Parkland Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2021

PARKLAND

Parkland Corporation
Consolidated Balance Sheets
(Unaudited)

($ millions)	Note	**September 30, 2021**	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		**228**	262
Restricted cash		**57**	34
Accounts receivable		**1,347**	790
Inventories		**1,132**	650
Income taxes receivable		**9**	36
Risk management and other instruments	6	**138**	47
Prepaid expenses and other		**89**	59
		3,000	1,878
Property, plant and equipment		**3,801**	3,806
Intangible assets		**1,045**	949
Goodwill		**2,080**	1,864
Long-term receivables		**75**	80
Other long-term assets	4	**467**	354
Deferred tax assets		**178**	163
		10,646	9,094
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**1,978**	1,212
Dividends declared and payable		**16**	16
Income taxes payable		**91**	19
Long-term debt – current portion	5	**108**	114
Provisions and other liabilities – current portion	7	**63**	233
Risk management and other instruments	6	**73**	31
		2,329	1,625
Long-term debt	5	**4,580**	3,861
Provisions and other liabilities	7	**1,123**	1,036
Deferred tax liabilities		**318**	306
		8,350	6,828
Shareholders' equity			
Shareholders' capital	8	**2,518**	2,440
Contributed surplus		**58**	50
Accumulated other comprehensive income (loss)		**(45)**	(28)
Sol Put Option reserve	7	**(494)**	(494)
Retained earnings (deficit)		**(103)**	(49)
Non-controlling interest ("NCI")		**362**	347
		2,296	2,266
		10,646	9,094

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Income (Loss)
(Unaudited)

($ millions, unless otherwise stated)	Note	Three months ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
Sales and operating revenue		**6,006**	3,498	**15,260**	10,505
Expenses					
Cost of purchases		**5,214**	2,835	**13,033**	8,785
Operating costs		**294**	234	**801**	736
Marketing, general and administrative		**105**	79	**287**	242
Acquisition, integration and other costs		**12**	9	**28**	38
Depreciation and amortization		**152**	163	**460**	465
Finance costs	10	**61**	63	**237**	192
Foreign exchange (gain) loss		**(8)**	(18)	**(14)**	10
(Gain) loss on asset disposals		**(10)**	2	**(8)**	1
(Gain) loss on risk management and other instruments		**6**	(11)	**107**	(42)
Other (gains) and losses	11	**9**	12	**164**	25
Share of (earnings) loss of associates and joint ventures	12	**(7)**	(3)	**(11)**	(7)
Earnings (loss) before income taxes		**178**	133	**176**	60
Current income tax expense (recovery)		**41**	31	**52**	19
Deferred income tax expense (recovery)		**7**	11	**6**	(7)
Net earnings (loss)		**130**	91	**118**	48
Net earnings (loss) attributable to:					
Parkland		**115**	76	**89**	29
NCI		**15**	15	**29**	19
Net earnings (loss) per share ($ per share)					
Basic		**0.76**	0.51	**0.59**	0.19
Diluted		**0.75**	0.50	**0.59**	0.19
Weighted average number of common shares (000's of shares)		**151,892**	149,064	**151,017**	148,841
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)		**152,804**	151,121	**151,990**	150,845

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
($ millions, unless otherwise stated)	Note	**2021**	2020	**2021**	2020
Net earnings (loss)		**130**	91	**118**	48
Other comprehensive income (loss):					
Items that may be reclassified to consolidated statements of income (loss) in subsequent periods:					
Exchange differences on translation of foreign operations		**48**	(76)	**(22)**	14
Exchange differences on USD-denominated debt designated as a hedge of the net investment in foreign operations ("Net Investment Hedge"), net of tax	5	**(45)**	35	**(6)**	(30)
Changes in the fair value of cash flow hedges, net of tax		**3**	—	**6**	—
Hedging (gains) losses reclassified to the consolidated statements of income (loss)		**(2)**	—	**(3)**	—
Other comprehensive income (loss)		**4**	(41)	**(25)**	(16)
Total comprehensive income (loss)		**134**	50	**93**	32
Total comprehensive income (loss) attributable to:					
Parkland		**112**	54	**72**	9
NCI		**22**	(4)	**21**	23

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

($ millions)	Note	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income (loss)	Sol Put Option reserve	Retained earnings (deficit)	NCI	Total shareholders' equity
As at January 1, 2021		**2,440**	**50**	**(28)**	**(494)**	**(49)**	**347**	**2,266**
Net earnings (loss)		**–**	**–**	**–**	**–**	**89**	**29**	**118**
Other comprehensive income (loss)		**–**	**–**	**(17)**	**–**	**–**	**(8)**	**(25)**
Shares issued on the USA Acquisitions	8	**5**	**–**	**–**	**–**	**–**	**–**	**5**
Dividends		**–**	**–**	**–**	**–**	**(143)**	**(6)**	**(149)**
Share incentive compensation		**–**	**18**	**–**	**–**	**–**	**–**	**18**
Shares issued under the ATM equity program, net of costs	8	**22**	—	—	—	—	—	**22**
Issued under dividend reinvestment plan, net of costs	8	**43**	**–**	**–**	**–**	**–**	**–**	**43**
Issued under share option plan	8	**4**	**–**	**–**	**–**	**–**	**–**	**4**
Issued on vesting of restricted share units	8	**4**	**(10)**	**–**	**–**	**–**	**–**	**(6)**
As at September 30, 2021		**2,518**	**58**	**(45)**	**(494)**	**(103)**	**362**	**2,296**
As at January 1, 2020		2,382	27	(10)	(494)	53	351	2,309
Net earnings (loss)		—	—	—	—	29	19	48
Other comprehensive income (loss)		—	—	(20)	—	—	4	(16)
Shares issued on the USA Acquisitions		1	—	—	—	—	—	1
Shares issued	8	—	—	—	—	—	—	—
Dividends		—	—	—	—	(137)	(16)	(153)
Share incentive compensation		—	17	—	—	—	—	17
Issued under dividend reinvestment plan, net of costs	8	33	—	—	—	—	—	33
Issued under share option plan	8	8	(1)	—	—	—	—	7
Issued on vesting of restricted share units	8	4	(4)	—	—	—	—	—
As at September 30, 2020		2,428	39	(30)	(494)	(55)	358	2,246

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Cash Flows
(Unaudited)

($ millions)	Note	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Operating activities					
Net earnings (loss)		**130**	91	**118**	48
Adjustments for:					
Depreciation and amortization		**152**	163	**460**	465
(Gain) loss on asset disposals		**(10)**	2	**(8)**	1
Interest on leases and long-term debt	10	**56**	59	**164**	177
Share incentive compensation		**5**	5	**17**	15
Change in risk management and other instruments		**(64)**	14	**(49)**	(14)
Change in other liabilities and other assets		**(4)**	(27)	**19**	(3)
Change in fair value of Redemption Options	11	**(38)**	(36)	**52**	38
Change in redemption value of Sol Put Option	6,7,11	**40**	43	**112**	(11)
Deferred tax expense (recovery)		**7**	11	**6**	(7)
Share of net earnings (loss) of associates and joint ventures	12	**(7)**	(3)	**(11)**	(7)
Early redemption premiums	10	**—**	—	**51**	—
Other operating activities		**(3)**	20	**(6)**	37
Net change in non-cash working capital related to operating activities	3	**(64)**	(89)	**(139)**	471
Cash generated from (used in) operating activities		**200**	253	**786**	1,210
Financing activities					
Net proceeds from (repayments of) the Credit Facility	5	**97**	(308)	**(59)**	(194)
Long-term debt repayments, excluding the Credit Facility	5	**—**	(403)	**(1,430)**	(425)
Proceeds from long-term debt, net of financing costs, excluding the Credit Facility	5	**—**	(1)	**2,174**	395
Early redemption premiums paid	10	**—**	—	**(51)**	—
Interest paid on leases and long-term debt	10	**(55)**	(58)	**(164)**	(175)
Payments on principal amount on leases		**(36)**	(40)	**(104)**	(114)
Change in provisions and other liabilities	7	**—**	18	**(194)**	(130)
Dividends paid to shareholders, net of dividend reinvestment plan		**(34)**	(33)	**(100)**	(103)
Dividends paid to non-controlling interest		**—**	(16)	**(6)**	(16)
Shares issued for cash, net of share issuance costs	8	**1**	—	**22**	—
Cash generated from (used in) financing activities		**(27)**	(841)	**88**	(762)
Investing activities					
Acquisitions	9	**(251)**	(7)	**(603)**	(85)
Investment in joint venture	12	**(89)**	—	**(89)**	—
Dividends received from investments in associates and joint ventures, net of contributions	4	**—**	—	**10**	10
Additions to property, plant and equipment and intangible assets		**(76)**	(35)	**(183)**	(261)
Change in long-term receivables		**5**	(1)	**4**	8
Proceeds on asset disposals		**4**	2	**10**	10
Net change in non-cash working capital related to investing activities	3	**7**	(5)	**(20)**	(14)
Cash generated from (used in) investing activities		**(400)**	(46)	**(871)**	(332)
Increase (decrease) in net cash		**(227)**	(634)	**3**	116
Impact of foreign currency translation on cash		**10**	(10)	**(14)**	5
Net cash at beginning of period		**502**	1,022	**296**	257
Net cash at end of period		**285**	378	**285**	378
Represented by:					
Cash and cash equivalents		**228**	356	**228**	356
Restricted cash		**57**	22	**57**	22
Net cash		**285**	378	**285**	378
Supplementary cash flow information:					
Income taxes refunded (paid)		**35**	(18)	**52**	(88)

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2021
($ millions, unless otherwise stated)

1. CORPORATE INFORMATION

Parkland Corporation ("Parkland") is a convenience retailer and an independent marketer, distributor and refiner of fuel and petroleum products. Parkland delivers refined fuels, propane and other high-quality petroleum products to motorists, businesses, consumers and wholesale customers across the Americas. Parkland exists under the Business Corporations Act (Alberta) in Canada and its corporate office is located at Suite 1800, 240 4 Ave SW, Calgary, Alberta, T2P 4H4, Canada. The interim condensed consolidated financial statements include the accounts of Parkland and its subsidiaries and any investments in associates and joint arrangements as at September 30, 2021.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

Parkland's interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with Parkland's annual consolidated financial statements for the year ended December 31, 2020 (the "Annual Consolidated Financial Statements").

These interim condensed consolidated financial statements were approved for issue by the Board of Directors on November 2, 2021.

(b) Basis of measurement

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

(c) Presentation and functional currency

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

(d) Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements.

(e) Use of estimates and judgments

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

(f) Change in presentation

The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first nine months of 2021. As a result of the change in organizational structure, the chief operating decision maker assesses performance, monitors results and allocates resources based on the reorganized segments.

The following items within the consolidated statements of income (loss), consolidated balance sheets, and consolidated statements of cash flows were reclassified to conform to the current year's presentation:

- 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". The new presentation provides more accurate and relevant presentation of cash flows to the users as it better aligns the interest payments with the use of the proceeds from financing, such as business acquisitions or repayment of debt balances. In addition, as some of the interest expense relates to leases recognized under IFRS 16 - Leases, it is viewed more as a financing activity in nature rather than an operating activity. The change did not result in a material impact and only affected the presentation of interest paid in the consolidated statement of cash flows, which is disclosed in Note 3.
- Changes in non-cash working capital related to investing activities, formerly included within their respective line items, are now shown as a separate line item within "Cash generated from (used in) investing activities".

(g) Amended standards adopted by Parkland

Amendment to IFRS 7, IFRS 9, and IFRS 16 (Interest Rate Benchmark Reform)

In response to the interest rate benchmark (IBOR) reform (Phase 2), effective January 1, 2021, Parkland has adopted the new guidance issued by the IASB that provides the use of a practical expedient to account for the change in the basis for determining the contractual cash flows as a result of the cessation of the London Interbank Offered Rate (LIBOR) benchmark. Some of the components of Parkland's existing Credit Facility are based on the LIBOR interest rate benchmark, which will be discontinued by June 30, 2023 as per the most recent decision by the UK Financial Conduct Authority[1]. As at September 30, 2021, Parkland has not yet transitioned to a different benchmark as the LIBOR benchmark is still being published. Parkland is working to establish the IBOR transition plan with its lenders. Parkland will continue to monitor the situation and apply new guidance to assess the impact of adopting a new interest rate benchmark.

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[1] The UK Financial Conduct Authority is the supervisor of the ICE Benchmark Administration, which is the administrator of the LIBOR.

($ millions, unless otherwise stated)

3. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Accounts receivable	**(232)**	(11)	**(539)**	362
Inventories	**(157)**	(32)	**(435)**	243
Prepaid expenses and other	**16**	(7)	**(30)**	(14)
Accounts payable and accrued liabilities	**235**	(65)	**760**	(48)
Income taxes payable	**67**	17	**77**	(36)
Income taxes receivable	**9**	(5)	**27**	(33)
Deferred revenue	**(2)**	14	**1**	(3)
Total net change in non-cash working capital related to operating activities	**(64)**	(89)	**(139)**	471

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Accounts payable and accrued liabilities	**7**	(5)	**(20)**	(14)

The impact of the change in presentation of the interest paid on leases and long-term debt is summarized below:

Consolidated Statements of Cash Flows	**2021**	**2020**					**2019**
	Three months ended	**Year ended**	**Three months ended**				**Year ended**
	Mar 31	Dec 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Previously Reported							
Operating activities							
Interest on leases and long-term debt	—	—	—	—	—	—	—
Net change in non-cash working capital related to operating activities	(50)	180	(293)	(88)	419	142	4
Cash generated from (used in) operating activities	213	934	(101)	195	564	276	897
Financing activities							
Payments for interest on leases and long-term debt	—	—	—	—	—	—	—
Cash generated from (used in) financing activities	297	(367)	220	(783)	164	32	879
Revised							
Operating activities							
Interest on leases and long-term debt	54	233	56	59	59	59	226
Net change in non-cash working capital related to operating activities	(53)	183	(288)	(89)	425	135	(17)
Cash generated from (used in) operating activities	264	1,170	(40)	253	629	328	1,102
Financing activities							
Payments for interest on leases and long-term debt	(51)	(236)	(61)	(58)	(65)	(52)	(205)
Cash generated from (used in) financing activities	246	(603)	159	(841)	99	(20)	674

($ millions, unless otherwise stated)

4. OTHER LONG-TERM ASSETS

	Note	**September 30, 2021**	December 31, 2020
Redemption Options	6	**126**	156
Long-term prepaid expenses, deposits and other assets		**22**	36
Investment in associates[1]		**148**	158
Investment in joint ventures		**171**	4
		467	354

[1] Includes a 29% interest in the SARA Refinery.

On July 1, 2021, Sol Investments SEZC (with its subsidiaries, "Sol"), a non-wholly owned subsidiary of Parkland, acquired a 50% indirect ownership in Isla Dominicana de Petroleo Corp. ("Isla") through its subsidiaries for a purchase consideration of $156 including cash consideration and contribution of Sol's existing business in the Dominican Republic. Isla is structured as a separate legal entity in which Parkland has both joint control and a residual interest in the net assets. Accordingly, Parkland has classified its interest in Isla as a joint venture and measures its investment using the equity method of accounting.

The tables below provide summarized financial information for Isla and reconciliation to Parkland's share of those amounts. These amounts include adjustments made by Parkland when using the equity method, including fair value adjustments.

As at	**September 30, 2021**
Current assets	**69**
Non-current assets	**219**
Current liabilities	**(43)**
Non-current liabilities	**(23)**
Net assets	**222**
Proportionate share of net assets[1]	**111**
Goodwill	**54**
Carrying amount	**165**

Reconciliation to carrying amounts	**September 30, 2021**
Opening net assets	**–**
Contributions into the investment	**156**
Proportionate share of total comprehensive income[1]	**9**
Carrying amount	**165**

For the three and nine months ended	**September 30, 2021**
Sales and operating revenue[2]	**228**
Net earnings (loss)[2]	**9**
Other comprehensive income (loss)[2]	**9**
Total comprehensive income (loss)	**18**

Reconciliation to Adjusted EBITDA	**September 30, 2021**
Net earnings (loss)[2]	**9**
Add back:	**–**
Depreciation and amortization[2]	**2**
Income tax expense (recovery)[2]	**4**
Adjusted EBITDA	**15**
Proportionate share of Adjusted EBITDA[1][3]	**8**

[1] Based on ownership interest of 50% in Isla.
[2] Includes financial information for Isla from the investment date of July 1, 2021.
[3] Refer to Note 12 for a description of segment profit measures.

($ millions, unless otherwise stated)

5. LONG-TERM DEBT

	September 30, 2021	December 31, 2020
Credit Facility (a)	**633**	686
Unamortized deferred financing costs	**(7)**	(2)
	626	684
Senior Notes (b)		
5.75% Senior Notes[1]	**–**	300
5.625% Senior Notes[1]	**–**	500
6.00% US$500 Senior Notes[1]	**–**	638
3.875% Senior Notes, due 2026[2]	**600**	—
6.50% Senior Notes, due 2027	**300**	300
5.875% US$500 Senior Notes, due 2027	**638**	638
6.00% Senior Notes, due 2028	**400**	400
4.375% Senior Notes, due 2029[2]	**600**	—
4.50% US$800 Senior Notes, due 2029[2]	**1,020**	—
Unamortized premium: Redemption Options[2]	**40**	30
Unamortized discount: deferred financing costs	**(41)**	(32)
	3,557	2,774
Other notes	**7**	11
Credit Facility, Senior Notes and Other notes	**4,190**	3,469
Lease obligations[3]	**498**	506
Total long-term debt	**4,688**	3,975
Less: current portion of Credit Facility, Senior Notes and Other notes	**(4)**	(6)
Less: current portion of Lease obligations	**(104)**	(108)
Long-term debt	**4,580**	3,861

[1] Parkland repaid the following Senior Notes prior to maturity: (i) the 5.75% Senior Notes on April 9, 2021, (ii) the 6.00% US Senior Notes on April 14, 2021, and (iii) the 5.625% Senior Notes on May 10, 2021.
[2] Redemption Options related to Senior Notes were ascribed a fair value on initial recognition as follows: (i) $3 for the 3.875% Senior Notes on June 16, 2021, (ii) $4 for the 4.375% Senior Notes on March 25, 2021, and (iii) $15 for the 4.50% US Senior Notes on April 13, 2021.
[3] Parkland has included extension options in the calculation of the lease liabilities in limited circumstances where it has the right to extend a lease term at its discretion and is reasonably certain to exercise the extension option.

Estimated principal repayments of the Credit Facility, Senior Notes and other notes, and future lease payments as at September 30, 2021 are as follows:

	2021	2022	2023	2024	2025	Thereafter	Interest included in minimum lease payments	Total
Credit Facility	–	–	–	–	–	633	–	633
Senior Notes (b)								
3.875% Senior Notes, due 2026	–	–	–	–	–	600	–	600
6.50% Senior Notes, due 2027	–	–	–	–	–	300	–	300
5.875% US Senior Notes, due 2027	–	–	–	–	–	638	–	638
6.00% Senior Notes, due 2028	–	–	–	–	–	400	–	400
4.375% Senior Notes, due 2029	–	–	–	–	–	600	–	600
4.50% US Senior Notes, due 2029	–	–	–	–	–	1,020	–	1,020
Other notes	4	1	1	1	–	–	–	7
Undiscounted Future Lease Payments	42	123	89	67	46	297	(166)	498
	46	124	90	68	46	4,488	(166)	4,696

($ millions, unless otherwise stated)

(a) Credit Facility

On March 25, 2021, Parkland's existing syndicated credit facility was amended to expand the available facility and extend the maturity date (the "Credit Facility") and was further amended on September 22, 2021 to reduce the Canadian Revolving Capacity commitment by $64 million and correspondingly increase the US Revolving Facility commitment by US$50 million. The Credit Facility includes a combined revolving facility amount of $1,651 and US$205 with a maturity date of March 25, 2026. 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.

Details on the Credit Facility as at September 30, 2021 are as follows:

	Maturity date	Effective rate[1]	Balance
$1,651 Canadian Revolving Facility[2]	March 25, 2026	1.87%	**515**
US$205 Revolving Facility[2]	March 25, 2026	3.84%	**118**
Outstanding borrowings under the Credit Facility			**633**

[1] The credit facility is subject to a floating interest rate.
[2] Prior to September 22, 2021, the Credit Facility included a Canadian Revolving Facility of $1,715 and Revolving Facility of US$155.

Parkland provides guarantees on behalf of its subsidiaries in the form of letters of credit and surety bonds in the ordinary course of business. As at September 30, 2021, these guarantees amounted to $302 (December 31, 2020 - $261) and are not recognized in the interim condensed consolidated financial statements. Maturity dates for these guarantees vary and are up to and including April 5, 2023.

As at September 30, 2021, Parkland provided $2,967 (December 31, 2020 - $2,601) of unsecured guarantees to counterparties of commodities swaps and purchase and supply agreements of crude oil, fuel and other petroleum products.

(b) Senior Notes

The Senior Notes are unsecured obligations guaranteed by Parkland's subsidiaries and contain covenants that limit Parkland's ability to incur additional debt, make certain restricted payments and investments, create liens, enter into transactions with affiliates, and consolidate, merge, transfer or sell all or substantially all of its property and assets. Interest on the Senior Notes is paid semi-annually and is recorded in finance costs. See Note 10.

4.375% $600 Senior Notes, due 2029

On March 25, 2021, Parkland completed the private offering of $600 aggregate principal amount of senior unsecured notes due March 26, 2029. The Senior Notes were priced at par and bear interest at a rate of 4.375% per annum, payable semi-annually in arrears beginning September 26, 2021.

4.50% US$800 Senior Notes, due 2029

On April 13, 2021, Parkland completed the private offering of US$800 aggregate principal amount of senior unsecured notes due October 1, 2029. The Senior Notes were priced at par and bear interest at a rate of 4.50% per annum, payable semi-annually in arrears beginning October 1, 2021.

3.875% $600 Senior Notes, due 2026

On June 16, 2021, Parkland completed the private offering of $600 aggregate principal amount of senior unsecured notes due June 16, 2026. The Senior Notes were priced at par and bear interest at a rate of 3.875% per annum, payable semi-annually in arrears beginning December 16, 2021.

($ millions, unless otherwise stated)

5.75% Senior Notes, 5.625% Senior Notes and 6.00% US Senior Notes

The $300 5.75% Senior Notes were redeemed for 102.875% of the principal amount on April 9, 2021. The US$500 6.00% Senior Notes were redeemed for 104.5% of the principal amount on April 14, 2021. The $500 5.625% Senior Notes were redeemed for 102.813% of the principal amount on May 10, 2021. The loss on the exercise of the prepayment options was recorded in finance costs. See Note 10.

(c) Net Investment Hedge

Parkland has designated certain USD-denominated debt and payable balances as a net investment hedge to mitigate foreign exchange risk related to foreign operations for which the US dollar is the functional currency. During the three and nine months ended September 30, 2021, Parkland recognized foreign exchange losses, net of tax, of $45 and $6, respectively (2020 - gain, net of tax, of $35 and loss, net of tax, of $30, respectively) on these balances, representing the effective portion of the hedge in other comprehensive income (loss), offsetting exchange differences on translation of foreign operations.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

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

(a) Fair value measurement hierarchy

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

		Fair value as at September 30, 2021			
	Note	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Risk management derivatives					
Commodities swaps, forwards and futures contracts		–	13	–	13
Currency forward exchange contracts			6		6
Other financial assets					
Emission credits and allowances		–	119	–	119
Risk management and other financial assets		–	138	–	138
Risk management derivatives					
Commodities swaps, forwards and futures contracts		–	(49)	–	(49)
Other financial liabilities					
Emission credits and allowances		–	(24)	–	(24)
Risk management and other financial liabilities		–	(73)	–	(73)
Other items included in other long-term assets					
Redemption Options	4	–	126	–	126
Other items included in other long-term assets		–	126	–	126
Other items included in provisions and other liabilities					
Sol Put Option	7	–	–	(618)	(618)
Other items included in provisions and other liabilities		–	–	(618)	(618)

($ millions, unless otherwise stated)

		Fair value as at December 31, 2020			
	Note	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Risk management derivatives					
Commodities swaps, forwards and futures contracts		—	3	—	3
Currency forward exchange contracts			12		12
Other financial assets					
Emission credits and allowances		—	32	—	32
Risk management and other financial assets		—	47	—	47
Risk management derivatives					
Commodities swaps, forwards and futures contracts		—	(20)	—	(20)
Other financial liabilities					
Emission credits and allowances		—	(11)	—	(11)
Risk management and other financial liabilities		—	(31)	—	(31)
Other items included in other long-term assets					
Redemption Options	4	—	156	—	156
Others	4	—	—	13	13
Other items included in other long-term assets		—	156	13	169
Other items included in provisions and other liabilities					
Intermediation Facility Derivatives	7	—	(5)	—	(5)
Sol Put Option	7	—	—	(503)	(503)
Other items included in provisions and other liabilities		—	(5)	(503)	(508)

There were no changes in the nature and characteristics of commodities swaps, forwards and futures contracts, currency forward exchange contracts and redemption options and there were no transfers between fair value measurement hierarchy levels during the nine months ended September 30, 2021.

(b) Other financial instruments

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, and dividends declared and payable approximate their fair values as at September 30, 2021 due to the short-term nature of these instruments. The carrying value of long-term receivables approximates fair value as at September 30, 2021, as Parkland currently issues loans and advances to dealers and customers at market terms. The Senior Notes have a carrying value of $3,558 and an estimated fair value of $3,686 as at September 30, 2021 (December 31, 2020 - $2,776 and $2,947, respectively). The carrying value of other long-term debt and other liabilities approximates fair value as at September 30, 2021, as the interest rate on the other long-term debt is adjusted periodically or liabilities were recently incurred.

(c) Offsetting

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

	September 30, 2021			December 31, 2020		
	Gross amount	**Amount offset**	**Net**	Gross amount	Amount offset	Net
Risk management and other financial assets	**160**	**(22)**	**138**	54	(7)	47
Risk management and other financial liabilities	**(95)**	**22**	**(73)**	(38)	7	(31)

($ millions, unless otherwise stated)

7. PROVISIONS AND OTHER LIABILITIES

	Note	**September 30, 2021**	December 31, 2020
Intermediation Facility (a)		**–**	194
Asset retirement obligations - current (b)		**32**	14
Environmental provision - current		**3**	2
Deferred revenue		**21**	19
Short-term deposits, provisions and other		**7**	4
Provisions and other liabilities - current		**63**	233
Sol Put Option (c)	6	**618**	503
Asset retirement obligations - non-current (b)		**340**	373
Environmental provision - non-current		**76**	86
Employee benefits and other		**38**	39
Long-term deposits, provisions and other		**40**	23
DSU liability		**11**	12
Provisions and other liabilities - non-current		**1,123**	1,036

(a) Intermediation Facility and Intermediation Facility Derivatives

In 2017, Parkland entered into an International Swaps and Derivatives Association ("ISDA") intermediation agreement with a financial institution (the "Intermediation Facility") to fund a portion of the working capital requirements of the Burnaby Refinery that includes a daily settlement feature, which is accounted for as a derivative financial instrument carried at fair value (the "Intermediation Facility Derivatives"). The Intermediation Facility involved structured purchases and sales of crude oil, refined products and other hydrocarbons (collectively, "Hydrocarbons"). On February 26, 2021, the Intermediation facility was terminated and fully repaid with the loss on the early termination recorded in finance costs.

For the three and nine months ended September 30, 2021, a realized loss of nil and $16, respectively (2020 - realized loss of $1 and gain of $34), and an unrealized gain of nil and nil, respectively (2020 - unrealized gain of nil and $9), relating to the Intermediation Facility Derivatives are included within cost of purchases on the consolidated statements of income (loss).

(b) Asset retirement obligations

	Note	**January 1, 2021 to September 30, 2021**	January 1, 2020 to December 31, 2020
Asset retirement obligations, beginning of period		**387**	336
Additional provisions made in the period		**12**	12
USA and other acquisitions	9	**15**	7
Obligations settled or transferred during the period		**(8)**	(6)
Change due to passage of time, discount rate and inflation rate		**(34)**	40
Change due to foreign exchange		**–**	(2)
Asset retirement obligations, end of period		**372**	387
Current		**32**	14
Non-current		**340**	373
Asset retirement obligations, end of period		**372**	387

As at September 30, 2021, the inflation rate used to determine the value of future asset retirement costs ranged from 2.20% to 2.26% (December 31, 2020 - 2.20% to 2.26%) and the discount rate used to determine the present value of the future asset retirement costs is 3.46% (December 31, 2020 - 2.64% to 2.99%). The total undiscounted estimated future cash flows required to settle Parkland's asset retirement obligations ("ARO") were $625 as at September 30, 2021 (December 31, 2020 - $603). These costs are expected to be paid up to the year 2071 (December 31, 2020 - 2070).

(c) Sol Put Option

	Note	**January 1, 2021 to September 30, 2021**	January 1, 2020 to December 31, 2020
Sol Put Option, beginning of period		**503**	486
Change in redemption value of Sol Put Option	11	**112**	23
Exchange differences		**3**	(6)
Sol Put Option, end of period		**618**	503

As at September 30, 2021, significant unobservable inputs and assumptions used in the valuation of Sol Put Option include: (i) a contractually-defined trailing-twelve-month adjusted EBITDA of Sol multiplied by 8.5; (ii) other adjustments as defined in the Sol Agreement; and (iii) a discount rate of 3.875% (December 31, 2020 - 3.375%). An increase in adjusted EBITDA would result in an increase to the liability associated with the Sol Put Option. A 1% change in the discount rate would decrease or increase the liability associated with the Sol Put Option by $5 (December 31, 2020 - $4).

8. SHAREHOLDERS' CAPITAL

(a) Shareholders' capital

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

	January 1, 2021 to September 30, 2021		January 1, 2020 to December 31, 2020	
	Number of common shares (000's)	**Amount ($ millions)**	Number of common shares (000's)	Amount ($ millions)
Shareholders' capital, beginning of period	**150,054**	**2,440**	148,205	2,382
Shares issued on the USA Acquisitions	**128**	**5**	48	1
Shares issued under the ATM equity program, net of costs	**550**	**22**	—	
Issued under dividend reinvestment plan, net of costs	**1,081**	**43**	1,251	47
Issued under share option plan	**155**	**4**	451	11
Issued on vesting of restricted share units	**202**	**4**	99	(1)
Shareholders' capital, end of period	**152,170**	**2,518**	150,054	2,440

(b) Base shelf prospectus and at-the-market equity finance program

On August 17, 2020, Parkland filed a base shelf prospectus ("Shelf Prospectus") for common shares, preferred shares, subscription receipts, warrants, debentures, notes and other evidence of indebtedness, as well as convertible securities and units composed of one or more of the aforementioned (collectively, the "Securities") with an aggregate offering amount of up to $2,000. The Shelf Prospectus allows for the offering of the Securities from time to time in one or more offerings. Terms of the Securities, including, but not limited to, prices or maturity dates, will be determined at the date of issue. The Shelf Prospectus expires on September 17, 2022.

On March 25, 2021, Parkland established an at-the-market ("ATM") equity program, which allows Parkland to issue up to $250 of common shares (the "Aggregate Offering Price") from treasury to the public at prevailing market prices. The common shares issuable under the ATM program are qualified for distribution under a prospectus supplement dated March 25, 2021 to the Shelf Prospectus. The ATM program will be effective until the Shelf Prospectus expires 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. The volume and timing of sales, if any, will be determined by Parkland, subject to regulatory requirements. During the three months ended September 30, 2021, Parkland issued 31 thousand common shares under the ATM equity program at a weighted average price of $40.07 per share for aggregated proceeds of $1.24, net of share issuance costs of $0.26. During the nine months ended September 30, 2021, Parkland issued 550 thousand common shares under the ATM equity program at a weighted average price of $40.66 per share for aggregated proceeds of $22.36, net of share issuance costs of $0.67.

9. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS

(a) USA Acquisitions

Parkland successfully completed the acquisition of (i) the assets of Story Distributing Company and its affiliates (collectively, "Story"), a retail and commercial fuel business based in Bozeman, Montana, on February 1, 2021; (ii) all of the issued and outstanding equity interests of Conrad & Bischoff Inc. and its related companies (collectively, "C&B"), a well-established retail, commercial, wholesale and lubricants business based in Idaho Falls, Idaho, on April 7, 2021; (iii) certain assets and liabilities of Red Carpet Carwash ("Red Carpet"), a retail business headquartered in Bismarck, North Dakota on August 31, 2021, (iv) certain assets and liabilities of Master Petroleum ("Master"), a commercial fuel distributor based in Rifle, Colorado on August 31, 2021; and (v) certain assets and liabilities of Bradenton Fuel Oil ("Bradenton"), a commercial fuel and lubricants distributor in Bradenton, Florida on September 10, 2021, (collectively the "2021 USA Acquisitions"). The 2021 USA Acquisitions establish or expand Parkland's geographic presence in the respective markets of each acquisition, strengthen our supply advantage, and provide growth opportunities.

(b) International Acquisitions

Parkland successfully completed the acquisition of (i) all of the issued and outstanding equity interests of Gulfstream Petroleum SXM B.V. ("GP"), an integrated fuel marketing business in St. Maarten, on July 17, 2021, which positions Parkland as a leading fuel marketer in St. Maarten, and (ii) 50% indirect ownership in Isla Dominicana de Petroleo Corp. ("Isla"), through Parkland's subsidiaries on July 1, 2021, consisting of approximately 80 retail locations and commercial and aviation marketing operations (the "Isla Transaction"). The combined operations of Isla comprise 240 retail locations alongside an integrated commercial and aviation business, creating a market-leading retail network and expanding Parkland's presence in the Dominican-based market (see Note 4 for further details).

The 2021 USA Acquisitions and the acquisition of GP were accounted for as individually separate business combinations and the aggregate preliminary fair values of the identifiable assets acquired and liabilities assumed as well as the purchase consideration transferred for these acquisitions are presented below. Parkland expects to finalize the purchase price allocations no later than one year from the respective acquisition dates. Parkland classified its interest in Isla as a joint venture and measures its investment using the equity method of accounting (see Note 4 for further details).

(c) Other acquisitions

Parkland completed the acquisition of (i) two Midwest liquid petroleum gas ("LPG") terminals in January 2021, expanding on the existing integrated logistics business and enhancing Parkland's overall LPG supply optionality, (ii) an aviation business and associated infrastructure with operations in Puerto Rico in June 2021, (iii) a supply agreement contract with Isla in July 2021, (iv) a pipeline transportation agreement, and (v) certain retail sites in the United States in August 2021.

($ millions, unless otherwise stated)

	Note	Asset acquisitions	Business combinations[4]		
			C&B	**Others**	**Total**
Assets					
Accounts receivable[1]		–	15	23	38
Prepaid expenses and other		–	1	–	1
Inventories		1	39	9	49
Property, plant and equipment		34	98	71	203
Property, plant and equipment - right-of-use assets		–	3	20	23
Intangible assets		76	51	54	181
Other long-term assets		1	–	1	2
Deferred tax asset		–	–	4	4
		112	207	182	501
Liabilities					
Accounts payable and accrued liabilities[2]		–	(30)	(1)	(31)
Provisions and other liabilities		(9)	(3)	–	(12)
Long-term debt - lease obligations		–	(3)	(20)	(23)
Asset retirement obligations	7	(1)	(5)	(9)	(15)
Deferred tax liability		–	(7)	(11)	(18)
		(10)	(48)	(41)	(99)
Goodwill arising on acquisition[3]		–	110	104	214
Net assets acquired		102	269	245	616
Fair value analysis of purchase consideration					
Cash paid on acquisition date, less cash assumed		102	267	230	599
Common shares issued on acquisition		–	–	5	5
Contribution of assets		–	–	8	8
Working capital adjustment		–	2	2	4
Purchase consideration transferred		102	269	245	616

(1) The gross amounts of accounts receivable represent their fair value and the amounts that are expected to be collected.
(2) Accounts payable and accrued liabilities acquired have a fair value that equals their gross contractual values and expected cash outflow at the acquisition date.
(3) Goodwill represents the value of integration synergies, growth opportunities, a strong management team and an assembled workforce and is fully deductible for tax purposes.
(4) Include the 2021 USA Acquisitions and GP acquisition, which were accounted for as individually separate business combinations.

Since the acquisition date, sales and operating revenue of $426 and net earnings of $11 attributable to the C&B Acquisition are included in the consolidated statements of comprehensive income (loss). Since the acquisition dates, the other businesses acquired in the period ranging between February 1, 2021, and September 10, 2021 had contributed revenues of $224 and net profit of $4 to Parkland's consolidated statements of comprehensive income (loss). Although these amounts represent Parkland's best estimate, if all of these acquisitions were completed on January 1, 2021, the estimated consolidated sales and operating revenue and net earnings (loss) of Parkland would have been approximately $6,060 and $133, respectively, for the three months ended September 30, 2021 and $15,641 and $134, respectively, for the nine months ended September 30, 2021.

10. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Interest on leases	7	8	22	24
Interest on long-term debt	49	51	142	153
Loss on modification of long-term debt (1)	–	—	59	3
Amortization, accretion and other finance costs	5	4	14	12
	61	63	237	192

(1) The loss on modification of long-term debt for the three and nine months ended September 30, 2021 includes (i) early redemption premiums of nil and $51 respectively (2020 - nil and $3), and (ii) amortization of deferred financing costs net of amortization of premiums on redemption options of nil and $8, respectively (2020 - nil and nil), on the redeemed senior notes.

($ millions, unless otherwise stated)

11. OTHER (GAINS) AND LOSSES

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2021**	2020	**2021**	2020
Change in redemption value of Sol Put Option	7	**40**	43	**112**	(11)
Change in fair value of Redemption Options	6	**(38)**	(36)	**52**	38
Change in estimates of environmental provision[(1)]	7	**9**	7	**(10)**	9
Other		**(2)**	(2)	**10**	(11)
		9	12	**164**	25

[(1)] As at September 30, 2021, the inflation rate used to determine the value of future costs related to environmental activities ranged from 2.20% to 2.26% (December 31, 2020 - 2.20% to 2.26%) and the discount rates used to determine the present value of the future costs related to environmental activities ranged from 3.46% to 3.64% (December 31, 2020 - 2.64% to 2.86%).

12. SEGMENT INFORMATION

Parkland's reportable operating segments are differentiated by the nature of their products, services, and geographic boundaries. Parkland also reports activities not directly attributable to an operating segment under Corporate. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first nine months of 2021.

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

- Adjusted EBITDA is used by Parkland as the key measure for the underlying core operating performance of business segment activities at an operational level, Adjusted EBITDA excludes the effects of significant items of income and expenditure that are not considered representative of Parkland's underlying core operating performance and may have an impact on quality of net earnings (loss). Such costs include, among other items: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, (v) unrealized gains and losses on foreign exchange, risk management and other instruments, 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 and other 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 and other instruments with unrealized gains, (x) impairments of non-current assets, and (xi) other adjusting items. Adjusted EBITDA is also adjusted to include Parkland's proportionate share of its joint-venture investees' Adjusted EBITDA.
- Adjusted gross margin is used by Parkland to analyze the performance of sale and purchase transactions and performance on margin for each operating segment. Adjusted gross margin excludes the effects of significant items of income and expenditure that are not considered representative of Parkland's underlying core margin performance and may have an impact on the quality of margins, such as unrealized gains and losses on foreign exchange and risk management and other instruments and non-recurring discounts to customers.

Segment information	Canada		International		USA[6]		Supply[6]		Corporate		Consolidated	
For the three months ended September 30,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Fuel and petroleum product volume (million litres)[1]	**2,409**	2,309	**1,324**	1,112	**1,417**	767	**1,117**	1,113	**–**	—	**6,267**	5,301
Sales and operating revenue[2]	**2,445**	1,721	**1,258**	798	**1,440**	505	**863**	474	**–**	—	**6,006**	3,498
Cost of purchases	**2,198**	1,467	**1,091**	644	**1,313**	441	**612**	283	**–**	—	**5,214**	2,835
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	**196**	204	**143**	127	**78**	30	**251**	192	**–**	—	**668**	553
Gain (loss) on risk management and other instruments - realized	**–**	(1)	**(6)**	(3)	**(2)**	(1)	**–**	—	**–**	—	**(8)**	(5)
Gain (loss) on foreign exchange - realized	**–**	—	**(3)**	6	**–**	—	**(4)**	—	**(1)**	11	**(8)**	17
Other adjusting items to adjusted gross margin[3]	**–**	—	**–**	—	**–**	—	**–**	—	**3**	(1)	**3**	(1)
Fuel and petroleum product adjusted gross margin	**196**	203	**134**	130	**76**	29	**247**	192	**2**	10	**655**	564
Non-fuel adjusted gross margin	**51**	50	**24**	27	**49**	34	**–**	(1)	**–**	—	**124**	110
Total adjusted gross margin	**247**	253	**158**	157	**125**	63	**247**	191	**2**	10	**779**	674
Operating costs[5]	**115**	106	**37**	36	**64**	31	**78**	61	**–**	—	**294**	234
Marketing, general and administrative[5]	**28**	19	**21**	21	**17**	11	**8**	6	**31**	22	**105**	79
Share in (earnings) loss of associates and joint ventures	**–**	—	**(7)**	(3)	**–**	—	**–**	—	**–**	—	**(7)**	(3)
Other adjusting items to Adjusted EBITDA[4]	**(1)**	—	**(4)**	—	**–**	—	**–**	—	**–**	—	**(5)**	—
Adjusted EBITDA including NCI	**105**	128	**111**	103	**44**	21	**161**	124	**(29)**	(12)	**392**	364
Attributable to NCI	**–**	—	**28**	26	**–**	—	**–**	—	**–**	—	**28**	26
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**105**	128	**83**	77	**44**	21	**161**	124	**(29)**	(12)	**364**	338
Reconciliation to net earnings (loss)												
Adjusted EBITDA including NCI											**392**	364
Acquisition, integration and other costs											**12**	9
Depreciation and amortization											**152**	163
Finance costs											**61**	63
(Gain) loss on foreign exchange – unrealized											**(16)**	(1)
(Gain) loss on asset disposals											**(10)**	2
(Gain) loss on risk management and other instruments – unrealized											**(2)**	(16)
Other (gains) and losses											**9**	12
Other adjusting items[3][4]											**8**	(1)
Income tax expense (recovery)											**48**	42
Net earnings (loss)											**130**	91
Additions to property, plant and equipment and intangible assets[7]	**30**	12	**14**	9	**7**	3	**19**	8	**6**	3	**76**	35
Attributable to NCI	**–**	—	**3**	2	**–**	—	**–**	—	**–**	—	**3**	2
Additions to property, plant and equipment and intangible assets attributable to Parkland	**30**	12	**11**	7	**7**	3	**19**	8	**6**	3	**73**	33
Property, plant and equipment, intangible asset and goodwill acquisitions[7]	**–**	—	**117**	—	**124**	—	**20**	—	**–**	—	**261**	—

(1) Fuel and petroleum product volume represents external volumes only. Inter-segment volumes are excluded.
(2) See sections (a) and (b) for further details on sales and operating revenue.
(3) Other adjusting items to adjusted gross margin include Corporate: $3 loss (2020 - $1 gain) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized.
(4) Other adjusting items to Adjusted EBITDA include the following: (i) Canada: customer finance income of $1 (2020 - nil); and (ii) International: share of depreciation and income taxes for Isla joint venture of $3 (2020 - nil) - see Note 4 and other income of $1 (2020 - nil).
(5) Operating costs and marketing, general and administrative expenses are both presented net of Canada Emergency Wage Subsidy of nil and nil, respectively (2020 - $9 and $8). Operating costs are split as follows: Canada: nil (2020 - $6) and Supply: nil (2020 - $3). Marketing, general and administrative expenses are split as follows: Canada: nil (2020 - $4), Supply: nil (2020 - $1), and Corporate: nil (2020 - $3).
(6) For comparative purposes, information for the three months ended September 30, 2020 was restated due to a change in segment presentation as described in Note 2(f). Additionally, certain amounts within fuel and petroleum product volumes, sales and operating revenue, and cost of purchases were restated and reclassified to conform to the presentation used in the current period.
(7) Property, plant and equipment additions and acquisitions do not include the right-of-use asset.

Segment information	**Canada**		**International**		**USA**[6]		**Supply**[6]		**Corporate**		**Consolidated**	
For the nine months ended September 30,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Fuel and petroleum product volume (million litres)[1]	**6,623**	6,497	**3,755**	3,730	**3,804**	2,243	**3,381**	3,469	**–**	—	**17,563**	15,939
Sales and operating revenue[2]	**6,275**	4,819	**3,329**	2,730	**3,449**	1,575	**2,207**	1,381	**–**	—	**15,260**	10,505
Cost of purchases	**5,548**	4,124	**2,834**	2,321	**3,139**	1,394	**1,512**	946	**–**	—	**13,033**	8,785
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	**575**	554	**432**	336	**188**	86	**692**	431	**–**	—	**1,887**	1,407
Gain (loss) on risk management and other instruments - realized	**1**	(1)	**(56)**	23	**(15)**	22	**(16)**	(1)	**–**	—	**(86)**	43
Gain (loss) on foreign exchange - realized	**–**	(1)	**(2)**	3	**–**	—	**–**	(11)	**3**	(3)	**1**	(12)
Other adjusting items to adjusted gross margin[3]	**–**	4	**–**	—	**–**	—	**–**	(4)	**1**	3	**1**	3
Fuel and petroleum product adjusted gross margin	**576**	556	**374**	362	**173**	108	**676**	415	**4**	—	**1,803**	1,441
Non-fuel adjusted gross margin	**152**	141	**63**	73	**122**	95	**3**	4	**–**	—	**340**	313
Total adjusted gross margin	**728**	697	**437**	435	**295**	203	**679**	419	**4**	—	**2,143**	1,754
Operating costs[5]	**331**	316	**106**	117	**159**	104	**205**	199	**–**	—	**801**	736
Marketing, general and administrative[5]	**76**	59	**59**	63	**41**	35	**23**	19	**88**	66	**287**	242
Share in (earnings) loss of associates and joint ventures	**–**	—	**(11)**	(7)	**–**	—	**–**	—	**–**	—	**(11)**	(7)
Other adjusting items to Adjusted EBITDA[4]	**(1)**	(1)	**(6)**	(2)		—	**–**	—	**–**	—	**(7)**	(3)
Adjusted EBITDA including NCI	**322**	323	**289**	264	**95**	64	**451**	201	**(84)**	(66)	**1,073**	786
Attributable to NCI	**–**	—	**73**	66	**–**	—	**–**	—	**–**	—	**73**	66
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**322**	323	**216**	198	**95**	64	**451**	201	**(84)**	(66)	**1,000**	720
Reconciliation to net earnings (loss)												
Adjusted EBITDA including NCI											**1,073**	786
Acquisition, integration and other costs											**28**	38
Depreciation and amortization											**460**	465
Finance costs											**237**	192
(Gain) loss on foreign exchange – unrealized											**(13)**	(2)
(Gain) loss on asset disposals											**(8)**	1
(Gain) loss on risk management and other instruments – unrealized											**21**	1
Other (gains) and losses											**164**	25
Other adjusting items[3][4]											**8**	6
Income tax expense (recovery)											**58**	12
Net earnings (loss)											**118**	48
Additions to property, plant and equipment and intangible assets[7]	**62**	44	**37**	42	**24**	10	**44**	152	**16**	13	**183**	261
Attributable to NCI	**–**	—	**9**	10	**–**	—	**–**	—	**–**	—	**9**	10
Additions to property, plant and equipment and intangible assets attributable to Parkland	**62**	44	**28**	32	**24**	10	**44**	152	**16**	13	**174**	251
Property, plant and equipment, intangible asset and goodwill acquisitions[7]	**3**	—	**124**	—	**435**	96	**36**	—	**–**	—	**598**	96

(1) Fuel and petroleum product volume represents external volumes only. Inter-segment volumes are excluded.

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

(3) Other adjusting items to adjusted gross margin include the following: (i) Corporate: $1 loss (2020 - $3 loss); Supply: nil (2020 - $5 loss) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) Canada: nil (2020 - $4) in fuel discounts provided to frontline workers within fuel and petroleum product cost of purchases; and (iii) Supply: an unrealized gain of nil (2020 - $9 gain) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases.

(4) Other adjusting items to Adjusted EBITDA include the following: (i) Canada: customer finance income of $1 (2020 - $1); (ii) International: share of depreciation and income taxes for the Isla joint venture of $3 (2020 - nil) - see Note 4, adjustments to share of income from equity accounted associates of $1 (2020 - nil) and other income of $2 (2020 - $2).

(5) Operating costs and marketing, general and administrative expenses are both presented net of Canada Emergency Wage Subsidy of $5 and $5, respectively (2020 - $23 and $19). Operating costs are split as follows: Canada: $3 (2020 - $14) and Supply: $2 (2020 - $9). Marketing, general and administrative expenses are split as follows: Canada: $2 (2020 - $10); Supply: $1 (2020 - $2); and Corporate: $2 (2020 - $7).

(6) For comparative purposes, information for the nine months ended September 30, 2020 was restated due to a change in segment presentation as described in Note 2(f). Additionally, certain amounts within fuel and petroleum product volumes, sales and operating revenue, and cost of purchases were restated and reclassified to conform to the presentation used in the current period.

(7) Property, plant and equipment additions and acquisitions do not include the right-of-use asset.

($ millions, unless otherwise stated)

(a) Geographic information

Sales and operating revenue from external customers	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Canada	**2,978**	2,008	**7,661**	5,710
United States	**1,984**	841	**5,076**	2,414
Other countries	**1,044**	649	**2,523**	2,381
Total	**6,006**	3,498	**15,260**	10,505

	September 30, 2021			
	Canada	**United States**	**Other countries**	**Consolidated**
Property, plant and equipment	**2,426**	**462**	**913**	**3,801**
Intangible assets	**525**	**222**	**298**	**1,045**
Goodwill	**1,168**	**399**	**513**	**2,080**
Total	**4,119**	**1,083**	**1,724**	**6,926**

	December 31, 2020			
	Canada	United States	Other Countries	Consolidated
Property, plant and equipment	2,535	266	1,005	3,806
Intangible assets	531	162	256	949
Goodwill	1,168	209	487	1,864
Total	4,234	637	1,748	6,619

(b) Sales and operating revenue by product

	Canada		**International**		**USA**[5]		**Supply**[5]		**Consolidated**	
For the three months ended September 30,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Gas and diesel[5]	**2,279**	1,557	**1,045**	662	**1,236**	375	**434**	229	**4,994**	2,823
Liquid petroleum gas[1]	**31**	21	**21**	9	**5**	3	**79**	77	**136**	110
Other fuel and petroleum products[2][5]	**–**	–	**160**	90	**20**	–	**350**	168	**530**	258
Fuel and petroleum product revenue	**2,310**	1,578	**1,226**	761	**1,261**	378	**863**	474	**5,660**	3,191
Convenience store[3]	**98**	105	**3**	3	**66**	35	**–**	–	**167**	143
Lubricants and other non-fuel[4][5]	**37**	38	**29**	34	**113**	92	**–**	–	**179**	164
Non-fuel revenue	**135**	143	**32**	37	**179**	127	**–**	–	**346**	307
Sales and operating revenue	**2,445**	1,721	**1,258**	798	**1,440**	505	**863**	474	**6,006**	3,498

	Canada		**International**		**USA**[5]		**Supply**[5]		**Consolidated**	
For the nine months ended September 30,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Gas and diesel[5]	**5,745**	4,291	**2,736**	2,201	**2,928**	1,107	**1,117**	657	**12,526**	8,256
Liquid petroleum gas[1]	**135**	111	**62**	29	**12**	13	**286**	273	**495**	426
Other fuel and petroleum products[2][5]	**–**	–	**439**	391	**42**	83	**801**	448	**1,282**	922
Fuel and petroleum product revenue	**5,880**	4,402	**3,237**	2,621	**2,982**	1,203	**2,204**	1,378	**14,303**	9,604
Convenience store[3]	**278**	291	**8**	9	**155**	90	**–**	–	**441**	390
Lubricants and other non-fuel[4][5]	**117**	126	**84**	100	**312**	282	**3**	3	**516**	511
Non-fuel revenue	**395**	417	**92**	109	**467**	372	**3**	3	**957**	901
Sales and operating revenue	**6,275**	4,819	**3,329**	2,730	**3,449**	1,575	**2,207**	1,381	**15,260**	10,505

[1] Liquid petroleum gas includes propane and butane.
[2] Other fuel and petroleum products include crude oil, aviation fuel, asphalt, fuel oils, gas oils, ethanol and biodiesel.
[3] Convenience store revenue generated from Canada, International, and USA depends on the business model operated by each segment.
[4] Lubricants and other non-fuel include lubricants, rent, freight, tanks and parts installation, cylinder exchanges, royalties, emission allowances and other products and services.
[5] For comparative purposes, information for the three and nine months ended September 30, 2020 was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first nine months of 2021. Additionally, certain amounts within sales and operating revenue were restated and reclassified to conform to the presentation used in the current period.

(c) Changes in segment presentation

For comparative purposes, information for the prior periods reported in 2020 was retrospectively restated due to a change in segment presentation in the first nine months of 2021 and reclassifications to conform to the presentation used in the current period and in the Annual Consolidated Financial Statements. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first nine months of 2021. The restated comparative information for USA and Supply is as follows:

Segment information	USA					Supply				
	2020					2020				
	For the year ended	For the three months ended				For the year ended	For the three months ended			
	Dec 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31	Sep 30	Jun 30	Mar 31
Fuel and petroleum product volume (million litres)[1]	3,057	814	767	712	764	4,676	1,207	1,113	968	1,388
Sales and operating revenue										
Fuel and petroleum product revenue	1,621	418	378	329	496	1,841	463	474	327	577
Non-fuel revenue	488	116	127	122	123	9	6	—	—	3
Sales and operating revenue	2,109	534	505	451	619	1,850	469	474	327	580
Cost of purchases	1,872	478	441	380	573	1,260	314	283	227	436
Adjusted gross margin										
Fuel and petroleum product adjusted gross margin	136	28	29	45	34	564	149	192	90	133
Non-fuel adjusted gross margin	125	30	34	31	30	9	5	(1)	2	3
Total adjusted gross margin	261	58	63	76	64	573	154	191	92	136
Other adjusting items										
Operating costs	142	38	31	38	35	267	68	61	53	85
Marketing, general and administrative	47	12	11	11	13	24	5	6	4	9
Adjusted EBITDA	72	8	21	27	16	282	81	124	35	42

[1] Fuel and petroleum product volume represents external volumes only. Inter-segment volumes are excluded.

13. COMMITMENTS

During the three months ended September 30, 2021, Parkland entered into a pipeline commitment of $1,019 with a contract term of 20 years, which is contingent upon completion of the pipeline.