949**	699	487	**1,817**	1,364	1,080
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")[4]	**450**	322	191	**837**	636	382
Canada[2][3][4]	**174**	126	112	**365**	275	246
International	**87**	66	54	**169**	133	121
USA[1][3]	**51**	30	27	**98**	49	41
Refining[1][2][3][4]	**164**	123	12	**253**	220	17
Corporate[3]	**(26)**	(23)	(14)	**(48)**	(41)	(43)
Net earnings (loss) attributable to Parkland[7]	**81**	(64)	32	**136**	(35)	(47)
Net earnings (loss) per share – basic ($ per share)[7]	**0.52**	(0.42)	0.22	**0.88**	(0.23)	(0.32)
Net earnings (loss) per share – diluted ($ per share)[7]	**0.52**	(0.42)	0.21	**0.87**	(0.23)	(0.32)
Adjusted earnings (loss) attributable to Parkland ("Adjusted earnings")[5][7]	**166**	96	(10)	**302**	188	(12)
Adjusted earnings (loss) per share - basic ($ per share)[5][7]	**1.07**	0.64	(0.07)	**1.94**	1.25	(0.08)
Adjusted earnings (loss) per share - diluted ($ per share)[5][7]	**1.06**	0.64	(0.07)	**1.93**	1.25	(0.08)
Trailing-twelve-month ("TTM") Cash generated from (used in) operating activities[6]	**611**	799	1,309	**611**	799	1,309
TTM Distributable cash flow[5]	**748**	769	364	**748**	769	364
TTM Distributable cash flow per share[5]	**4.86**	5.13	2.46	**4.86**	5.13	2.46
TTM Dividend payout ratio[5]	**26 %**	25 %	49 %	**26 %**	25 %	49 %
Dividends	**51**	48	45	**100**	95	90
Dividends per share[6]	**0.3249**	0.3087	0.3036	**0.6390**	0.6140	0.6038
Weighted average number of common shares (million shares)	**156**	151	149	**155**	151	149
Growth capital expenditures attributable to Parkland[6]	**43**	18	19	**65**	36	50
Maintenance capital expenditures attributable to Parkland[6]	**44**	45	50	**73**	65	168
Total assets	**14,047**	9,972	9,702	**14,047**	9,972	9,702
Non-current financial liabilities	**7,155**	4,997	4,494	**7,155**	4,997	4,494

(1) For comparative purposes, information for the second quarter of 2020 and the first six months of 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 (now Refining), is now included in the USA segment, reflecting a change in organizational structure in the first six months of 2021.
(2) Certain amounts within sales and operating revenue, cost of purchases, and marketing, general and administrative were restated and reclassified to conform to the presentation used in the current period. For comparative purposes, information for the second quarter of 2021 and 2020 and six months ended June 30, 2021 and June 30, 2020 was restated due to a change in segment presentation. The supply, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2022. Following the change, the Supply segment has been renamed to "Refining" as it only includes the results of the Burnaby Refinery. This change better aligns Canada results with those of USA and International, which carry supply businesses within their respective divisions.
(3) Certain amounts in the comparative period were also restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.
(4) Total of segments measure. See Section 14 of this MD&A.
(5) Non-GAAP financial measure or non-GAAP financial ratio. See Section 14 of this MD&A.
(6) Supplementary financial measure. See Section 14 of this MD&A.
(7) Certain information in the previous period was restated due to the effects of hyperinflation. Refer to Note 2 of the Interim Condensed Consolidated Financial Statements.

A. Adjusted EBITDA, Adjusted EBITDA attributable renewable activities, Net earnings and Adjusted earnings

Parkland achieved a record Adjusted EBITDA of $450 million for the second quarter of 2022, and $837 million for the first six months of 2022, representing an increase of $128 million and $201 million, respectively, as compared to the same periods in 2021, which includes Adjusted EBITDA attributable to renewable activities of $18 million and $43 million, respectively.

Parkland also achieved a record Adjusted earnings of $166 million for the second quarter of 2022, and $302 million for the first six months of 2022, representing an increase of $70 million and $114 million, respectively, as compared to the same periods in 2021. Net earnings attributable to Parkland were $81 million for the second quarter of 2022 and $136 million for the first six months of 2022 representing an increase of $145 million and $171 million, respectively, as compared to the same periods in 2021.

Adjusted EBITDA

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

- Canada achieved a $48 million increase in Adjusted EBITDA for the second quarter of 2022 and $90 million for the first six months of 2022 driven by (i) stronger per-unit margin, due to favourable supply dynamics associated with market volatility and supported by our digital and analytics capabilities in the marketing businesses, (ii) increased volumes as a result of ongoing COVID recovery, the Crevier Acquisition[1] and new customer growth in our commercial and wholesale business, (iii) food margin contributions from the M&M Acquisition[1], (iv) strong performance in commercial lubricants and other non-fuel products, and (vi) convenience store ("C-store") margin optimization initiatives. These increases were partially offset by higher operating and marketing, general and administrative costs as a result of (i) the 2022 Acquisitions[1], (ii) higher distribution costs and credit card fees due to increased commodity prices, and (iii) normalization of employee-related and maintenance costs due to improved economic activity.
- International achieved a $21 million increase in Adjusted EBITDA for the second quarter of 2022 and $36 million for the first six months of 2022 driven by (i) volume growth in the wholesale and aviation businesses, resulting from tourism recovery and a longer tourist season extending into the second quarter of 2022, (ii) the contributions from the Isla Transaction[2] and the St. Maarten Transaction[2], including the realization of related synergies, (iii) stronger convenience store royalties due to increased economic activity, and (iv) an increase in third-party freight due to optimization of vessels' utilization. These increases were partially offset by (i) weaker margins in Puerto Rico due to a government-mandated margin freeze and higher supply costs, (ii) lower margins in the wholesale business, which drove absolute value through higher utilization of existing infrastructure, and (iii) inflationary impact on costs and normalization of some employee-related and other costs as economic activity improved.
- USA achieved a $21 million increase in Adjusted EBITDA for the second quarter of 2022 and $49 million for the first six months of 2022 driven by (i) the USA Acquisitions[3], including realization of related synergies, (ii) continued focus on organic growth in commercial and wholesale customer base, driving increased volumes in the first six months of 2022, (iii) improved fuel margins resulting from strong rack-to-retail unit margins environment, acquisition supply synergies and effective margin management initiatives, and (iv) C-store and lubricant margin management initiatives to offset inflationary pressure on costs. These increases were partially offset by (i) reduced retail fuel demand primarily in the second quarter of 2022, driven by high fuel prices, (ii) higher variable costs due to the growth in fuel volumes, (iii) the impact of inflation on labour and other operating costs, and (iv) increased transportation costs and higher credit card fees driven by higher commodity prices.

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[1] Parkland completed the acquisition of (i) all of the issued and outstanding equity interests of Pétroles Crevier Inc ("Crevier"), the largest independent fuel wholesaler in the province of Quebec, Canada, on February 1, 2022 (the "Crevier Acquisition"); (ii) all of the issued and outstanding equity interests of M&M Meat Shops Ltd. ("M&M"), a well-established restaurant-quality frozen food brand and retailer based in Mississauga, Ontario, on February 18, 2022 (the "M&M Acquisition"); and (iii) all of the issued and outstanding equity interest of Vopak Terminal of Canada Inc. and Vopak Terminals of Eastern Canada Inc., which include four product terminals strategically located in east and west Montreal, Quebec, and Hamilton, on June 1, 2022. (the "Vopak Acquisition" and collectively with the Crevier Acquisition and M&M Acquisition, the "2022 Acquisitions").

[2] Parkland, through its 75%-owned subsidiary, Sol Investments SEZC ("SIL") , acquired (i) a 50% indirect ownership in Isla Dominicana de Petroleo Corp. ("Isla JV"), through the contribution of cash and International's existing business in the Dominican Republic on July 1, 2021 (the "Isla Transaction"), and (ii) all of the issued and outstanding equity interests of Gulfstream Petroleum SXM B.V., an integrated fuel marketing business with operations in St. Maarten on July 17, 2021 (the "St. Maarten Transaction" and together with the Isla Transaction, the International Transactions").

[3] In 2020, Parkland 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. on December 31, 2020 (collectively, the "2020 USA Acquisitions" and together with the 2021 USA Acquisitions, the "USA Acquisitions"). In 2021, Parkland completed the acquisition of (i) the assets of Story Distributing Company and its affiliates on February 1, 2021, (ii) the issued and outstanding shares of Conrad & Bischoff Inc. and its related companies on April 7, 2021 (the "C&B Acquisition"); (iii) certain assets and liabilities of Red Carpet Carwash, a retail business headquartered in Bismarck, North Dakota, on August 31, 2021, (iv) certain assets and liabilities of Master Petroleum, a commercial fuel distributor based in Rifle, Colorado, on August 31, 2021; (v) certain assets and liabilities of Bradenton Fuel Oil, Inc., a commercial fuel and lubricants distributor in Bradenton, Florida, on September 10, 2021; (vi) substantially all of the assets of Urbieta Oil Co. and certain of its affiliates, a well-established fuel distributor and convenience store operator based in Miami, Florida, on December 10, 2021; and (vii) substantially all of the assets of Lynch Oil and certain of its affiliates, a well-established retail, wholesale, and distribution business based in Burley, Idaho, on December 15, 2021, (collectively, the "2021 USA Acquisitions", and together with the 2022 Acquisitions, the "Acquisitions").

- Refining achieved a $41 million increase in Adjusted EBITDA for the second quarter of 2022 and $33 million for the first six months of 2022 driven by stronger refining margins. This was partially offset by (i) lower crude utilization due to a power outage caused by a third party, resulting in a managed shutdown of the Refinery for a few days and minor mechanical issues, (ii) locked margins as a result of hedging a portion of the crack spread to help optimize the refinery program in a volatile market environment to provide certainty on cash flows, (iii) an increase in the cost of consumed fuel due to rising commodity prices and carbon tax rates, and (iv) normalization of employee-related costs as a result of ongoing COVID recovery.
- Corporate Adjusted EBITDA expense increased by $3 million for the second quarter of 2022 and $7 million for the first six months of 2022 primarily due to higher employee costs to support the acquisition growth and the continued improvement in economic activity and the elimination of the Canada Emergency Wage Subsidy ("CEWS").

Adjusted EBITDA attributable to renewable activities

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

- Canada achieved Adjusted EBITDA attributable to renewable activities of $4 million for the second quarter of 2022 and $12 million for the first six months of 2022 representing a decrease of $4 million and increase of $1 million, respectively, as compared to the same periods in 2021. These results were driven by increased volatility in low-carbon and renewable fuel trading activity in the commercial wholesale and supply businesses. The prior periods also benefited from elevated carbon compliance trading markets as economic activity improved. Parkland continues to expand its low-carbon activities to better serve its commercial customers.
- Refining Adjusted EBITDA attributable to renewable activities was $14 million for the second quarter of 2022 and $31 million for the first six months of 2022 representing an increase of $16 million and $3 million, respectively, as compared to the same periods in 2021. These increases were driven by optimization of co-processing of bio-feedstock and other low-carbon intensity fuels used in blending activities. The Refinery continued to lead in co-processing through the use of tall oil to create renewable fuels during the first six months of 2022. This innovation is a world first and helps further diversify our bio-feedstock supply chain.

Net earnings (loss) attributable to Parkland

Net earnings attributable to Parkland increased by $145 million for the second quarter of 2022 and $171 million for the first six months of 2022, respectively, as compared to the same periods in 2021. The increase was primarily due to (i) an increase in Adjusted EBITDA as discussed above, (ii) lower finance costs due to the early redemption of the 2021 Redeemed Notes[4] in the prior period, which were replaced with senior notes with lower interest rates, partially offset by higher finance costs due to an increase in long-term debt to finance increased levels of working capital and the Acquisitions, (iii) lower non-cash valuation losses on the Sol Put Option[5] due to consistent International performance for the trailing-twelve-months. and (iv) non-cash valuation gains on environmental liabilities due to an increase in the risk-free rates and credit spread. This increase was primarily offset by (i) higher tax expense driven by an increase in taxable earnings, (ii) higher depreciation due to an expanding asset base driven by acquisitions and organic growth initiatives, and (iii) an increase in acquisition costs attributable to the increase in the acquisition activity.

Adjusted earnings (loss)

Parkland achieved a $70 million increase in Adjusted Earnings for the second quarter of 2022 and $114 million for the first six months of 2022. These increases are primarily due to increases in Adjusted EBITDA[6] as discussed above, and were partially offset by (i) an increase in tax expense driven by an increase in taxable earnings, (ii) higher depreciation due to an expanding asset base driven by acquisitions and organic growth initiatives, and (iii) higher interest expense due to an increase in long-term debt to finance the Acquisitions and working capital requirements due to rising commodity prices.

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[4] Parkland redeemed all of its issued and outstanding (i) $300 million 5.75% senior notes on April 9, 2021, (ii) US$500 million 6.00% senior notes on April 14, 2021, (iii) $500 million 5.625% senior notes on May 10, 2021, and (iv) $300 million 6.50% senior notes on December 8, 2021 (collectively, the "2021 Redeemed Notes").

[5] The non-controlling shareholders of Sol Investments SEZC have a non-expiring right to sell the remaining outstanding shares of Sol Investments SEZC to Parkland at a proportionate purchase price based on Sol's contractually defined trailing-twelve-month adjusted EBITDA, multiplied by 8.5, and including other adjustments (the "Sol Put Option"). Parkland has the non-expiring right to refuse the exercise of the Sol Put Option on up to two occasions. The Sol Put Option became exercisable after the release of Parkland's audited consolidated financial statements for the year ended December 31, 2021 and is exercisable only once in a calendar year.

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

B. Cash flows and liquidity

Parkland achieved distributable cash flows of $748 million and cash generated from operating activities of $611 million for the trailing twelve months ended June 30, 2022. This cash generation is due to a strong operational performance and effective cost control measures.

- Leverage Ratio[7] improved to 3.2 at June 30, 2022 from 3.5 at March 31, 2022 as Parkland continued to effectively manage its capital. This was achieved through (i) strong performance across all segments including realization of synergies from the Acquisitions, and (ii) continued disciplined approach to cost management, which added additional liquidity and financial flexibility. Parkland was in compliance and well below the covenant restrictions with respect to all of its Credit Facility covenants.
- Liquidity available[8] as at June 30, 2022 was $1,387 million, comprises of cash and cash equivalents - unrestricted and borrowing available under the Credit Facility.
- On April 14, 2022, Parkland amended the Credit Facility agreement to, among other things, extend the maturity date of the revolving facilities to April 14, 2027 and add a two-year term loan, in the amount of US$400 million maturing on April 14, 2024.

C. Dividends and dividend payout ratio

In the second quarter of 2022 and the first six months of 2022, Parkland declared dividends to shareholders of $51 million and $100 million. The dividends declared were higher as compared to the same periods in 2021, primarily due to a $0.0204 increase in the annual dividend to $1.235 per share effective March 22, 2021 and a $0.0648 increase in the annual dividend to $1.30 per share effective March 22, 2022. Further, there was an increase in the number of common shares outstanding from the prior period primarily driven by (i) shares issued in connection with certain 2021 USA Acquisitions and the Crevier Acquisition and (ii) shares issued under the dividend reinvestment plan (the "DRIP").

The average DRIP participation rate for the second quarter of 2022 and the first six months of 2022 was 28% and 26%, respectively, which was lower than the participation rate of 29.6% and 29.4%, respectively, for the same periods in 2021.

The dividend payout ratio remained flat at 26% for the trailing twelve months ended June 30, 2022, as compared to 25% for the same period in 2021. This result was primarily due to the increase in dividends declared as discussed above and lower distributable cash flows as the impact of strong Adjusted EBITDA performance was offset by (i) higher maintenance capital expenditures due to execution of capital projects previously deferred in the comparative period as a result of COVID-related restrictions, (ii) higher tax expense driven by an increase in taxable earnings, (iii) settlement of risk management contracts in higher commodity price environment, with offsetting robust margins on physical sales reflected in the Adjusted EBITDA, and (iv) higher interest expense due to an increase in long-term debt to finance the Acquisitions and working capital requirements due to rising commodity prices.

In March 2022, Parkland increased its per-share annual dividend for the 10th consecutive year. Dividends increased by $0.0648 per share (5.2%), from $1.235 to $1.30, effective March 22, 2022. Dividends paid to shareholders, net of dividend reinvestment plan, decreased by $21 million for the second quarter of 2022 and $19 million for the first six months of 2022, due to the change in the dividend payment schedule from monthly to quarterly.

D. Capital expenditures attributable to Parkland

Parkland continues to invest in growth across the organization including low-carbon and renewable energy initiatives and prudently fund maintenance expenditures. The increase in capital expenditures during the second quarter of 2022 and the first six months of 2022 as compared to the same periods in 2021 is primarily due to the deferral of capital projects during the first six months of 2021 due to continued COVID-19-related restrictions.

- Growth capital expenditures attributable to Parkland[8] were $43 million for the second quarter of 2022 and $65 million for the first six months of 2022, primarily focused on (i) low-carbon manufacturing initiatives at the Burnaby Refinery, including the construction of a stand-alone renewable diesel complex, (ii) renewable energy initiatives and liquified petroleum gas ("LPG") infrastructure development in our International markets, and (iii) site network expansion, digital capability enhancements, branding and energy transition initiatives at select retail sites.

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[7] Capital management measure. See Section 14 of this MD&A.
[8] Supplementary financial measure. See Section 14 of this MD&A.

- Maintenance capital expenditures attributable to Parkland[8] were $44 million for the second quarter of 2022, and $73 million for the first six months of 2022 primarily related to (i) plant reliability and maintenance of equipment, including projects in preparation of the upcoming 2023 planned turnaround at the Burnaby Refinery, (ii) health, safety and environment upgrades, procurement of LPG related equipment, and maintenance of aviation infrastructure in our International markets, (iii) fleet replacement and software upgrades in USA, and (iv) selected infrastructure and IT maintenance across our areas of operations.

3. SUSTAINABILITY

Sustainability is deeply embedded across our business. Our 'Drive to Zero' strategy encompasses our goals of achieving zero safety incidents and spills, upholding zero tolerance for racism, discrimination, corruption, bribery, and unethical behaviour, and supporting our governments' goals of achieving net-zero emissions by 2050. Notable accomplishments in 2022 include:

- We published our 2021 Sustainability Report on July 12, 2022. In addition to highlighting our accomplishments, the timing of this report has set a new annual cadence for publishing future sustainability reports, which more closely aligns with our annual reporting calendar.
- We co-processed over 30 million litres of bio-feedstocks during the second quarter of 2022 and 50 million litres the first six months of 2022, which has the equivalent impact of taking over 24,000 and 40,000 cars off the road, respectively.
- We announced the advancement of our renewable fuel project to expand co-processing activity and to build British Columbia's ("BC") largest, stand-alone renewable diesel complex at our Burnaby Refinery. Over 40 per cent of the project will be funded by the Government of BC and upon completion, the renewable fuels produced will equate to the permanent removal of 700,000 or 25 percent of cars off the road in BC.
- We delivered a world first co-processing of tall oil in a fluid catalytic cracker without pretreatment to produce renewable fuels with approximately one eighth of the carbon intensity of regular fuels (tall oil is a waste product from the pulp and paper industry).
- Parkland's strong Adjusted EBITDA attributable to renewable activities of $18 million and $43 million for the second quarter and the first six months of 2022, respectively increased by $12 million and $4 million compared to the same periods in 2021. This is a reflection of our continued focus on growth and solid execution in the renewable business as we continue to capitalize on the expanding opportunities in this area.
- We continue to advance our plans for launch of the largest network (by site count) of EV 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.

Health, safety and environment ("HSE")

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

Parkland is committed to reducing injuries and incidents across all our operations, actively involving our workforce in enhancing, tracking and measuring our performance, and training our workers to ensure they have the knowledge and skills necessary to perform their work safely. Parkland has an overarching Operational Excellence Management System (POEMS), which sets the standard for safe, reliable and consistent operations. One of the programs contained within POEMS is our hazard assessment program "Stop. Think. Act.", which encourages employees to identify hazards and protect themselves, their co-workers, and the communities we operate in. "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") rate and total recordable injury frequency ("TRIF") rate calculated on a trailing-twelve-month basis. The results demonstrate Parkland's continued commitment to safety and we are confident that a continual focus on our leading HSE indicators will drive long-term sustainable LTIF and TRIF improvements.

	June 30, 2022	June 30, 2021
TTM LTIF(1)	**0.12**	0.26
TTM TRIF(1)	**1.06**	1.19

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

4. SEGMENT OVERVIEW, HIGHLIGHTS AND RESULTS

Refer to Section 14 of the Annual MD&A for a description of Parkland's segments and Note 13 of the Interim Condensed Consolidated Financial Statements for a description of the changes in segment information during the second quarter of 2022 and the first six months of 2022.

A. Canada

	Three months ended June 30,				Six months ended June 30,			
($ millions, unless otherwise noted)	**2022**	2021[6]	Change	%	**2022**	2021[6]	Change	%
Fuel and petroleum product volume[1] (million litres)	**3,042**	2,978	64	2%	**6,368**	6,059	309	5%
Fuel and petroleum product adjusted gross margin[2][5]	**298**	230	68	30%	**625**	483	142	29%
Food, convenience and other adjusted gross margin[2]	**79**	53	26	49%	**139**	101	38	38%
Total adjusted gross margin[2]	**377**	283	94	33%	**764**	584	180	31%
Operating Costs	**151**	121	30	25%	**301**	241	60	25%
Marketing, General and Administrative	**52**	36	16	44%	**99**	68	31	46%
Other adjusting items	**–**	—	—	—%	**(1)**	—	(1)	—%
Adjusted EBITDA[2]	**174**	126	48	38%	**365**	275	90	33%
Adjusted EBITDA attributable to renewable activities[2]	**4**	8	(4)	(50)%	**12**	11	1	9%
Key performance measures:								
Company Volume SSSG[3]	**2.1%**	15.5%	(13.4)p.p		**2.6%**	(2.3)%	4.9p.p	
Food and Company C-Store SSSG[4]	**(8.2)%**	(3.2)%	(5.0)p.p		**(7.0)%**	0.8%	(7.8)p.p	
Food and Company C-Store SSSG (excluding cigarettes)[4]	**(0.6)%**	8.6%	(9.2)p.p		**0.5%**	9.3%	(8.8)p.p	
Food and C-store gross margin percentage[4]	**35.0%**	29.0%	6.0p.p.		**34.1%**	29.4%	4.7p.p.	

[1] Includes gasoline, diesel and propane volumes.
[2] Total of segment measure, or measure of segment or sub-segment profit. See Section 14 for additional information and breakdown of food, convenience and other adjusted gross margin.
[3] Non-financial measure. SSSG denotes same-store sales growth. Includes gasoline and diesel volumes, but excludes propane volumes sold at retail sites. See Section 14 of this MD&A.
[4] Non-GAAP financial ratio. See Section 14 of this MD&A.
[5] Fuel and petroleum product adjusted gross margin (cpl) was 9.80 for the second quarter of 2022 (2021 - 7.72) and 9.81 for the first six months of 2022 (2021- 7.97). See Section 14 of this MD&A for a description of supplementary financial measures.
[6] For comparative purposes, information for the three and six months ended June 30, 2021 was restated due to a change in segment presentation. The supply, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2022, and following the change, the Supply segment has been renamed to "Refining" as it only includes the results of Burnaby Refinery. This change better aligns Canada results with those of USA and International, which carry supply businesses within their respective divisions. Certain amounts in the comparative period were also restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.

Q2 and Q2 YTD Performance - 2022 vs. 2021

Canada delivered Adjusted EBITDA of $174 million for the second quarter of 2022, and $365 million for the first six months of 2022 representing an increase of $48 million and $90 million, respectively, as compared to the same periods in 2021. The increases in Adjusted EBITDA are primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased $68 million for the second quarter of 2022, and $142 million for the first six months of 2022. This was mainly driven by (i) stronger per-unit margin, driven by favourable supply dynamics associated with market volatility and supported by our digital and analytics capabilities in the marketing businesses, (ii) increased volumes as a result of ongoing COVID recovery, (iii) the Crevier Acquisition and new customer growth in commercial and wholesale, and (iv) supply channel optimization.
- Food, convenience and other adjusted gross margin increased by $26 million for the second quarter of 2022, and $38 million for the first six months of 2022 mainly due to the M&M Acquisition and strong performance in commercial lubricants and other non-fuel products. C-Store gross margin was also consistent with the prior year, which demonstrates resilience of the channel in our ability to manage inflationary pressures. Gross margins increased in core categories such as centre of store and beverages as a result of margin optimization initiatives, and were offset by lower tobacco and ancillary sales including car wash and prepaid cards due to changes in customer behaviour and inflation.

- The Food and C-Store gross margin percentage increased from 29.0% to 35.0% for the second quarter of 2022, and 29.4% to 34.1% for the first six months of 2022 as compared to the same periods in 2021, reflecting higher food margin contribution from the M&M Acquisition and the strength of our C-Store margin optimization initiatives. Food and Company C-Store SSSG (both including and excluding cigarettes) was lower due to lower tobacco, car wash and prepaid card sales as a result of changes in customer behaviour and reduced discretionary purchases resulting from inflation.
- Operating costs increased $30 million for the second quarter of 2022, and $60 million for the first six months of 2022 primarily due to (i) the 2022 Acquisitions, (ii) higher distribution costs and credit card fees resulting from increased commodity prices, (iii) normalization of repairs and maintenance expenses and employee-related costs as a result of ongoing COVID recovery, (iv) higher retailer commissions due to increased fuel demand, and (v) elimination of CEWS.
- Marketing, General and Administrative expenses increased $16 million for the second quarter of 2022, and $31 million for the first six months of 2022, primarily due to (i) normalization of employee-related costs as economic activity improved, (ii) the 2022 Acquisitions, and (iii) elimination of CEWS.

Canada Adjusted EBITDA attributable to renewable activities was $4 million for the second quarter of 2022 representing a decrease of $4 million, and $12 million for the first six months of 2022, remaining flat, as compared to the same periods in 2021. This was due to increased volatility in low-carbon and renewable fuel trading activity in the commercial, wholesale and supply businesses. The prior periods also benefited from elevated carbon compliance trading markets as economic activity improved. Parkland continues to expand its low-carbon activities to better serve its commercial customers.

B. International

	Three months ended June 30,				Six months ended June 30,			
($ millions, unless otherwise noted)	**2022**	2021[6]	Change	%	**2022**	2021[6]	Change	%
Fuel and petroleum product volume[1] (million litres)	**1,578**	1,202	376	31%	**3,102**	2,431	671	28%
Fuel and petroleum product adjusted gross margin[1][2][3]	**142**	122	20	16%	**281**	240	41	17%
Food, convenience and other adjusted gross margin[1][2]	**23**	17	6	35%	**46**	39	7	18%
Adjusted gross margin[1][2]	**165**	139	26	19%	**327**	279	48	17%
Operating Costs[1]	**36**	35	1	3%	**76**	69	7	10%
Marketing, General and Administrative[1]	**22**	19	3	16%	**45**	38	7	18%
Share of (earnings) loss of associates and joint ventures[4]	**(6)**	(2)	(4)	200%	**(11)**	(4)	(7)	175%
Other adjusting items to Adjusted EBITDA[4]	**(2)**	(1)	(1)	100%	**(7)**	(2)	(5)	250%
Adjusted EBITDA including NCI[1][5]	**115**	88	27	31%	**224**	178	46	26%
Less: Adjusted EBITDA attributable to NCI	**28**	22	6	27%	**55**	45	10	22%
Adjusted EBITDA[2]	**87**	66	21	32%	**169**	133	36	27%

[1] Including NCI interest.
[2] Measure of segment profit. See Section 14 of this MD&A.
[3] Fuel and petroleum product adjusted gross margin (cpl) was 9.00 for the second quarter of 2022 (2021 - 10.15) and 9.06 for the first six months of 2022. (2021- 9.87) See Section 14 of this MD&A for a description of supplementary financial measures.
[4] The contribution of International's business operations in the Dominican Republic to the Isla joint venture in the third quarter of 2021, as partial consideration for the Isla Transaction, 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 second quarter and the first six months of 2022 when compared to the same periods in 2021. 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 to Adjusted EBITDA".
[5] Refer to Section 9 of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss).
[6] Certain information in the previous period was restated due to the effects of hyperinflation. Refer to Note 2 of the Interim Condensed Consolidated Financial Statements.

Q2 and Q2 YTD Performance - 2022 vs. 2021

International delivered strong results with Adjusted EBITDA of $87 million for the second quarter of 2022 and $169 million for the first six months of 2022 representing an increase of $21 million and $36 million respectively, compared to the same periods in 2021. The increases in Adjusted EBITDA are primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased by $20 million for the second quarter of 2022 and $41 million for the first six months of 2022 primarily due to (i) volume growth in the wholesale and aviation businesses, driven by tourism recovery and a longer tourist season extending into the second quarter of 2022, (ii) the supply synergies from the Isla Transaction, and (iii) the contribution from the St. Maarten Transaction. The increases were partially offset by weaker margins in Puerto Rico due to a government-mandated margin freeze and higher supply costs, and lower unit margins in the wholesale business, which drove absolute value through higher utilization of existing infrastructure.

- Food, convenience and other adjusted gross margin increased by $6 million for the second quarter of 2022 and $7 million for the first six months of 2022, driven by (i) the impact of tourism recovery on aviation traffic resulting in higher non-fuel aviation service fees, (ii) stronger convenience store royalties due to increased economic activity, and (iii) an increase in third-party freight due to optimization of vessels' utilization.
- Operating Costs increased by $1 million for the second quarter of 2022 and $7 million for the first six months of 2022, as a result of an increase in variable costs required to support higher volumes and the impact of inflation on other operating expenses.
- Marketing, General and Administrative expenses increased by $3 million for the second quarter of 2022 and $7 million for the first six months of 2022, primarily due to the impact of inflation and normalization of some employee-related costs as economic activity improved.
- Share of earnings of associates and joint ventures and other adjusting items increased by $5 million for the second quarter of 2022 and $12 million for the first six months of 2022 primarily reflecting Parkland's share of the strong Adjusted EBITDA attributable to the Isla JV.

C. USA

	Three months ended June 30,				Six months ended June 30,			
($ millions, unless otherwise noted)	**2022**	2021[4]	Change	%	**2022**	2021[4]	Change	%
Fuel and petroleum product volume[1] (million litres)	**1,547**	1,337	210	16%	**3,326**	2,360	966	41%
Fuel and petroleum product adjusted gross margin[2][3]	**111**	54	57	106%	**222**	97	125	129%
Food, convenience and other adjusted gross margin[2]	**60**	42	18	43%	**109**	73	36	49%
Total adjusted gross margin[2]	**171**	96	75	78%	**331**	170	161	95%
Operating Costs	**91**	53	38	72%	**175**	95	80	84%
Marketing, General and Administrative	**29**	13	16	123%	**58**	26	32	123%
Adjusted EBITDA[2]	**51**	30	21	70%	**98**	49	49	100%

[1] Includes gasoline, diesel and propane volumes.
[2] Measure of segment profit. See Section 14 of this MD&A.
[3] Fuel and petroleum product adjusted gross margin (cpl) was 7.18 for the second quarter of 2022 (2021 - 4.04) for and 6.67 for the first six months of 2022 (2021- 4.11). Refer to Section 14 of this MD&A for a description of supplementary financial measures.
[4] Certain amounts in the comparative periods were restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.

Q2 and Q2 YTD Performance - 2022 vs. 2021

USA delivered Adjusted EBITDA of $51 million for the second quarter of 2022 and $98 million for the first six months of 2022, representing an increase of $21 million and $49 million, respectively, as compared to the same periods in 2021. The increases in Adjusted EBITDA are primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased $57 million for the second quarter of 2022 and $125 million for the first six months of 2022 primarily due to (i) the USA Acquisitions, including realization of related synergies, and (ii) continued focus on organic growth. Excluding acquisition volume gains, USA's commercial volumes were strong in the first six months of 2022 due to new commercial and wholesale customer growth, partially offset by reduced retail fuel demand primarily in the second quarter of 2022, driven by high fuel prices. USA also achieved improved unit fuel margins to offset higher inflation-driven costs and deliver stronger returns on working capital, driven by (i) strong rack-to-retail unit margins environment, (ii) acquisition supply synergies, and (iii) effective margin management initiatives.
- Food, convenience and other adjusted gross margin increased $18 million for the second quarter of 2022, and $36 million for the first six months of 2022 driven by the USA Acquisitions and progress made in achieving C-store synergies. C-store and lubricant margins also improved through margin management initiatives to offset inflationary pressure on costs.
- Operating Costs increased $38 million for the second quarter of 2022 and $80 million for the first six months of 2022 primarily due to (i) the USA Acquisitions and fuel volume growth, and (ii) the impact of higher labour and other operating costs due to inflation. In addition, higher commodity prices in the first six months of 2022 resulted in increased operating transportation costs and higher credit card fees.

- Marketing, General and Administrative expenses also increased $16 million for the second quarter of 2022 and $32 million for the first six months of 2022, primarily due to the impact of the USA Acquisitions and inflation.

D. Refining

	Three months ended June 30,				Six months ended June 30,			
($ millions, unless otherwise noted)	**2022**	2021[(4)]	Change	%	**2022**	2021[(4)]	Change	%
External fuel and petroleum product volume[(1)] (million litres)	**273**	229	44	19%	**616**	419	197	47%
Internal fuel and petroleum product volume (million litres)	**640**	650	(10)	(2)%	**1,276**	1,264	12	1%
Total fuel and petroleum product volume (million litres)	**913**	879	34	4%	**1,892**	1,683	209	12%
Fuel and petroleum product adjusted gross margin[(2)]	**233**	179	54	30%	**387**	326	61	19%
Non-fuel adjusted gross margin[(2)]	**2**	2	—	—%	**4**	3	1	33%
Total adjusted gross margin[(2)]	**235**	181	54	30%	**391**	329	62	19%
Operating Costs	**67**	54	13	24%	**130**	102	28	27%
Marketing, General and Administrative	**4**	4	—	—%	**8**	7	1	14%
Adjusted EBITDA[(2)]	**164**	123	41	33%	**253**	220	33	15%
Adjusted EBITDA attributable to renewable activities[(2)]	**14**	(2)	16	800%	**31**	28	3	11%
Key performance measures:								
Crude utilization[(3)]	**84.7 %**	94.2 %	(9.5)p.p		**87.2 %**	91.1 %	(3.9)p.p	
Composite utilization[(3)]	**88.4 %**	97.4 %	(9.0)p.p		**90.3 %**	94.2 %	(3.9)p.p	
Crude throughput[(3)] (000's bpd)	**46.6**	51.8	(5.2)	(10)%	**48.0**	50.1	(2.1)	(4)%
Bio-feedstock throughput[(3)] (000's bpd)	**2.1**	1.7	0.4	24%	**1.7**	1.7	—	—%

(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) Total of segments measure, or measure of segment or sub-segment profit. See Section 14 of this MD&A.
(3) Non-financial measure. See Section 14 of this MD&A.
(4) For comparative purposes, information for the three and six months ended June 30, 2021 was restated due to a change in segment presentation. The supply, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2022, and following the change, the Supply segment has been renamed to "Refining" as it only includes the results of Burnaby Refinery. This change better aligns Canada results with those of USA and International, which carry supply businesses within their respective divisions. Certain amounts in the comparative period were also restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.

Q2 and Q2 YTD Performance - 2022 vs. 2021

Refining delivered Adjusted EBITDA of $164 million for the second quarter of 2022 and $253 million for the first six months of 2022 representing an increase of $41 million and $33 million, respectively, as compared to the same periods in 2021. The increases in Adjusted EBITDA are primarily due to the following:

- Adjusted gross margin increased $54 million for the second quarter of 2022 and $62 million for the first six months of 2022. This was driven by stronger refining margins, partially offset by (i) lower crude utilization due to a power outage caused by a third party, resulting in a managed shutdown of the Refinery for a few days and minor mechanical issues, and (ii) locked margins as a result of hedging a portion of the crack spread to help optimize the refinery program in a volatile market environment, which provided certainty on cash flows. In addition, costs related to renewable activities[9] were optimized through the co-processing of bio-feedstocks, which increased by 400 bpd in the second quarter of 2022. The composite utilization for the second quarter and the first six months of 2022 was 88.4% and 90.3%, respectively, lower as compared to 97.4% and 94.2% respectively for the same periods in 2021, due to a power failure caused by a third party resulting in a managed shutdown of the Refinery for a few days and minor mechanical issues as noted above.
- Operating Costs increased $13 million for the second quarter of 2022 and $28 million for the first six months of 2022 due to (i) an increase in the cost of consumed fuel from rising commodity prices and carbon tax rates and (ii) normalization of employee-related costs as a result of ongoing COVID recovery.
- Marketing, General and Administrative expenses remained flat for the second quarter of 2022 and for the first six months of 2022.

9 These include the expenses incurred to co-process bio-feedstocks and blend low-carbon intensity fuels in order to meet British Columbia's Low Carbon Fuels Standard.

Refining Adjusted EBITDA attributable to renewable activities was $14 million for the second quarter of 2022 and $31 million for the first six months of 2022 representing an increase of $16 million and $3 million, respectively, compared to the same periods in 2021 due to the optimization of (i) co-processing of bio-feedstock and (ii) other low-carbon-intensity fuels used in blending activities. The Refinery continued to lead in co-processing through the use of tall oil to create renewable fuels at the Burnaby Refinery in the first six months of 2022. This innovation is a world first and helps further diversify our bio-feedstock supply chain.

E. Corporate

	Three months ended June 30,				Six months ended June 30,			
($ millions)	**2022**	2021 [4]	Change	%	**2022**	2021 [4]	Change	%
(Gain) loss on foreign exchange - realized	**1**	—	1	100%	**(2)**	(4)	2	(50)%
Other adjusting items[1]	**(2)**	—	(2)	(100)%	**(2)**	2	(4)	(200)%
Marketing, General and Administrative[2]	**27**	23	4	17%	**52**	43	9	21%
Adjusted EBITDA[3] expense	**26**	23	3	13%	**48**	41	7	17%

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

(2) Certain marketing, general and administrative costs, previously residing under the Corporate segment, have been allocated to the other segments to align these costs with the relevant segments, See the Note 13(f) in the Interim Condensed Consolidated Financial Statements for the restated comparative information.

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

(4) Certain amounts in the comparative period were restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.

Corporate Adjusted EBITDA expense increased by $3 million for the second quarter of 2022 and $7 million for the first six months of 2022 as compared to the same periods in 2021, primarily due to the following:

- Marketing, General and Administrative expenses increased $4 million for the second quarter of 2022 and $9 million for the first six months of 2022 primarily due to (i) higher employee costs to support the acquisition growth and the continuing recovery of economic activity and (ii) the elimination of CEWS. Corporate Marketing, General and Administrative expenses as a percentage of Parkland's Adjusted gross margin[10] decreased from 3.3% to 2.8% for the second quarter of 2022 and from 3.2% to 2.9% for the first six months of 2022 as Parkland continued to maintain a disciplined approach towards cost management.
- The realized foreign exchange gains and losses, primarily related to the repayment of USD-denominated balances remained relatively flat.

10 Supplementary financial measure. See Section 14 of this MD&A.

5. QUARTERLY FINANCIAL DATA

($ millions, unless otherwise noted)	2022		2021				2020[5]	
For the three months ended	**Jun 30**	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Financial Summary								
Sales and operating revenue[1][2]	**9,715**	7,606	6,286	5,982	4,974	4,226	3,506	3,498
Adjusted gross margin[3]	**949**	868	700	779	699	665	606	674
Adjusted EBITDA[3]	**450**	387	260	364	322	314	247	338
Canada[1][3]	**174**	191	153	134	126	149	148	150
International	**87**	82	78	83	66	67	72	77
USA[1]	**51**	47	40	43	30	19	8	21
Refining[1] [3]	**164**	89	16	126	123	97	41	98
Corporate[1]	**(26)**	(22)	(27)	(22)	(23)	(18)	(22)	(8)
Net earnings (loss) attributable to Parkland[1][2]	**81**	55	23	109	(64)	29	53	76
Net earnings (loss) per share – basic ($ per share)[2]	**0.52**	0.36	0.15	0.72	(0.42)	0.19	0.36	0.51
Net earnings (loss) per share – diluted ($ per share)[2]	**0.52**	0.35	0.15	0.71	(0.42)	0.19	0.35	0.50
Adjusted earnings (loss)[4]	**166**	136	55	129	96	92	43	93
Adjusted earnings (loss) per share – basic ($ per share)[4]	**1.07**	0.88	0.36	0.85	0.64	0.61	0.29	0.62
Adjusted earnings (loss) per share – diluted ($ per share)[4]	**1.06**	0.87	0.36	0.84	0.64	0.61	0.28	0.62

(1) Certain amounts within sales and operating revenue, cost of purchases, and Marketing, general and administrative were restated and reclassified to conform to the presentation used in the current period. For comparative purposes, information for the quarters prior to March 31, 2022 was restated due to a change in segment presentation. The supply, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment commencing the first quarter of 2021, reflecting a change in organizational structure. Following the change, the Supply segment has been renamed to "Refining" as it only includes the results of Burnaby Refinery. This change better aligns Canada results with those of USA and International, which carry supply businesses within their respective divisions. Certain amounts in the comparative period were also restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.
(2) Certain amounts were restated for the impact of hyperinflation on the respective prior periods in 2021.
(3) Total of segments measure. See Section 14 of this MD&A.
(4) Non-GAAP financial measure. See Section 14 of this MD&A.
(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 (now Refining), is now included in the USA segment commencing the first quarter of 2021, reflecting a change in organizational structure.

Over the last eight quarters, Parkland's quarterly results were primarily impacted by COVID-19, the USA Acquisitions, the International Transactions, the 2021 Turnaround[11], the B.C. flooding[12], and the 2022 Acquisitions. In particular:

- Sales and operating revenue trended upwards from the third quarter of 2020 to the second quarter of 2022 driven mainly by (i) increased volume as a result of ongoing COVID recovery, (ii) an increase in prices of fuel and petroleum products, and (iii) contributions from the 2022 Acquisitions, the USA Acquisitions, and the International Transactions, including realization of related synergies.
- Adjusted gross margin, Adjusted EBITDA and Adjusted earnings:
  - realized a temporary recovery in the third quarter of 2020 before a decline in the fourth quarter of 2020 due to the economic impact of the second wave of COVID-19;
  - continued trending upwards during the first three quarters of 2021 primarily due to the 2020 USA Acquisitions, which were completed in late 2020, the 2021 USA Acquisitions, strong Refining results, and continued recovery from COVID-19 and declined in the fourth quarter of 2021 due to the 2021 Turnaround[11] and B.C. flooding[12];
  - increased in the first and second quarter of 2022 due to (i) increased volume as a result of ongoing economic recovery, (ii) the 2022 Acquisitions, the 2021 USA Acquisitions and the International Transactions, (iii) stronger unit margins driven by favourable market dynamics, and (iv) organic customer growth.

[11] Parkland's minor turnaround of the Burnaby Refinery that commenced in early October 2021 and was completed by early November 2021. Parkland maintained uninterrupted fuel supply for customers throughout the duration (the "2021 Turnaround").
[12] Flooding in British Columbia (the "B.C. flooding") caused a temporary shutdown of the Trans Mountain Pipeline on November 14, 2021, and halted supply of crude to Burnaby Refinery. Parkland resumed its processing operations on December 11, 2021.

- Net earnings attributable to Parkland:
    - continued trending downwards in the last half of 2020 and the first half of 2021, 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 early redemption of the 2021 Redeemed Notes, and (ii) an increase in the redemption value of the Sol Put Option[13], primarily driven by strong underlying results of International and continued recovery from COVID-19;
    - increased in the third quarter of 2021 due to (i) continued recovery from COVID-19, (ii) normalization of finance costs after the one-time redemption of the 2021 Redeemed Notes, and (iii) a lower change in the redemption value of the Sol Put Option;
    - declined in the fourth quarter of 2021 due to the 2021 minor planned turnaround and the B.C. flooding;
    - increased in the first and second quarter of 2022 driven by (i) continued economic recovery, (ii) full period impact of the 2021 USA Acquisitions, (iii) the 2022 Acquisitions, and (iv) higher margins due to favourable market dynamics.

The fluctuations in Refining results are largely driven by crack spreads, which change based on market conditions and drive refining margins, and refinery utilization, which are impacted by the timing of the maintenance turnaround and extreme weather events.

6. CASH FLOWS AND DIVIDENDS

A. Cash flows

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

	Three months ended June 30,		Six months ended June 30,	
($ millions)	**2022**	2021	**2022**	2021
Cash generated from (used in) operating activities	**341**	322	**293**	586
Cash generated from (used in) financing activities	**(46)**	(131)	**677**	115
Cash generated from (used in) investing activities	**(155)**	(343)	**(640)**	(471)
Increase (decrease) in cash and cash equivalents	**140**	(152)	**330**	230
Impact of foreign currency translation on cash	**16**	(18)	**7**	(24)
Cash and cash equivalents, beginning of period	**507**	672	**326**	296
Cash and cash equivalents, end of period	**663**	502	**663**	502

Operating activities

Q2 2022 vs. Q2 2021

Parkland generated $341 million cash in operating activities for the second quarter of 2022. This was primarily attributable to Adjusted EBITDA including NCI of $478 million, which was partially offset by: (i) outflow of $52 million primarily related to the settlement of risk management contracts in higher commodity price environment with offsetting robust margins on physical sales reflected in the Adjusted EBITDA, (ii) the change in net non-cash working capital outflow of $36 million, largely attributable to higher receivables and inventories balances, partially offset by higher accounts payable due to an increase in commodity prices, (iii) current income taxes of $28 million due to higher taxable net earnings, and (iv) $18 million in acquisition, integration and other costs primarily related to the increase in acquisition activity.

In comparison, operating activities generated $322 million of cash for the second quarter of 2021, primarily attributable to Adjusted EBITDA including NCI of $344 million, which was partially offset by: (i) the change in net non-cash working capital outflow of $22 million, largely attributable to higher inventories and receivable balances, partially offset by higher accounts payable due to an increase in product prices and higher activity levels and (ii) $11 million in acquisition, integration and other costs primarily in connection with certain 2021 USA Acquisitions.

[13] The non-controlling shareholders of Sol Investments SEZC have a non-expiring right to sell the remaining outstanding shares of Sol Investments SEZC to Parkland at a proportionate purchase price based on Sol's contractually defined trailing-twelve-month adjusted EBITDA, multiplied by 8.5, and including other adjustments (the "Sol Put Option"). Parkland has the non-expiring right to refuse the exercise of the Sol Put Option on up to two occasions. The Sol Put Option became exercisable after the release of Parkland's audited consolidated financial statements for the year ended December 31, 2021 and is exercisable only once in a calendar year.

Q2 2022 YTD vs. Q2 2021 YTD

Parkland generated $293 million cash in operating activities for the first six months of 2022. This was primarily attributable to Adjusted EBITDA including NCI of $892 million, which was partially offset by: (i) the change in net non-cash working capital outflow of $472 million, largely attributable to higher receivables and inventories balances, partially offset by higher accounts payable due to an increase in commodity prices and business activity, (ii) current income taxes of $58 million due to higher taxable net earnings, (iii) outflow of $36 million primarily related to settlement of risk management contracts in higher commodity price environment with offsetting robust margins on physical sales reflected in the Adjusted EBITDA, and (iv) $31 million in acquisition, integration and other costs primarily related to the increase in the acquisition activity.

In comparison, operating activities generated $586 million of cash for the first six months of 2021, primarily attributable to Adjusted EBITDA including NCI of $681 million, which was offset by: (i) the change in net non-cash working capital outflow of $75 million, largely attributable to higher inventories and receivable balances, partially offset by higher accounts payable due to an increase in product prices and higher activity levels, (ii) $16 million in acquisition, integration and other costs primarily driven by activity in the U.S. and Caribbean, and (iii) $11 million in current income tax expense.

Financing activities

Q2 2022 vs. Q2 2021

Financing activities used $46 million of cash during the second quarter of 2022, primarily attributable to (i) $85 million of payments for interest on leases and long-term debt, (ii) $38 million of payments made on principal amount on leases under IFRS 16, and (iii) $13 million in cash dividends paid to shareholders, which was partially offset by $84 million withdrawn under the Credit Facility to finance (i) the 2022 Acquisitions, and (ii) the increase in working capital driven by a sharp increase in commodity prices.

In comparison, financing activities used $131 million of cash, primarily attributable to (i) $1,428 million related to the repayment of certain 2021 Redeemed Notes, (ii) $128 million of net repayments of the Credit Facility, (iii) $58 million of payments for interest on leases and long-term debt, (iv) $51 million related to the premiums paid on redemption of the 2021 Redeemed Notes, (v) $34 million in cash dividends paid to shareholders, and (vi) $33 million of payments made on principal amount on leases under IFRS 16. These payments were partially offset by (i) net proceeds of $1,580 million from the issuance of the 4.50% US$800 million Senior Notes, due 2029, and the 3.875% $600 million Senior Notes, due 2026 and (ii) $21 million of cash generated from the common shares issued under the at-the-market ("ATM") equity program.

Q2 2022 YTD vs. Q2 2021 YTD

During the first six months of 2022, financing activities generated $677 million of cash, primarily attributable to $924 million withdrawn under the Credit Facility to finance the 2022 Acquisitions and the increase in working capital driven by a sharp increase in commodity prices, which was partially offset by: (i) $131 million of payments for interest on leases and long-term debt, (ii) $75 million of payments made on principal amount on leases under IFRS 16, and (iii) $47 million in cash dividends paid to shareholders.

In comparison, financing activities generated $115 million of cash, primarily attributable to (i) net proceeds of $2,174 million from the issuance of the 2021 Senior Notes Offerings[14] and (ii) $21 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) $156 million of net repayments of the Credit Facility, (iv) $109 million of payments for interest on leases and long-term debt, (v) $68 million of payments made on principal amount on leases under IFRS 16, (vi) $66 million and $6 million in cash dividends paid to shareholders and non-controlling interests respectively, and (vii) $51 million related to the premiums paid on the 2021 Redeemed Notes.

Investing activities

Q2 2022 vs. Q2 2021

Parkland invested $155 million in the second quarter of 2022, including $78 million related to the previously announced 2022 Acquisitions and $80 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A. This was partially offset by $14 million in dividends from the investments in associates and joint ventures and proceeds on the disposal of certain assets.

[14] 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, (iii) the 3.875% $600 million Senior Notes, due 2026 on June 16, 2021, and (iv) the 4.625% US$800 million Senior Notes due 2030 on November 23, 2021 (collectively, the "2021 Senior Notes Offerings").

In comparison, Parkland invested $343 million in the second quarter of 2021, which included $278 million primarily related to the C&B Acquisition and $67 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A. This was partially offset by $3 million in dividends from the investments in associates and joint ventures and proceeds on the disposal of certain assets.

Q2 2022 YTD vs. Q2 2021 YTD
Parkland invested $640 million in the first six months of 2022, including $478 million related to the previously announced 2022 Acquisitions and $161 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A. This was partially offset by $15 million in dividends from the investment in associates and proceeds on the disposal of certain assets.

In comparison, Parkland invested $471 million in the first six months of 2021, which included $359 million primarily related to the 2021 USA Acquisitions and the acquisition of the two Midwest LPG terminals in Canada, and $127 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A. This was offset by $16 million in dividends from the investment in associates and proceeds on the disposal of certain assets.

B. Dividends

	Three months ended June 30,				**Six months ended June 30,**			
($ millions)	**2022**	2021	Change	%	**2022**	2021	Change	%
Dividends declared	**51**	48	3	6 %	**100**	95	5	5 %
Dividends paid to shareholders, net of dividend reinvestment plan	**(13)**	(34)	21	(62)%	**(47)**	(66)	19	(29)%

Q2 2022 vs. Q2 2021
Parkland increased the annual dividends by $0.0648 per share to $1.30 per share effective March 22, 2022. Dividends declared to shareholders in the second quarter of 2022 increased by $3 million, primarily due to the increase in annual dividend per share, and the increase in the number of outstanding common shares driven by (i) issuances under the DRIP, the stock option plan, the ATM equity program, and on vesting of performance share units, and (ii) shares issued in connection with certain 2021 USA Acquisitions and the Crevier Acquisition. The average DRIP participation rate for the second quarter of 2022 was 28.0%, which was lower than the participation rate of 29.6% for the same period in 2021. Dividends paid to shareholders decreased in the second quarter of 2022 by $21 million due to the change in dividend payment schedule from monthly to quarterly.

Q2 2022 YTD vs. Q2 2021 YTD
Parkland increased the annual dividends by $0.0204 per share to $1.235 per share effective March 22, 2021 and by $0.0648 per share to $1.30 per share effective March 22, 2022. Dividends declared to shareholders for the first six months of 2022 increased by $5 million, primarily due to the increase in annual dividend per share, and the increase in the number of outstanding common shares driven by (i) issuance under the DRIP, the stock option plan, the ATM equity program, and on vesting of performance share units, and (ii) shares issued in connection with certain 2021 USA Acquisitions and the Crevier Acquisition. The average DRIP participation rate for the first six months of 2022 was 26%, which was lower than the participation rate of 29.4% for the same period in 2021. Dividends paid to shareholders decreased in the first six months of 2022 by $19 million to $47 million due to the change in dividend payment schedule from monthly to quarterly.

C. Distributable cash flow and dividend payout ratio

($ millions, unless otherwise noted)	Trailing twelve months ended June 30, 2022	2021
Cash generated from (used in) operating activities[1]	**611**	799
Exclude: Adjusted EBITDA attributable to NCI, net of tax	**(101)**	(88)
	510	711
Reverse: Change in other liabilities and other assets	**9**	16
Reverse: Net change in non-cash working capital	**739**	452
Include: Maintenance capital expenditures attributable to Parkland[1]	**(225)**	(122)
Exclude: Turnaround maintenance capital expenditures	**11**	3
Include: Proceeds on asset disposals	**11**	14
Reverse: Acquisition, integration and other costs	**67**	39
Include: Interest on leases and long-term debt	**(248)**	(223)
Exclude: Interest on leases and long-term debt attributable to NCI	**4**	4
Include: Payments of principal amount on leases	**(149)**	(143)
Exclude: Payments of principal amount on leases attributable to NCI	**19**	18
Distributable cash flow[2]	**748**	769
Distributable cash flow per share[2][3]	**4.86**	5.13
Dividends[1]	**195**	189
Dividend payout ratio[2]	**26 %**	25 %
Dividends paid to shareholders, net of dividend reinvestment plan ("DRIP")[1]	**113**	132

[1] Supplementary financial measure. See Section 14 of this MD&A.
[2] Non-GAAP financial measure or non-GAAP financial ratio. See Section 14 of this MD&A.
[3] Calculated using the weighted average number of common shares.

The distributable cash flows decreased by $21 million for the trailing twelve months ended June 30, 2022 as compared to the same period in 2021 as the impact of strong Adjusted EBITDA performance was offset by (i) higher maintenance capital expenditures due to execution of capital projects previously deferred in the comparative period as a result of COVID-related restrictions, (ii) higher tax expense driven by an increase in taxable earnings, (iii) settlement of risk management contracts in higher commodity price environment, with offsetting robust margins on physical sales reflected in the Adjusted EBITDA, and (iv) higher interest expense due to an increase in long-term debt to finance the Acquisitions and working capital requirements as a result of rising commodity prices.

The dividend payout ratio remained flat for the trailing twelve months ended June 30, 2022 as compared to the same period in 2021. This result was primarily due to the increase in dividends declared for the reasons discussed in Section 6B above, offset by the lower distributable cash flows.

In comparison, cash flow generated from operating activities for the trailing twelve months ended June 30, 2022 decreased by $188 million as compared to the same period in 2021. This result was driven by strong Adjusted EBITDA performance being more than offset by (i) the changes in net non-cash working capital outflow due to increased product prices and higher activity levels as economic activity improved and COVID-19 restrictions eased, (ii) higher tax expense driven by an increase in taxable earnings, (iii) higher acquisition and integration costs attributable to the Acquisitions, and (iv) settlement of risk management contracts in higher commodity price environment.

7. LIQUIDITY AND COMMITMENTS

A. Capital management

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

The Leverage Ratio improved to 3.2 at June 30, 2022 from 3.5 at March 31, 2022, and 3.3 at December 31, 2021 primarily due to the strong performance across all segments and realization of synergies from the Acquisitions, partially offset by the increase in long-term debt to finance (i) the increased levels of working capital due to a sharp increase in commodity prices in the first six months of 2022, and (ii) the 2022 Acquisitions.

	June 30, 2022	March 31, 2022	December 31, 2021
Leverage Debt	**5,264**	5,253	4,611
Leverage EBITDA	**1,635**	1,482	1,402
Leverage ratio[(1)]	**3.2**	3.5	3.3

[(1)] Capital management measure. Refer to Section 14 of this MD&A for additional details.

In addition to the internal capital management measures, Parkland was in compliance and well below the covenant restrictions with respect to all of its Credit Facility covenants consisting of (i) Senior Funded Debt to Credit Facility EBITDA ratio, (ii) Total Funded Debt to Credit Facility EBITDA ratio, and (iii) Interest coverage ratio (calculated as a ratio of Credit Facility EBITDA to Interest Expense) throughout the six months ended June 30, 2022.

B. Available sources of liquidity

Parkland's sources of liquidity as at June 30, 2022 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 April 14, 2022, Parkland amended the Credit Facility agreement to, among other things, extend the maturity date of the revolving facilities to April 14, 2027 and add a two-year term loan, in the amount of US$400 million maturing on April 14, 2024. The amended Credit Facility has a combined revolving facility of $1,594 million and US$250 million with a maturity date of April 14, 2027. Further, the interest rate benchmark on US-denominated loans will now utilize Secured Overnight Financing Rate ("SOFR") loans in place of LIBOR loans.

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

On March 25, 2021, Parkland established the ATM equity program, which allows Parkland to issue up to $250 million of common shares (the "Aggregate Offering Price") 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. The ATM program will be effective until the current base shelf prospectus dated August 17, 2020 expires on September 17, 2022, or common shares having aggregate gross proceeds equal to the Aggregate Offering Price have been issued, unless it is terminated prior to such date by Parkland or otherwise in accordance with the terms of the equity distribution agreement governing the ATM program. During the three and six months ended June 30, 2022, there were no common shares issued under the ATM equity program. During the three and six months ended June 30, 2021, Parkland issued 519 thousand common shares under the ATM equity program at a weighted average price of $40.70 per share for aggregated proceeds of $21 million, net of share issuance costs of $0.21 million.

On November 29, 2021, the Toronto Stock Exchange ("TSX") accepted Parkland's notice of intention to implement a normal course issuer bid (the "NCIB") during the twelve-month period commencing December 1, 2021 and ending November 30, 2022. Under the NCIB, a maximum of common shares representing 10% of the public float of common shares may be repurchased by Parkland in open market transactions on the TSX during the twelve-month period described above. During the six months ended June 30, 2022, Parkland has not repurchased common shares under the NCIB (June 30, 2021 - nil).

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

($ millions)	**June 30, 2022**	December 31, 2021
Cash and cash equivalents - Unrestricted	**542**	284
Unused credit facilities	**845**	1,270
	1,387	1,554

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 $10,745 million as at December 31, 2021, to $11,724 million as at June 30, 2022. This increase is primarily due to an increase in long-term debt to finance (i) the increased levels of working capital due to sharp increase in commodity prices in the first six months of 2022, and (ii) the 2022 Acquisitions.

Fuel and petroleum products and other purchase commitments

In addition to the commitments described above, Parkland has entered into purchase orders and contracts during the normal course of business for the purchase of goods and services. Such obligations include commodity purchase obligations transacted at market prices.

D. Off-balance sheet arrangements

In the normal course of business, Parkland is obligated to make future payments, including under contractual obligations and guarantees. Parkland has not created, and is not party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating its business.

Guarantees

As at June 30, 2022, Parkland provided $3,350 million (December 31, 2021 - $3,108 million) of unsecured guarantees to counterparties of commodities swaps and purchase and supply agreements of crude oil, fuel and other petroleum products.

Letters of credit and surety bonds

As at June 30, 2022, Parkland issued $45 million (December 31, 2021 - $44 million) of letters of credit and $352 million (December 31, 2021- $252 million) of surety bonds to provide guarantees on behalf of its subsidiaries in the ordinary course of business, which are not recognized in the Interim Condensed Consolidated Financial Statements. Maturity dates for these guarantees vary and are up to and including July 31, 2025.

8. CAPITAL EXPENDITURES

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

($ millions)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Growth capital expenditures				
Canada[2]	**13**	7	**17**	13
International	**6**	4	**12**	9
USA	**7**	1	**10**	6
Refining[2]	**14**	4	**22**	4
Corporate	**4**	3	**7**	6
Growth capital expenditures including NCI	**44**	19	**68**	38
Attributable to NCI	**1**	1	**3**	2
Growth capital expenditures attributable to Parkland[1]	**43**	18	**65**	36
Maintenance capital expenditures				
Canada[2]	**15**	16	**17**	21
International	**7**	8	**16**	14
USA	**12**	7	**19**	11
Refining[2]	**11**	13	**23**	19
Corporate	**1**	3	**2**	4
Maintenance capital expenditures including NCI	**46**	47	**77**	69
Attributable to NCI	**2**	2	**4**	4
Maintenance capital expenditures attributable to Parkland[1]	**44**	45	**73**	65
Additions to property, plant and equipment and intangible assets	**90**	66	**145**	107
Attributable to NCI	**3**	3	**7**	6
Additions to property, plant and equipment and intangible assets attributable to Parkland[1][3]	**87**	63	**138**	101

[1] Supplementary financial measure. See Section 14 of this MD&A.
[2] For comparative purposes, information for the three and six months ended June 30, 2021 was restated due to a change in segment presentation. The supply, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2022, and following the change, the Supply segment has been renamed to "Refining" as it only includes the results of Burnaby Refinery. This change better aligns Canada results with those of USA and International, which carry supply businesses within their respective divisions.
[3] Refer to Note 13 of the Interim Condensed Consolidated Financial Statements.

Parkland's combined growth and maintenance capital expenditures for the second quarter of 2022 and the first six months of 2022 increased by $24 million and $37 million, respectively, as compared to the same periods in 2021.

Growth capital expenditures increased $25 million for the second quarter of 2022 and increased $29 million for the first six months of 2022 as compared to the same period in 2021. Growth capital expenditures during the second quarter of 2022 and the first six months of 2022 were focused on (i) low-carbon manufacturing initiatives including the construction of a stand-alone renewable diesel complex, and other pipeline and structural improvements at the Burnaby Refinery, (ii) renewable energy initiatives and new infrastructure development in our International markets, (iii) site network expansion projects in USA and Canada, and (iv) digital capability enhancements, branding and energy transition initiatives at selected retail sites.

In comparison, growth capital expenditures during the second quarter and the first six months of 2021 were focused on selected network and infrastructure development, site conversions and branding, and low-carbon manufacturing growth initiatives at the Burnaby Refinery.

Maintenance capital expenditures remained flat for the second quarter of 2022 and increased by $8 million for the first six months of 2022 as compared to the same periods in 2021. Maintenance capital expenditures during the second quarter of 2022 and the first six months of 2022 were focused on (i) plant reliability and maintenance of equipment, (ii) projects in preparation of the upcoming 2023 planned turnaround at the Burnaby Refinery, (iii) HSE upgrades and, procurement of LPG-related equipment, maintenance of aviation infrastructure in our International markets, (iv) fleet replacement and software upgrades in USA, and (v) selected infrastructure and IT maintenance across our areas of operations.

In comparison, maintenance capital expenditures during the second quarter and the first six months of 2021 primarily related to infrastructure, safety, equipment and IT maintenance and upgrades across our areas of operations, 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 June 30, 2022 are $147 million (December 31, 2021 - $132 million). These contractual commitments are expected to be incurred primarily over the next 12 months and relate mainly to (i) the construction of new-to-industry retail sites and upgrading of existing retail service stations, including projects to retrofit and rebrand to the On the Run / Marché Express brand, and (ii) the 2023 planned turnaround, ongoing maintenance projects, and the stand-alone renewable diesel complex at the Burnaby Refinery. Parkland plans to use cash and cash equivalents, cash flows from operations, and available borrowing capacity under the Credit Facility to fund these commitments.

9. REVENUE AND NET EARNINGS

A. Revenue

($ millions)	Canada[1][2]		International		USA		Refining[1][2]		Consolidated	
Three months ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Fuel and petroleum product revenue[1]	**4,368**	2,479	**2,278**	1,009	**2,318**	1,022	**355**	137	**9,319**	4,647
Food, convenience and other non-fuel revenue[1]	**151**	137	**34**	27	**209**	162	**2**	1	**396**	327
Sales and operating revenue[2][3]	**4,519**	2,616	**2,312**	1,036	**2,527**	1,184	**357**	138	**9,715**	4,974

($ millions)	Canada[1][2]		International		USA		Refining[1][2]		Consolidated	
Six months ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Fuel and petroleum product revenue[1]	**7,879**	4,665	**3,965**	1,980	**4,079**	1,701	**648**	246	**16,571**	8,592
Food, convenience and other non-fuel revenue[1]	**285**	258	**69**	60	**392**	288	**4**	2	**750**	608
Sales and operating revenue[2][3]	**8,164**	4,923	**4,034**	2,040	**4,471**	1,989	**652**	248	**17,321**	9,200

(1) For comparative purposes, information for the periods in 2021 was restated due to a change in segment presentation. The supply, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2022 and following the change, the Supply segment has been renamed to "Refining" as it only includes the results of Burnaby Refinery. This change better aligns Canada results with those of USA and International, which carry supply businesses within their respective divisions.
(2) Refer to Note 13 of the Interim Condensed Consolidated Financial Statements for additional information on Parkland's segments.
(3) Sales and operating revenue includes revenue from external customers only.

Sales and operating revenue for the second quarter and the first six months of 2022 increased by $4,741 million and $8,121 million respectively, as compared to the same periods in 2021. Overall, the period-over-period variances for sales and operating revenue are as follows:

- Sales and operating revenue for Canada increased $1,903 million for the second quarter of 2022 and $3,241 million for the first six months of 2022 due to (i) higher fuel and petroleum product commodity prices, (ii) higher volumes driven by ongoing economic recovery and new customer growth in our commercial and wholesale business, (iii) the Crevier Acquisition and the M&M Acquisition, and (iv) C-Store sales uplift across several categories including beverages, centre of store and alcohol.
- Sales and operating revenue for International increased $1,276 million for the second quarter of 2022 and $1,994 million for the first six months of 2022 due to (i) higher fuel and petroleum product commodity prices, (ii) higher fuel volumes as a result of tourism recovery across the region and a longer tourist season extending into the second quarter of 2022, (iii) the contribution from the St. Maarten Transaction, and (iv) an increase in aviation service fees.
- Sales and operating revenue for USA increased by $1,343 million for the second quarter of 2022 and $2,482 million for the first six months of 2022 due to (i) the 2021 USA Acquisitions, including realization of related synergies and continued focus on organic growth, and (ii) higher fuel and petroleum product commodity prices.
- Sales and operating revenue for Refining increased $219 million for the second quarter of 2022 and $404 million for the first six months of 2022 due to higher fuel and petroleum product commodity prices and an increase in the external volumes sold.

B. Net earnings

The following table outlines items other than Adjusted EBITDA that impacted net earnings (loss) for three and six months ended June 30, 2022.

	Three months ended June 30,		Six months ended June 30,	
($ millions)	**2022**	2021	**2022**	2021
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**450**	322	**837**	636
Add: Attributable to NCI	**28**	22	**55**	45
Adjusted EBITDA including NCI	**478**	344	**892**	681
Less:				
Acquisition, integration and other costs	**18**	11	**31**	16
Depreciation and amortization	**174**	154	**329**	308
Finance costs	**80**	93	**150**	176
(Gain) loss on foreign exchange – unrealized	**(6)**	(1)	**–**	3
(Gain) loss on risk management and other – unrealized	**20**	18	**31**	23
Other (gains) and losses[1]	**60**	120	**132**	165
Other adjusting items[2]	**4**	5	**10**	4
Income tax expense (recovery)	**37**	4	**50**	10
Net earnings (loss)	**91**	(60)	**159**	(24)
Net earnings (loss) attributable to Parkland	**81**	(64)	**136**	(35)
Net earnings (loss) attributable to NCI	**10**	4	**23**	11

[1] Other (gains) and losses for the three months ended June 30, 2022 include the following: (i) $44 million non-cash valuation loss (2021 - $80 million loss) due to the change in redemption value of Sol Put Option; (ii) $16 million non-cash valuation loss (2021 - $31 million loss) due to the change in fair value of redemption options; and (iii) nil (2021 - $9 million loss) in Other items. Other (gains) and losses for the six months ended June 30, 2022 include the following: (i) $48 million non-cash valuation loss (2021 - $72 million loss) due to change in redemption value of Sol Put Option; (ii) $102 million non-cash valuation loss (2021 - $90 million loss) due to change in fair value of redemption options; and (iii) $18 million gain (2021 - $3 million loss) in Other items. Refer to Note 12 of the Interim Condensed Consolidated Financial Statements.

[2] Other Adjusting Items for the three and six months ended June 30, 2022 mainly include the share of depreciation and income taxes for Isla joint venture of $3 million (2021 - nil) and $7 million (2021 - nil), respectively.

Parkland achieved a $151 million increase in net earnings for the second quarter of 2022 and a $183 million increase in net earnings for the first six months of 2022 as compared to the same periods in 2021.

The increase in net earnings during the second quarter and the first six month of 2022 was due to:

- an increase in Adjusted EBITDA including NCI of $134 million for the second quarter of 2022 and $211 million for the first six months of 2022 as discussed in Section 2 above;
- a decrease in non-cash valuation losses within other (gains) and losses of $60 million for the second quarter of 2022 and $33 million for the first six months of 2022 mainly driven by (i) lower non-cash losses on the revaluation of the Sol Put Option due to consistent International performance for the trailing-twelve-months, and (ii) non-cash valuation gains on the revaluation of the environmental liabilities due to an increase in the risk-free rates and credit spread; and
- a decrease in finance costs of $13 million for the second quarter of 2022 and $26 million for the first six months of 2022 primarily due the early redemption of the 2021 Redeemed Notes in the prior period, which were replaced with senior notes with lower interest rates, partially offset by higher finance costs due to an increase in long-term debt to finance increased levels of working capital and the Acquisitions.

This increase was primarily offset by:

- an increase in income tax expense by $33 million for the second quarter of 2022 and $40 million for the first six months of 2022 driven by higher taxable net earnings;
- an increase in depreciation and amortization by $20 million for the second quarter of 2022 and $21 million for the first six months of 2022 due to an expanding asset base driven by acquisitions and organic growth initiatives; and
- an increase in acquisition, integration and other costs by $7 million for the second quarter of 2022 and $15 million for the first six months of 2022 attributable to an increase in acquisition activity.

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 10 of the Annual MD&A and the Annual Information Form. These risk factors have not changed materially since the dates of their publication.

Financial instruments and financial risks

Financial instruments recorded at fair value through profit or loss

Parkland uses various financial instruments recorded at fair value through profit or loss to manage exposures to fluctuations in commodity prices and foreign exchange rates, and support business and growth strategies. These financial instruments include commodities swaps, forwards and futures contracts, currency forward exchange contracts, emission credits and allowances forward and option contracts, Redemption Options[15], the Sol Put Option and other investments.

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

	Three months ended June 30,		Six months ended June 30,	
($ millions)	**2022**	2021	**2022**	2021
Gain (loss) on risk management and other - realized[(1)]	**(197)**	(33)	**(380)**	(78)
Gain (loss) on risk management and other - unrealized[(1)]	**(20)**	(18)	**(31)**	(23)
Gain (loss) on risk management and other	**(217)**	(51)	**(411)**	(101)
Change in fair value of Redemption Options[(2)]	**(16)**	(31)	**(102)**	(90)
Change in redemption value of Sol Put Option[(2)]	**(44)**	(80)	**(48)**	(72)
Gain (loss) on Intermediation Facility derivatives - realized[(3)]	**—**	—	**—**	(16)
Impact on consolidated statements of income (loss)	**(277)**	(162)	**(561)**	(279)

(1) Gains and losses on risk management and other are primarily driven by commodities swaps, forward and futures contracts, emission credits and allowances forward and option contracts, and currency forward exchange contracts.
(2) Recognized in other (gains) and losses. See Note 14 of the Annual Consolidated Financial Statements and Section 10 of the Annual MD&A for details on the Redemption Options and the Sol Put Option.
(3) Recognized in cost of purchases. On February 26, 2021, Parkland terminated and fully repaid 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

As a result of our strong performance during the first six months of 2022, we have raised our Adjusted EBITDA Guidance[16] to $1,600 million - $1,700 million (the "Revised 2022 Guidance Range"), which represents an increase of $100 million - $200 million from our previous guidance of $1,500 million +/- 5 percent, as disclosed in Section 11 of the Annual MD&A. We continue to prioritize organic growth initiatives, integration and capturing synergies from recent acquisitions, while effectively managing our capital and maintaining financial flexibility, and are confident in achieving the Revised 2022 Guidance Range. Our guidance metrics for the capital program remain unchanged from the Revised 2022 Capital Program (as defined below), which was reduced by $50 million in the first quarter of 2022 as a result of re-prioritization and the deferral of certain projects due to supply-chain related delays. We expect to be at the lower end of the range for the Revised 2022 Capital Program.

Highlights of Parkland's 2022 guidance metrics include:

- Adjusted EBITDA attributable to Parkland of $1,600 million - $1,700 million (the "Revised 2022 Guidance Range"); and
- Growth capital attributable to Parkland[16] of $225 million - $275 million and Maintenance capital expenditures attributable to Parkland[16] of $200 million - $250 million (the "Revised 2022 Capital Program").

15 Parkland's issued and outstanding senior unsecured notes contain optional redemption features that allow Parkland to redeem the notes prior to maturity at a premium (the "Redemption Options").
16 Supplementary financial measure. See Section 14 of this MD&A

For additional details regarding the 2022 Guidance Range and the Revised 2022 Capital Program, refer to the Annual MD&A and Parkland's press release dated March 3, 2022, each of which is available at www.sedar.com. The factors and assumptions that contribute to Parkland's assessment of the 2022 Revised Guidance Range are consistent with existing Parkland disclosure, and such range is subject to risks and uncertainties inherent in Parkland's business. Readers are directed to Section 10 of the Annual MD&A and Parkland's Annual Information Form for a description of such factors, assumptions, risks and uncertainties.

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 June 30, 2022.

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 June 30, 2022. 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 June 30, 2022**
Current assets	**25**
Non-current assets	**162**
Current liabilities	**43**
Non-current liabilities	**728**

($ millions)	**Six months ended June 30, 2022**
Sales and operating revenue	**356**
Net earnings (loss)	**4**

Changes in internal controls over financial reporting

There were no changes in Parkland's ICFR during the six months ended June 30, 2022 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 June 30, 2022, Parkland had approximately 155.8 million (December 31, 2021 - 154.2 million) common shares, 4.1 million (December 31, 2021 - 3.8 million) share options, 1.7 million (December 31, 2021 - 1.7 million) performance share units, and 0.4 million (December 31, 2021 - 0.3 million) deferred share units outstanding. The share options consist of approximately 2.0 million (December 31, 2021 - 2.7 million) share options that are currently exercisable into common shares.

C. Fuel and petroleum product volume

(million litres)	Canada		International		USA		Refining		Consolidated	
Three months ended June 30, 2022	**2022**	2021[3]	**2022**	2021	**2022**	2021	**2022**	2021[3]	**2022**	2021
Retail[1]	**1,550**	1,479	**376**	430	**525**	384	**–**	—	**2,451**	2,293
Commercial[1][2]	**1,492**	1,499	**1,202**	772	**1,022**	953	**273**	229	**3,989**	3,453
Fuel and petroleum product volume	**3,042**	2,978	**1,578**	1,202	**1,547**	1,337	**273**	229	**6,440**	5,746

(million litres)	Canada		International		USA		Refining		Consolidated	
Six months ended June 30, 2022	**2022**	2021[3]	**2022**	2021	**2022**	2021	**2022**	2021[3]	**2022**	2021
Retail[1]	**2,950**	2,800	**748**	831	**1,062**	633	**–**	—	**4,760**	4,264
Commercial[1][2]	**3,418**	3,259	**2,354**	1,600	**2,264**	1,727	**616**	419	**8,652**	7,005
Fuel and petroleum product volume	**6,368**	6,059	**3,102**	2,431	**3,326**	2,360	**616**	419	**13,412**	11,269

(1) Includes gasoline, diesel and propane volumes.
(2) Commercial includes the operations of cardlock sites, bulk fuel, propane, heating oil, lubricants, and other related services to commercial, industrial, aviation, and residential customers as well as fuel supply and wholesale transactions.,
(3) For comparative purposes, information for the three and six months ended June 30, 2021 was restated due to a change in segment presentation. The supply, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2022, and following the change, the Supply segment has been renamed to "Refining" as it only includes the results of Burnaby Refinery. This change better aligns Canada results with those of USA and International, which carry supply businesses within their respective divisions.

D. Related party transactions

As at June 30, 2022, Parkland continues to have transactions with related parties in the normal course of business. Since December 31, 2021, there have been no changes to the composition, nature or frequency of its related party transactions.

	Three months ended		Six months ended	
($ millions)	**June 30, 2022**	June 30, 2021	**June 30, 2022**	June 30, 2021
Investment in Associates				
Fuel revenue	**147**	99	**258**	153
Cost of purchases	**75**	42	**142**	85
Investment in Joint Ventures				
Fuel revenue[1]	**146**	–	**273**	—

(1) Includes related party transactions with the Isla JV, of which Parkland acquired a 50% interest on July 1, 2021.

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

($ millions)	**June 30, 2022**	December 31, 2021
Investments in Associates		
Accounts receivable	**54**	26
Accounts payable	**25**	22
Investment in Joint Ventures		
Accounts receivable	**16**	17
Accounts payable	**3**	6

E. Subsequent events and other transactions

As part of its growth strategy, Parkland has entered into agreements to acquire certain businesses, which were not completed before June 30, 2022 as follows:

- In November 2021, Parkland entered into an agreement to acquire approximately 156, primarily Husky branded, retail locations from Cenovus Energy Inc. (the "Cenovus Acquisition"). The Cenovus Acquisition would expand Parkland's existing Canadian convenience retail network in Greater Vancouver, Vancouver Island, Calgary, and the Greater Toronto Area, and offsets a portion of Parkland's planned organic growth capital. The Cenovus Acquisition includes 109 company owned sites and 47 dealer locations and is expected to add annual fuel volumes of approximately 400 million litres to Parkland's network. The total cash consideration for the Cenovus Acquisition is approximately $156 million. Subject to approval under the Competition Act (Canada) and other closing conditions, the Cenovus Acquisition is expected to close in the second half of 2022.
- Parkland successfully completed the acquisition of all of the issued and outstanding equity interest of Gulfstream Petroleum, SRL ("GP") on July 1, 2022, which represents GB Group's retail, aviation, commercial, lubes and LPG business in Jamaica. The acquisition expands the International segment, especially in retail and aviation. The purchase consideration for the acquisition of $124 million was financed through cash flow from operations and the Credit Facility, and was settled in cash.
- On August 4, 2022, Parkland entered into a share exchange agreement with Simpson Oil Limited (formerly known as SOL Limited, "Simpson Oil") to issue 20 million common shares of Parkland in exchange for Simpson Oil's remaining 25% of issued and outstanding shares in SIL (the "Share Exchange"). The Share Exchange is subject to certain closing conditions, including the approval of the TSX and receipt of other required regulatory approvals, and is expected to be completed in 2022. Concurrently with completing the Share Exchange, the put and call options granted to Simpson Oil and Parkland's wholly-owned subsidiary, Estrella Holdings Limited, respectively, as part of the business combination agreement dated October 9, 2018, with respect to the remaining 25% shares of SIL will be terminated. The Share Exchange is expected to increase Parkland's share of net earnings and Adjusted EBITDA of the International segment by the additional 25 percent.

F. Site count by business model

	As at June 30, 2022			
	Canada	**USA**	**International**[2]	**Total**
Company-owned, company-operated	**–**	**212**	**227**	**439**
Company-owned, retailer-operated	**688**	**–**	**–**	**688**
Dealer-owned, dealer operated	**1,273**	**420**	**194**	**1,887**
Cardlock	**160**	**49**	**–**	**209**
Franchise and company-operated stores[1]	**314**	**–**	**–**	**314**
	2,435	**681**	**421**	**3,537**

	As at December 31, 2021			
	Canada	**USA**	**International**[2]	**Total**
Company-owned, company-operated	–	212	225	437
Company-owned, retailer-operated	659	–	–	659
Dealer-owned, dealer operated	1,153	420	196	1,769
Cardlock	162	49	–	211
	1,974	681	421	3,076

(1) In addition, as at June 30, 2022, Parkland had arrangements with 2,612 third-party retailers to distribute and sell M&M Food Market products at the retailers' sites.

(2) Site count excludes Parkland's 50% interest in the Isla JV. As at June 30, 2022, Isla JV includes 105 of company-owned or company-leased sites, and 131 of dealer-owned and dealer-operated sites.

The change in site count as at June 30, 2022 is mainly attributable to the 2022 Acquisitions. As at June 30, 2022, Parkland is the operator of 64 company-operated stores under the M&M Food Market brand.

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 climate change) that affect the reported amounts of revenue, expenses, assets, liabilities, accompanying disclosures and the disclosure of contingent liabilities. These estimates and judgments are subject to change based on experience and new information. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affecting future periods. 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 Financial Statements.

14. SPECIFIED FINANCIAL MEASURES AND NON-FINANCIAL MEASURES

Parkland's management uses certain financial measures to analyze the operating performance, leverage and liquidity of the business. Parkland categorizes these measures as (i) Non-GAAP financial measures and ratios, (ii) Total of segments measures, (iii) Capital management measures, and (iv) Supplementary financial measures (collectively the "Specified financial measures") as per the requirements of the National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure ("NI 52-112") and its related companion policy released by the Canadian Securities Administrators in May 2021. In addition, Parkland uses certain non-financial measures that are not within the scope of NI 52-112.

A. Measures of segment or sub-segment profit and Total of segments measures

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and Adjusted gross margin, including fuel and petroleum product adjusted gross margin and food, convenience and other adjusted gross margin, are measures of segment profit (and their aggregates are "Total of segments measures") used by the chief operating decision maker to make decisions about resource allocation to the segment and to assess its performance. Additionally, segment profit measures for Canada, Refining and Total of sub-segment renewable operations also constitute a Total of segment measures. Refer to Note 13 of the Interim Condensed Consolidated Financial Statements for more information. In accordance with IFRS, adjustments and eliminations made in preparing an entity's financial statements and allocations of revenue, expenses, and gains or losses shall be included in determining reported segment profit 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.

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 (a) foreign exchange, (b) risk management assets and liabilities unless it relates to underlying physical sales activity in current period and (c) 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, (xii) earnings impact from hyperinflation accounting, (xiii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, (xiv) gains and losses on asset disposals, and (xv) other adjusting items. Parkland's Adjusted EBITDA is also adjusted to include Parkland's proportionate share of its joint-venture investees' Adjusted EBITDA. Within the Canada and Refining segments, Parkland tracks the results from renewable and conventional business activities separately. Renewable activities include activities such as emission credit and renewable fuel trading transactions and blending of low-carbon-intensity fuels (bio-diesel, ethanol and others) to produce greener fuels resulting in emission credits.

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 (i) unrealized gains and losses on (a) foreign exchange, (b) risk management and other unless underlying physical sales activity has occurred and (c) Intermediation Facility Derivatives and other derivatives, (ii) loss on inventory write-downs for which there are offsetting associated risk management and other with unrealized gains, (iii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, and (iv) other adjusting items.

Food, convenience and other adjusted gross margin

($ millions)	Canada[3]		International		USA		Refining[3]		Consolidated	
For the three months ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Food and convenience store[1]	**61**	41	**3**	2	**23**	15	**–**	—	**87**	58
Lubricants and other[2]	**18**	12	**20**	15	**37**	27	**2**	2	**77**	56
Food, convenience and other adjusted gross margin	**79**	53	**23**	17	**60**	42	**2**	2	**164**	114

($ millions)	Canada[3]		International		USA		Refining[3]		Consolidated	
For the six months ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Food and convenience store[1]	**108**	78	**6**	5	**43**	23	**–**	—	**157**	106
Lubricants and other[2]	**31**	23	**40**	34	**66**	50	**4**	3	**141**	110
Food, convenience and other adjusted gross margin	**139**	101	**46**	39	**109**	73	**4**	3	**298**	216

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

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

(3) For comparative purposes, information for the three and six months ended June 30, 2021 was restated due to a change in segment presentation. The supply, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2022, and following the change, the Supply segment has been renamed to "Refining" as it only includes the results of Burnaby Refinery. This change better aligns Canada results with those of USA and International, which carry supply businesses within their respective divisions.

A.1 Reconciliation of Total of segments measures

Reporting segments	Canada						Refining										International		USA		Corporate		Intersegment Eliminations[3]		Consolidated	
Sub-segments	Renewable		Conventional		Total		Renewable		Conventional		Total		Total Renewable Sub-segment		Total Conventional Sub-segment[4]											
For the three months ended June 30,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fuel and petroleum product volume (million litres)[1]	161	154	2,983	2,868	3,144	3,022	–	–	913	879	913	879	161	154	3,896	3,747	1,578	1,202	1,547	1,337	–	–	(742)	(694)	6,440	5,746
Sales and operating revenue	262	166	4,664	2,646	4,926	2,812	120	56	1,212	674	1,332	730	382	222	5,876	3,320	2,312	1,036	2,527	1,184	–	–	(1,084)	(566)	10,013	5,196
Sub-segment eliminations[2]					(262)	(166)					(36)	(56)													(298)	(222)
Sales and operating revenue - after eliminations					4,664	2,646					1,296	674					2,312	1,036	2,527	1,184	–	–	(1,084)	(566)	9,715	4,974
Cost of purchases	253	157	4,288	2,372	4,541	2,529	105	56	936	488	1,041	544	358	213	5,224	2,860	2,044	881	2,317	1,080	–	–	(1,084)	(566)	8,859	4,468
Sub-segment eliminations[2]					(262)	(166)					(36)	(56)													(298)	(222)
Cost of purchases - after eliminations					4,279	2,363					1,005	488					2,044	881	2,317	1,080	–	–	(1,084)	(566)	8,561	4,246
Fuel and petroleum product adjusted gross margin, before the following:	9	9	297	221	306	230	15	–	274	184	289	184	24	9	571	405	245	138	150	62	–	–	–	–	990	614
Gain (loss) on risk management and other - realized	(2)	–	(6)	–	(8)	–	2	–	(49)	(7)	(47)	(7)	–	–	(55)	(7)	(103)	(18)	(39)	(8)	–	–	–	–	(197)	(33)
Gain (loss) on foreign exchange - realized	–	–	–	–	–	–	–	–	(9)	2	(9)	2	–	–	(9)	2	–	(2)	–	–	(1)	–	–	–	(10)	–
Other adjusting items to adjusted gross margin	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4	–	–	2	–	–	–	2	4
Fuel and petroleum product adjusted gross margin	7	9	291	221	298	230	17	–	216	179	233	179	24	9	507	400	142	122	111	54	1	–	–	–	785	585
Food, convenience and other adjusted gross margin	–	–	79	53	79	53	–	–	2	2	2	2	–	–	81	55	23	17	60	42	–	–	–	–	164	114
Total adjusted gross margin	7	9	370	274	377	283	17	–	218	181	235	181	24	9	588	455	165	139	171	96	1	–	–	–	949	699
Operating costs	2	1	149	120	151	121	3	2	64	52	67	54	5	3	213	172	36	35	91	53	–	–	–	–	345	263
Marketing, general and administrative	1	–	51	36	52	36	–	–	4	4	4	4	1	–	55	40	22	19	29	13	27	23	–	–	134	95
Share in (earnings) loss of associates and joint ventures	–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	(6)	(2)	–	–	–	–	–	–	(6)	(2)
Other adjusting items to Adjusted EBITDA	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(2)	(1)	–	–	–	–	–	–	(2)	(1)
Adjusted EBITDA including NCI	4	8	170	118	174	126	14	(2)	150	125	164	123	18	6	320	243	115	88	51	30	(26)	(23)	–	–	478	344
Attributable to NCI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	28	22	–	–	–	–	–	–	28	22
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	4	8	170	118	174	126	14	(2)	150	125	164	123	18	6	320	243	87	66	51	30	(26)	(23)	–	–	450	322
Add: Adjusted EBITDA attributable to NCI																									28	22
Less:																										
Acquisition, integration and other costs																									18	11
Depreciation and amortization																									174	154
Finance costs																									80	93
(Gain) loss on foreign exchange – unrealized																									(6)	(1)
(Gain) loss on risk management and other – unrealized																									20	18
Other (gains) and losses																									60	120
Other adjusting items																									4	5
Income tax expense (recovery)																									37	4
Net earnings (loss)																									91	(60)
Less: Net earnings (loss) attributable to NCI																									10	4
Net earnings (loss) attributable to Parkland																									81	(64)

[1] Fuel and petroleum product volume for renewable activities only includes fuel trading volumes and does not include volumes of low-carbon-intensity feedstocks used for co-processing and blending.
[2] Represents elimination of transactions between Renewable and Conventional sub-segments within Canada and Refining.
[3] Includes inter-segment sales and cost of purchases. See Note 13 of the Interim Condensed Consolidated Financial Statements.
[4] Total of Conventional sub-segment is not a financial measure used by Parkland to evaluate performance and is not a Total of segment measure under NI 52-112. It is included in the table above for reconciliation purposes only.

Reporting segments	Canada						Refining										International		USA		Corporate		Intersegment Eliminations[3]		Consolidated	
Sub-segments	Renewable		Conventional		Total		Renewable		Conventional		Total		Total Renewable Sub-segment		Total Conventional Sub-segment[4]											
For the six months ended June 30,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fuel and petroleum product volume (million litres)[1]	**281**	234	**6,283**	5,912	**6,564**	6,146	**–**	–	**1,892**	1,683	**1,892**	1,683	**281**	234	**8,175**	7,595	**3,102**	2,431	**3,326**	2,360	**–**	–	**(1,472)**	(1,351)	**13,412**	11,269
Sales and operating revenue	**383**	232	**8,395**	4,978	**8,778**	5,210	**193**	112	**2,215**	1,228	**2,408**	1,340	**576**	344	**10,610**	6,206	**4,034**	2,040	**4,471**	1,989	**–**	–	**(1,888)**	(1,036)	**17,803**	9,543
Sub-segment eliminations[2]					**(383)**	(232)	**–**	–	**–**	–	**(99)**	(111)													**(482)**	(343)
Sales and operating revenue - after eliminations					**8,395**	4,978		112			**2,309**	1,229					**4,034**	2,040	**4,471**	1,989	**–**	–	**(1,888)**	(1,036)	**17,321**	9,200
Cost of purchases	**362**	219	**7,642**	4,403	**8,004**	4,622	**159**	80	**1,734**	924	**1,893**	1,004	**521**	299	**9,376**	5,327	**3,514**	1,716	**4,083**	1,806	**–**	–	**(1,888)**	(1,036)	**15,606**	8,112
Sub-segment eliminations[2]					**(383)**	(232)	**–**	–	**–**	–	**(99)**	(111)													**(482)**	(343)
Cost of purchases - after eliminations					**7,621**	4,390					**1,794**	893					**3,514**	1,716	**4,083**	1,806	**–**	–	**(1,888)**	(1,036)	**15,124**	7,769
Fuel and petroleum product adjusted gross margin, before the following:	**21**	13	**614**	474	**635**	487	**34**	32	**477**	301	**511**	333	**55**	45	**1,091**	775	**474**	285	**279**	110	**–**	–	**–**	–	**1,899**	1,215
Gain (loss) on risk management and other - realized	**(5)**	1	**(6)**	(4)	**(11)**	(3)	**2**	–	**(119)**	(12)	**(117)**	(12)	**(3)**	1	**(125)**	(16)	**(195)**	(50)	**(57)**	(13)	**–**	–	**–**	–	**(380)**	(78)
Gain (loss) on foreign exchange - realized	**1**	–	**–**	(1)	**1**	(1)	**–**	–	**(7)**	5	**(7)**	5	**1**	–	**(7)**	4	**2**	1	**–**	–	**2**	4	**–**	–	**(2)**	9
Other adjusting items to adjusted gross margin	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	4	**–**	–	**2**	(2)	**–**	–	**2**	2
Fuel and petroleum product adjusted gross margin	**17**	14	**608**	469	**625**	483	**36**	32	**351**	294	**387**	326	**53**	46	**959**	763	**281**	240	**222**	97	**4**	2	**–**	–	**1,519**	1,148
Food, convenience and other adjusted gross margin	**–**	–	**139**	101	**139**	101	**–**	–	**4**	3	**4**	3	**–**	–	**143**	104	**46**	39	**109**	73	**–**	–	**–**	–	**298**	216
Total adjusted gross margin	**17**	14	**747**	570	**764**	584	**36**	32	**355**	297	**391**	329	**53**	46	**1,102**	867	**327**	279	**331**	170	**4**	2	**–**	–	**1,817**	1,364
Operating costs	**3**	2	**298**	239	**301**	241	**5**	4	**125**	98	**130**	102	**8**	6	**423**	337	**76**	69	**175**	95	**–**	–	**–**	–	**682**	507
Marketing, general and administrative	**2**	1	**97**	67	**99**	68	**–**	–	**8**	7	**8**	7	**2**	1	**105**	74	**45**	38	**58**	26	**52**	43	**–**	–	**262**	182
Share in (earnings) loss of associates and joint ventures	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(11)**	(4)	**–**	–	**–**	–	**–**	–	**(11)**	(4)
Other adjusting items to Adjusted EBITDA	**–**	–	**(1)**	–	**(1)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(1)**	–	**(7)**	(2)	**–**	–	**–**	–	**–**	–	**(8)**	(2)
Adjusted EBITDA including NCI	**12**	11	**353**	264	**365**	275	**31**	28	**222**	192	**253**	220	**43**	39	**575**	456	**224**	178	**98**	49	**(48)**	(41)	**–**	–	**892**	681
Attributable to NCI	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**55**	45	**–**	–	**–**	–	**–**	–	**55**	45
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**12**	11	**353**	264	**365**	275	**31**	28	**222**	192	**253**	220	**43**	39	**575**	456	**169**	133	**98**	49	**(48)**	(41)	**–**	–	**837**	636
Add: Adjusted EBITDA attributable to NCI																									**55**	45
Less:																										
Acquisition, integration and other costs																									**31**	16
Depreciation and amortization																									**329**	308
Finance costs																									**150**	176
(Gain) loss on foreign exchange – unrealized																									**–**	3
(Gain) loss on risk management and other – unrealized																									**31**	23
Other (gains) and losses																									**132**	165
Other adjusting items																									**10**	4
Income tax expense (recovery)																									**50**	10
Net earnings (loss)																									**159**	(24)
Less: Net earnings (loss) attributable to NCI																									**23**	11
Net earnings (loss) attributable to Parkland																									**136**	(35)

[1] Fuel and petroleum product volume for renewable activities only includes fuel trading volumes and does not include volumes of low-carbon-intensity feedstocks used for co-processing and blending.
[2] Represents elimination of transactions between Renewable and Conventional sub-segments within Canada and Refining.
[3] Includes inter-segment sales and cost of purchases. See Note 13 of the Interim Condensed Consolidated Financial Statements.
[4] Total of Conventional sub-segment is not a financial measure used by Parkland to evaluate performance and is not a Total of segment measure under NI 52-112. It is included in the table above for reconciliation purposes only.

B. Non-GAAP financial measures and ratios

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

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

Adjusted earnings (loss) and Adjusted earnings (loss) per share are a non-GAAP financial measure and a non-GAAP financial ratio, respectively, representing the underlying core operating performance of business activities of Parkland at a consolidated level.

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

Adjusted earnings (loss) excludes costs that are not considered representative of Parkland's underlying core operating performance including: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, (v) unrealized gains and losses on (a) foreign exchange, (b) risk management assets and liabilities unless they relate to underlying physical sales activity in current period and (c) 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, (xii) earnings impact from hyperinflation accounting, (xiii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, (xiv) gains and losses on asset disposals, and (xv) 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 June 30,		Six months ended June 30,	
($ millions, unless otherwise stated)	**2022**	2021	**2022**	2021
Net earnings (loss) attributable to Parkland	**81**	(64)	**136**	(35)
Add: Net earnings (loss) attributable to NCI	**10**	4	**23**	11
Net earnings (loss)	**91**	(60)	**159**	(24)
Add:				
Acquisition, integration and other costs	**18**	11	**31**	16
Loss on modification of long-term debt	**2**	35	**2**	59
(Gain) loss on foreign exchange – unrealized	**(6)**	(1)	**–**	3
(Gain) loss on risk management and other – unrealized	**20**	18	**31**	23
Other (gains) and losses[1]	**60**	120	**132**	165
Other adjusting items[2]	**4**	5	**10**	4
Tax normalization[3]	**(12)**	(22)	**(38)**	(40)
Adjusted earnings (loss) including NCI	**177**	106	**327**	206
Less: Adjusted earnings (loss) attributable to NCI	**11**	10	**25**	18
Adjusted earnings (loss)	**166**	96	**302**	188
Weighted average number of common shares (million shares)[4]	**156**	151	**155**	151
Weighted average number of common shares adjusted for the effects of dilution (million shares)[3]	**157**	151	**156**	151
Adjusted earnings (loss) per share ($ per share)				
Basic	**1.07**	0.64	**1.94**	1.25
Diluted	**1.06**	0.64	**1.93**	1.25

[1] Other (gains) and losses for the three months ended June 30, 2022 include the following: (i) $44 million non-cash valuation loss (2021 - $80 million loss) due to the change in redemption value of Sol Put Option; (ii) $16 million non-cash valuation loss (2021 - $31 million loss) due to the change in fair value of redemption options; and (iii) nil gain (2021 - $9 million gain) in Other items. Other (gains) and losses for the six months ended June 30, 2022 include the following: (i) $48 million non-cash valuation loss (2021 - $72 million loss) due to the change in redemption value of Sol Put Option; (ii) $102 million non-cash valuation loss (2021 - $90 million non-cash valuation loss) due to the change in fair value of redemption options; and (iii) $18 million gain (2021 - $3 million loss) in Other items. Refer to Note 12 of the Interim Condensed Consolidated Financial Statements.

[2] Other Adjusting Items for the three and six months ended June 30, 2022 mainly includes the share of depreciation and income taxes for the Isla joint venture of $3 million (2021 - nil) and $7 million (2021 - nil), respectively.

[3] 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, 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.

[4] Weighted average number of common shares are calculated in accordance with Parkland's accounting policy contained in Note 2 of the Annual Consolidated Financial Statements.

TTM distributable cash flow, TTM distributable cash flow per share, and TTM dividend payout ratio

Distributable cash flow and distributable cash flow per share are cash metrics 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; and (iii) interest on leases and long-term debt, and principal payments on leases attributable to non-controlling interests. We use these non-GAAP financial measure and non-GAAP ratio 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 non-GAAP ratio as an indicator of Parkland's ability to generate cash flows to sustain monthly dividends, including those issued under the dividend reinvestment plan. Please see below for a reconciliation of distributable cash flow to cash generated from (used in) operating activities and calculation of the dividend payout ratio.

($ millions, unless otherwise noted)	Three months ended September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	Trailing twelve months ended June 30, 2022
Cash generated from (used in) operating activities[1]	**200**	**118**	**(48)**	**341**	**611**
Exclude: Adjusted EBITDA attributable to NCI, net of tax	**(26)**	**(22)**	**(26)**	**(27)**	**(101)**
	174	**96**	**(74)**	**314**	**510**
Reverse: Change in other liabilities and other assets[2]	**4**	**8**	**(2)**	**(1)**	**9**
Reverse: Net change in non-cash working capital[2]	**119**	**148**	**436**	**36**	**739**
Include: Maintenance capital expenditures attributable to Parkland	**(40)**	**(112)**	**(29)**	**(44)**	**(225)**
Exclude: Turnaround maintenance capital expenditures	**3**	**8**	**–**	**–**	**11**
Include: Proceeds on asset disposals	**4**	**4**	**1**	**2**	**11**
Reverse: Acquisition, integration and other costs	**12**	**24**	**13**	**18**	**67**
Include: Interest on leases and long-term debt	**(56)**	**(59)**	**(64)**	**(69)**	**(248)**
Exclude: Interest on leases and long-term debt attributable to NCI	**1**	**1**	**1**	**1**	**4**
Include: Payments on principal amount on leases	**(36)**	**(38)**	**(37)**	**(38)**	**(149)**
Exclude: Payments on principal amount on leases attributable to NCI	**5**	**5**	**5**	**4**	**19**
Distributable cash flow[3]	**190**	**85**	**250**	**223**	**748**
Weighted average number of common shares (million shares)					**154**
Distributable cash flow per share					**4.86**
Dividends[1]	**48**	**47**	**49**	**51**	**195**
Dividend payout ratio[3]					**26 %**

[1] Supplementary financial measure. Refer to Section 14C of this MD&A.
[2] For comparative purposes, information for the quarter ended September 30, 2021 was restated due to a change in presentation for certain emission credits and allowances held for trading, which were formerly included in "Risk management and other" and are now included in "Inventories".
[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. The previous measures were consolidated to a single primary measure representing Parkland's ability to generate cash flows.

($ millions, unless otherwise noted)	Three months ended September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	Trailing twelve months ended June 30, 2021
Cash generated from (used in) operating activities[1][2]	253	(40)	264	322	799
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(24)	(20)	(23)	(21)	(88)
	229	(60)	241	301	711
Reverse: Change in other liabilities, other assets and other instruments	27	12	(14)	(9)	16
Reverse: Net change in non-cash working capital	89	288	53	22	452
Include: Maintenance capital expenditures attributable to Parkland	(18)	(39)	(20)	(45)	(122)
Exclude: Turnaround maintenance capital expenditures	1	2	—	—	3
Include: Proceeds on asset disposals	2	6	5	1	14
Reverse: Acquisition, integration and other costs	9	14	5	11	39
Include: Interest on leases and long-term debt	(59)	(56)	(54)	(54)	(223)
Exclude: Interest on leases and long-term debt attributable to NCI	1	1	1	1	4
Include: Payments on principal amount on leases	(40)	(35)	(35)	(33)	(143)
Exclude: Payments on principal amount on leases attributable to NCI	6	4	4	4	18
Distributable cash flow[3]	247	137	186	199	769
Weighted average number of common shares (million shares)					150
Distributable cash flow per share					5.13
Dividends[2]	47	47	47	48	189
Dividend payout ratio[3]					25 %

[1] For comparative purposes, information for previous periods was restated due to a change in presentation of cash flows from (used in) 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.
[2] Supplementary financial measure. Refer to Section 14C 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. The previous measures were consolidated to a single primary measure representing Parkland's ability to generate cash flows.

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

Food and Company C-Store SSSG refers to the period-over-period sales growth generated by retail food and convenience stores at the same company sites. The effects of opening and closing stores, temporary closures (including closures for On the Run / Marché Express conversions), expansions of stores, renovations of stores, and stores with changes in food service models in the period are excluded to derive a comparable same-store metric. Same-store sales growth is a metric commonly used in the retail industry that provides meaningful information to investors in assessing the health and strength of Parkland's brands and retail network, which ultimately impacts financial performance. The change in label of this metric from Company C-store SSSG to Food and Company C-store SSSG reflects the addition of the frozen food retail business acquired as part of the M&M Acquisition. Please see below for a reconciliation of convenience store revenue (Food and C-Store revenue) of the Canada segment with the Food and Company C-Store same store sales ("SSS") and calculation of the Food and Company C-Store SSSG.

	Three months ended June 30,			Six months ended June 30,		
($ millions)	**2022**	2021	%[1]	**2022**	2021	%[1]
Food and Company C-Store revenue	**102**	103		**202**	195	
Add:						
Point-of-sale ("POS") value of goods and services sold at Food and Company C-Store operated by retailers and franchisees[2]	**180**	155		**310**	284	
Less:						
Rental and royalty income from retailers, franchisees and others[3]	**(36)**	(28)		**(61)**	(52)	
Same Store revenue adjustments[4][5] (excluding cigarettes)	**(48)**	(14)		**(73)**	(21)	
Same Store Food and Company C-Store Sales	**198**	216	**(8.2)%**	**378**	406	**(7.0)%**
Less:						
Same Store revenue adjustments[4] (cigarettes)	**(96)**	(113)		**(187)**	(216)	
Same Store Food and Company C-Store sales (excluding cigarettes)	**102**	103	**(0.6)%**	**191**	190	**0.5 %**

	Three months ended June 30,			Six months ended June 30,		
($ millions)	**2021**	2020	%[1]	**2021**	2020	%[1]
Food and Company C-Store revenue	**103**	110		**195**	199	
Add:						
Point-of-sale ("POS") value of goods and services sold at Food and Company C-Store operated by retailers[2]	**155**	152		**285**	273	
Less:						
Rental income from retailers and others[3]	**(27)**	(24)		**(51)**	(48)	
Same Store revenue adjustments[4][5] (excluding cigarettes)	**(10)**	(10)		**(15)**	(13)	
Same Store Food and Company C-Store Sales	**221**	228	(3.2)%	**414**	411	0.8%
Less:						
Same Store revenue adjustments[4][5] (cigarettes)	**(114)**	(130)		**(218)**	(232)	
Same Store Food and Company C-Store sales (excluding cigarettes)	**107**	98	8.6%	**196**	179	9.3%

(1) Percentages are calculated based on actual amounts and are impacted by rounding.
(2) POS values used to calculate Food and Company C-Store SSSG are not a Parkland financial measure and do not form part of Parkland's consolidated financial statements.
(3) Includes rental income from retailers in the form of a percentage rent on Food and Company C-Store sales, royalty, franchisee fees and excludes revenues from automated teller machine, POS system licensing fees, and others.
(4) This adjustment excludes the effects of acquisitions, opening and closing stores, temporary closures (including closures for On the Run / Marché Express conversions), expansions of stores, renovations of stores, and stores with changes in food service models, to derive a comparable same-store metric.
(5) Excludes sales from the 2022 Acquisitions as these will not impact the metric until after the completion of one year of the acquisitions in 2023 as the sales or volume generated in 2022 establish the baseline for these metrics.

Food and Company C-Store gross margin percentage

Parkland's Canada segment uses Food and Company C-Store gross margin to analyze the performance of its food, convenience and servicing operations at its backcourt. Food and Company C-Store gross margin includes the margin on goods and services sold at Food and Company C-Store operated by retailers and franchisees and includes margins from franchise fees, suppliers' rebates and fees from licensing and other services. The change in label of this metric from Company C-store gross margin percentage to Food and Company C-store gross margin percentage reflects the addition of the frozen food business and related revenues assumed in the M&M Acquisition. Please see below for a reconciliation of convenience store revenue and cost of purchases of the Canada segment with the Food and Company C-Store gross margin.

	Three Months Ended June 30,		Six Months Ended June 30,	
($ millions)	**2022**	2021	**2022**	2021
Adjusted Food and Company C-Store revenue	**306**	231	**537**	429
Adjusted Food and Company C-Store cost of sales	**(199)**	(164)	**(354)**	(303)
Adjusted Food and Company C-Store gross margin	**107**	67	**183**	126
Food and Company C-Store gross margin percentage	**35.0 %**	29.0 %	**34.1 %**	29.4 %
Food and Company C-Store revenue	**102**	103	**202**	195
Add:				
POS value of goods and services sold at Food and Company C-Store operated by retailers and franchisees[1]	**256**	156	**421**	285
Less:				
Rental and royalty income from retailers, franchisees and others[2]	**(52)**	(28)	**(86)**	(51)
Adjusted Food and Company C-Store revenue	**306**	231	**537**	429
Food and Company C-Store cost of sales	**41**	62	**94**	117
Add:				
Cost of goods and services sold at Food and Company C-Store operated by retailers and franchisees[1]	**158**	102	**260**	186
Adjusted Food and Company C-Store cost of sales	**199**	164	**354**	303

[1] POS value of goods and services sold at Food and Company C-Store operated by retailers and franchisees and the related estimates of cost of those goods and services are not financial measures for Parkland and do not form part of Parkland's consolidated financial statements.
[2] Includes rental income from retailers in the form of a percentage rent on convenience store sales, royalty and franchise fees, suppliers' rebates and certain other revenues.

Annual Synergies

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

Changes to these assumptions, market conditions, commodity prices, and timing of implementation of initiatives can significantly impact Annual Synergies. See Section 15 of this MD&A.

C. Supplementary financial measures

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

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

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

($ millions)	Three months ended June 30, 2022	2021[(1)]	Six months ended June 30, 2022	2021[(1)]
Corporate Marketing, General and Administrative expenses	**27**	23	**52**	43
Parkland's Adjusted gross margin	**949**	699	**1,817**	1,364
Corporate Marketing, General and Administrative expenses as a % of Parkland's Adjusted gross margin	**2.8 %**	3.3 %	**2.9 %**	3.2 %

[(1)] Certain amounts for the periods in 2021 and 2020 were restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.

For comparative purposes, the Corporate Marketing, General and Administrative expenses as a % of Parkland's Adjusted gross margin for the prior periods reported in 2021 and 2020 was retrospectively restated as follows due to allocation of certain corporate costs to the operating segments to better align these costs to the relevant segments.

	2021					**2020**
	For the Year ended	**For the three months ended**				**For the year ended**
	Dec 2021[(1)]	Dec 2021[(1)]	Sep 2021[(1)]	Jun 2021[(1)]	Mar 2021[(1)]	Dec 2020[(1)]
Administrative expenses as a % of Parkland's gross margin	3.3 %	3.9 %	3.1 %	3.3 %	3.3 %	3.1 %

[(1)] Certain amounts for the periods in 2021 and 2020 were restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs.

Fuel and petroleum product adjusted gross margin (cpl)

For comparative purposes, fuel and petroleum product adjusted gross margin (cpl) for the prior periods reported in 2021 and 2020 was retrospectively restated as follows due to a change in segment presentation. Refer to Note 13 of the Interim Condensed Consolidated Financial Statements for additional information on Parkland's segments.

	2021					**2020**
	For the year ended	**For the three months ended**				**For the year ended**
	Dec 2021	Dec 2021	Sep 2021	Jun 2021	Mar 2021	Dec 2020
Canada	7.96	8.29	7.62	7.72	8.21	7.42
International	9.55	8.57	10.12	10.15	9.60	9.91
USA	4.93	5.81	5.44	4.04	4.20	4.45

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

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Maintenance capital expenditures attributable to Parkland (including guidance)	Capital expenditure metric for activities that are maintenance in nature.	Additions to property, plant and equipment and intangible assets that are considered to be maintenance in nature, including but not limited to: • turnaround and other maintenance capital projects at the Burnaby Refinery; • upgrades of 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 key performance measure to monitor expenditures on property, plant and equipment and intangible assets to sustain the current level of economic activity and maintain cash flows from operating activities at a constant level of productive capacity. Parkland considers the volume of fuel and propane sales, the volume of convenience store sales, the volume of lubricant sales, agricultural inputs, and the delivery to be productive capacity. The classification of capital as growth or maintenance is subject to judgment, as many of Parkland's capital projects have components of both. A reconciliation of this measure is presented in Section 8 of this MD&A.
Growth capital expenditures attributable to Parkland (including guidance)	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.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Additions to property, plant and equipment and intangible assets attributable to Parkland	Capital expenditure metric that includes both maintenance and growth capital expenditures.	Additions to property, plant and equipment and intangible assets.	Parkland uses net additions to property, plant and equipment and intangible assets to monitor additions on property, plant and equipment and intangible assets to sustain the current level of economic activity, provide a growth platform and maintain cash flows from operating activities at a constant level of productive capacity.
Trailing-twelve-months ("TTM") Cash generated from (used in) operating activities	Measure of the amount of cash generated by the company's operations over the last twelve months.	Refer to Parkland's Consolidated Statements of Cash Flows for details on the calculation of cash generated from (used in) operating activities.	TTM cash generated from (used in) operating activities indicates whether a company can generate sufficient positive cash flow to maintain and grow its operations.
TTM Dividends	Measure of the amount of dividends declared by the company over the last twelve months.	Refer to Parkland's Consolidated Statements of Changes in Shareholders' Equity for the amount of dividends declared.	This measure indicates the distribution of corporate profits, based upon the number of shares held in Parkland, to shareholders over the last twelve months.
TTM Dividends paid to shareholders, net of dividend reinvestment plan ("DRIP")	Measure of the amount of cash dividends paid by the company over the last twelve months based on dividends declared and excluding the reinvestment of cash dividends into Parkland's enhanced Dividend Reinvestment Plan.	This financial measure is based on dividends declared minus amounts reinvested into DRIP.	This measure indicates the distribution in cash of corporate profits, based upon the number of shares held in Parkland, to shareholders over the last twelve months.
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.
Liquidity available	Measure represents the readily available liquidity in the short term.	The financial measure is the sum of cash and cash equivalents - unrestricted and unused credit facilities.	This measure is used by the management to assess Parkland's ability to meet its short-term commitments.
Measures calculated on a cents-per-litre ("cpl") basis	Financial measures calculated on a cpl basis (e.g. Adjusted gross margin) refer to the specific financial metric for a litre of fuel and petroleum product sold in the related segment.	The financial measure (e.g. Adjusted gross margin) is divided by the segment's relevant fuel and petroleum product volume to arrive at the cpl basis.	Cpl metrics are used by management to identify trends in financial measures while removing the impact of volume variability, where appropriate.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Adjusted EBITDA Guidance	Measure represents our forecast of Adjusted EBITDA.	This measure is calculated based on historical data and estimates of future conditions as inputs to make informed forecasts that are predictive in determining the direction of future trends. This measure is a forward looking measure of which the equivalent historical measure is Adjusted EBITDA. See Section 14A for further detail on the composition of Adjusted EBITDA.	Parkland uses this measure to provide guidance to shareholders, investors and analysts, detailing the expected Adjusted EBITDA we expect to achieve in the upcoming fiscal year(s).

D. Capital management measures

Leverage Ratio

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

	December 31, 2021	March 31, 2022	**June 30, 2022**
Leverage Debt	4,611	5,253	**5,264**
Leverage EBITDA[1]	1,402	1,482	**1,635**
Leverage Ratio	3.3	3.5	**3.2**

[1] Comparative figures have been restated to conform with the presentation used in the current period.

	December 31, 2021	March 31, 2022	**June 30, 2022**
Long-term debt	5,556	6,371	**6,637**
Less:			
Lease obligations	(663)	(698)	**(755)**
Cash and cash equivalents	(326)	(507)	**(663)**
Add:			
Letters of credit	44	87	**45**
Leverage Debt	4,611	5,253	**5,264**

	Three months ended				**Trailing twelve months ended**
	September 30, 2021	**December 31, 2021**	**March 31, 2022**	**June 30, 2022**	**June 30, 2022**
Adjusted EBITDA including NCI	392	285	414	478	**1,569**
Share incentive compensation	5	11	9	5	**30**
Reverse: IFRS 16 impact[1]	(42)	(41)	(44)	(46)	**(173)**
	355	255	379	437	**1,426**
Acquisition pro-forma adjustment[2]					**92**
Other adjustments[3]					**117**
Leverage EBITDA					**1,635**

[1] Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.
[2] Amounts for the trailing twelve months ended June 30, 2022 include pro-forma pre-acquisition EBITDA estimates as if the acquisitions during the trailing twelve months ended June 30, 2022 occurred on July 1, 2021.
[3] Relates to adjustments for the normalization of the impact from the turnaround and other non-recurring costs related to extreme weather events and third-party power outages beyond management's control, which were estimated based on the lost earnings during the period of Refinery shutdown.

	Three months ended				Trailing twelve months ended
	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	March 31, 2022
Adjusted EBITDA including NCI	344	392	285	414	1,435
Share incentive compensation	6	5	11	9	31
Reverse: IFRS 16 impact[1]	(39)	(42)	(41)	(44)	(166)
	311	355	255	379	1,300
Acquisition pro-forma adjustment[2]					85
Other adjustments[3]					97
Leverage EBITDA					1,482

[1] Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.
[2] Amounts for the trailing twelve months ended March 31, 2022 include pro-forma pre-acquisition EBITDA estimates as if the acquisitions during the trailing twelve months ended March 31, 2022 occurred on April 1, 2021.
[3] Relates to adjustments for the normalization of the impact from the turnaround and extreme weather events beyond management's control, which were estimated based on the lost earnings during the period of Refinery shutdown.

	Three months ended				Trailing twelve months ended
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	December 31, 2021
Adjusted EBITDA including NCI	337	344	392	285	1,358
Share incentive compensation	6	6	5	11	28
Reverse: IFRS 16 impact[1]	(42)	(39)	(42)	(41)	(164)
	301	311	355	255	1,222
Acquisition pro-forma adjustment[2][4]					83
Other adjustments[3]					97
Leverage EBITDA[4]					1,402

[1] Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.
[2] Amounts for the trailing twelve months ended December 31, 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, 2021.
[3] Relates to adjustments for the normalization of the impact from the turnaround and other non-recurring costs related to extreme weather events and third-party power outages beyond management's control, which were estimated based on the lost earnings during the period of the Burnaby Refinery shutdown.
[4] Comparative figures have been restated to conform with the presentation used in the current period.

E. Non-financial measures

In addition to the specified financial measures mentioned above, Parkland uses a number of non-financial measures in measuring the success of our strategic objectives and to set variable compensation targets for employees. These non-financial measures are not accounting measures, do not have comparable IFRS measures, and may not be comparable to similar measures presented by other issuers, as other issuers may calculate these metrics differently.

Non-financial measure	Description	Calculation	Why we use this measure and why it is useful	Comments
Company Volume same-store sales growth ("Company Volume SSSG")	Company Volume SSSG refers to fuel and petroleum product sales growth at active Company sites. The effects of acquisition, opening and closing stores, temporary closures (including closures for On the Run / Marché Express conversions), expansions of stores, renovations of stores, and stores with changes in food service models in the period are excluded.	Company Volume SSSG is derived by comparing the current year volume of active sites to the prior-year volume of comparable sites.	Volume SSSG is a metric commonly used in the retail industry that provides meaningful information to investors in assessing the health and strength of Parkland's brands and retail network, which ultimately impact financial performance.	

Non-financial measure	Description	Calculation	Why we use this measure and why it is useful	Comments
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 Burnaby Refinery.	A higher utilization generally allows for more efficient operations and lower costs per barrel.
Crude throughput	Crude throughput refers to the amount of crude oil processed and converted to products in the Burnaby Refinery.	The amount of crude oil that runs through crude distillation units expressed in thousands of barrels per day.	Crude throughput provides meaningful information to investors in evaluating the operational performance.	A higher throughput generally allows for more efficient operations and lower costs per barrel.
Bio-feedstock throughput	Bio-feedstock throughput refers to the amount of bio-feedstock such as canola oil and oil derived from animal fats (tallow) co-processed in the Burnaby Refinery using existing infrastructure and equipment.	The amount of co-processed feedstock expressed in thousands of barrels per day.	Bio-feedstock throughput provides meaningful information to investors in evaluating our success and capabilities in delivering low-carbon-intensity fuels.	A higher throughput indicates increased co-processing and our continued development and advancement in lower-carbon-intensity fuels and technologies.
Lost time injury frequency ("LTIF") rate and total recordable injury frequency ("TRIF") rate	LTIF and TRIF rates are industry measures of health and safety that provide the number of lost time incidents and total recordable incidents, respectively, that occurred within a given period relative to a standardized number of employee exposure hours worked.	LTIF and TRIF rates are calculated by multiplying the number of incidents by 200,000, divided by the total number of employee exposure hours worked.	Among other important indicators, LTIF and TRIF rates provide normalized and meaningful information on safety performance. This allows us to help drive improvements and accurately compare ourselves with peers and industry.	A lost time incident is one where an employee sustained a job-related injury or illness and was not able to work their next full shift. Recordable incidents include all instances where medical attention from a medical professional is required, even if the employee is able to work their next shift.

Glossary of terms

Term	Definition
Backcourt	Terminology used in the retail gas industry that refers to the part of a retail station where convenience store merchandise and services such as car washes are sold.
Diesel Hydrotreating ("DHT")	Diesel Hydrotreating is the process to remove sulphur and other contaminants from intermediate streams before blending into a finished refined diesel product.
Fluid Catalytic Cracking ("FCC")	Fluid Catalytic Cracking is the chemical process that utilizes a catalyst and heat to break long-chain hydrocarbons into smaller-chain hydrocarbons to produce gasoline, diesel and liquid petroleum gas.
Forecourt	Terminology used in the retail gas industry that refers to the part of a retail station where fuel is sold at the pump.
Franchise stores	The franchise business model includes frozen food retail sites operated by franchisees. Parkland enters into long-term agreements with franchisees and a large network of suppliers to develop, distribute and earn royalty and other revenues from the sales of frozen food products.
Marketing, General and Administrative expense	Marketing, General and Administrative expenses are typically fixed in nature and do not vary significantly with volume. Activities in this category include sales, marketing, real estate, finance, operations, credit, network development and infrastructure.
Operating Costs	Operating Costs include wages and benefits for employees, driving and administrative labour, fleet maintenance and operating costs, third-party delivery expenses, retailer fuel commission, along with the costs associated with owning and maintaining land, buildings and equipment, such as rent, repairs and maintenance, environmental, utilities, insurance and property tax costs.
Refining crack spread	Terminology used in the oil and gas industry that refers to the general price differential between crude oil and petroleum products refined from it.
ROC	Canada's commercial operations are organized into five regional operating centres ("ROCs"), established across Canada, which enable strong local customer relationships and efficient operations. The USA segment includes four ROCs, being the Northern Tier, Rocky Mountain, Southeast and Pacific North West ROCs.

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 including capital management;
- expectations regarding the Revised 2022 Guidance Range, the Revised 2022 Capital Program, and the business outlook contained in this MD&A;
- focus on developing its existing business, retail diversification and commercial decarbonization and its plans and expectations with respect thereto;
- expectations with respect to the energy transition and customer's needs and preferences;
- expanding co-processing volumes and building the stand-alone renewable diesel complex at the Burnaby Refinery, including the completion, funding and impact thereof;
- building an EV ultra-fast charging network and the timing thereof and details with respect thereto, including the number of stations and locations thereof;
- expected continued growth in our carbon offset and renewable fuel business and plans with respect thereto;
- commitments with respect to HSE and the impact thereof, including driving long-term sustainable LTIF and TRIF improvements;
- continuing to expand low-carbon activities to better serve its commercial customers;
- expectations regarding the anticipated benefits, costs and synergies of completed and pending acquisitions;
- ability to safely and reliably operate;
- ability to deliver competitive returns to shareholders;
- 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, dividends and other committed capital expenditures;
- expected sources to fund future acquisitions;
- ability to adjust capital spending and to adjust dividends paid to shareholders;
- expectations regarding the benefits and completion of the Cenovus Acquisition; and
- Completion of the Share Exchange, the timing thereof and the expected benefits therefrom.

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;
- the effects of global military conflicts (including the Russia-Ukraine conflict) on commodity prices and the world economy;
- climate change impacts on Parkland's operations;
- 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;
- Parkland's ability to reliably source crude and bio-feedstocks for the Burnaby Refinery;
- Parkland's ability to expand co-processing volumes and construct the renewable diesel complex at the Burnaby Refinery;
- 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 US-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;
- Parkland's ability to continue to compete in a competitive landscape, as well as the additional factors referenced in the Annual Information Form;
- Parkland's ability to complete the Share Exchange, including receiving approval from the TSX and other required regulatory approvals; and
- Parkland's ability to realize all or any of the anticipated benefits of the Share Exchange.

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 strategy and realize the benefits therefrom;
- ability to meet our commitments and targets including with respect to ESG, HSE and diversity;
- 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;
- 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;
- cyber-attacks and data breaches; and
- availability of capital and operating funds.

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