Parkland Corporation

Consolidated Financial Statements

For the year ended December 31, 2021

PARKLAND

Management's responsibility for the consolidated financial statements

The consolidated financial statements and the notes to the consolidated financial statements are the responsibility of the management of Parkland Corporation. They have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, which have been adopted in Canada. Financial information that is presented in the Management's Discussion and Analysis is consistent with the consolidated financial statements.

In preparation of these consolidated financial statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgments and are properly reflected in the accompanying consolidated financial statements.

Management is responsible for the reliability and integrity of the consolidated financial statements, the notes to the consolidated financial statements and other financial information contained in this report. In order to ensure that management fulfils its responsibilities for financial reporting, we have established an organizational structure that provides appropriate delegation of authority, division of responsibilities, and selection and training of properly qualified personnel. Management is also responsible for the development of internal controls over the financial reporting process.

The Board of Directors (the "Board") is assisted in exercising its responsibilities by the audit committee (the "Committee") of the Board. The Committee meets regularly with management and the independent auditors to satisfy itself that management's responsibilities are properly discharged, to review the consolidated financial statements and to recommend approval of the consolidated financial statements to the Board.

PricewaterhouseCoopers LLP, the independent auditors appointed by the shareholders, have audited Parkland Corporation's consolidated financial statements in accordance with Canadian generally accepted auditing standards and provided an independent professional opinion. The auditors have full and unrestricted access to the Committee to discuss the audit and their related findings as to the integrity of the financial reporting process.

(signed) "Robert B. Espey"

Robert B. Espey
President and Chief Executive Officer

(signed) "Marcel Teunissen"

Marcel Teunissen
Chief Financial Officer

March 3, 2022

Independent auditor's report

To the Shareholders of Parkland Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Parkland Corporation and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and January 1, 2020, and its financial performance and its cash flows for the years ended December 31, 2021 and 2020 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2021 and 2020 and January 1, 2020;
- the consolidated statements of income (loss) for the years ended December 31, 2021 and 2020;
- the consolidated statements of comprehensive income (loss) for the years ended December 31, 2021 and 2020;
- the consolidated statements of changes in shareholders' equity for the years ended December 31, 2021 and 2020;
- the consolidated statements of cash flows for the years ended December 31, 2021 and 2020; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of Goodwill Refer to note 9 - Goodwill and note 2 - Summary of significant accounting policies, (q) Impairment of non-financial assets and (ac) Significant accounting estimates, assumptions and judgements, to the December 31, 2021 consolidated financial statements. Goodwill is tested for impairment annually, or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired. Impairment is determined by assessing the recoverable amount of each cash generating unit ("CGU") group, as compared to each CGU group's carrying amount. When the carrying amount of a CGU group exceeds its recoverable amount, goodwill is considered impaired and is written down to its recoverable amount. The carrying value of goodwill, as at December 31, 2021, was $2,191 million. Management performed its annual impairment test for goodwill and no impairment was identified. Management determined the recoverable amount for each CGU group using a fair value less cost of disposal ("FVLCOD") approach. FVLCOD for each CGU group was calculated using the Company's adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") forecast, implied earnings multiples and estimated costs of disposal. The adjusted EBITDA forecast was determined by management with reference to current year results and the Board of Directors approved budget. The implied earnings multiples were determined with reference to average multiples of comparable public companies for the respective CGU group and consideration of recently completed transactions. The estimated costs of disposal were established with reference to recently completed market transactions. We considered this a key audit matter due to (i) the significance of the goodwill balance and (ii) the significant judgement by management in determining the recoverable amount of the CGU group, including the use of significant assumptions in determining the adjusted EBITDA forecasts and implied earnings multiples. This has resulted in a high degree of subjectivity and audit effort in performing audit procedures to test the significant assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of the goodwill, for each CGU group, which included the following: ◦ Tested the mathematical accuracy of the FVLCOD calculations provided by management. ◦ Evaluated the reasonableness of the adjusted EBITDA forecast by comparing it to the current and past performance of the Company's CGU groups, available third party published industry data, and evidence obtained in other areas of the audit. ◦ Involved professionals with specialized skill and knowledge in the field of valuation to assist in evaluating the appropriateness of the FVLCOD approach and in assessing the reasonability of the implied earnings multiples based on comparative market data. ◦ Tested the underlying data used in the FVLCOD calculations. • Tested the disclosures made in the consolidated financial statements, particularly with regards to the sensitivity of the adjusted EBITDA forecast and earnings multiples used.

Valuation of intangible assets acquired in Conrad & Bischoff Inc. and Urbieta Oil Co. 2021 business combinations

Refer to note 19 - Business combinations and other acquisitions and note 2 - Summary of significant accounting policies, (e) Business combinations and goodwill, (p) Intangible assets and (ac) Significant accounting estimates, assumptions and judgements, to the December 31, 2021 consolidated financial statements.

During 2021, the Company completed the acquisitions of Conrad & Bischoff Inc. and Urbieta Oil Co. Management accounted for these transactions using the acquisition method, which requires that the identifiable assets acquired and liabilities assumed be measured at their fair values at the acquisition date, with any excess of the fair value of the purchase consideration transferred over the fair value of the identifiable assets and liabilities being recorded as goodwill. The total purchase consideration transferred for these acquisitions was $595 million. The fair value of the identifiable assets acquired included $87 million in intangible assets.

Management applied significant judgment in estimating the fair values of the intangible assets. To estimate the fair values of the intangible assets, management uses the income approach to value banners and trademarks and the income approach or multi-period excess earnings approach to value franchise agreements and other intangible assets, such as customer relationships. These methods are based on discounted cash flows expected to be derived from ownership of the assets. The present value of the cash flows represents the value of the intangible asset.When applying these valuation approaches management develops significant assumptions related to cash flow projections, including the period of future benefits, growth rates and discount rates.

We considered this a key audit matter due to the significant judgment by management in estimating the fair values of the intangible assets when applying the multi-period excess earnings approach, including the development of significant assumptions, related to growth rates and discount rates. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to these significant assumptions. The audit effort also involved the use of professionals with specialized skill and knowledge in the field of valuation.

Our approach to addressing the matter included the following procedures, among others:

- Tested how management estimated the fair values of the intangible assets using the multi-period excess earnings approach, which included the following:
  - Read the purchase agreements.
  - Tested the mathematical accuracy of the fair value calculations.
  - Tested the underlying data used by management in the fair value calculations.
  - Evaluated the reasonableness of the growth rates by considering the performance of previously acquired similar companies subsequent to acquisition, economic and industry forecasts, board approved budgets and evidence obtained in other areas of the audit.
  - Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of management's multi-period excess earnings approach, as well as the reasonableness of the discount rates.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

- up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Courtney Kolla.

(Signed – PricewaterhouseCoopers LLP/s.r.l/s.e.n.c.r.l)
Chartered Professional Accountants

Calgary, Alberta
March 3, 2022

Parkland Corporation

Consolidated Balance Sheets

($ millions)	Note	**December 31, 2021**	December 31, 2020	January 1, 2020
Assets				
Current assets				
Cash and cash equivalents		**284**	262	244
Restricted cash		**42**	34	13
Accounts receivable	4	**1,392**	790	1,083
Inventories[1]	2, 5	**1,265**	674	800
Income taxes receivable		**7**	36	—
Risk management and other[1]	2, 14	**40**	23	5
Prepaid expenses and other		**97**	59	59
		3,127	1,878	2,204
Non-current assets				
Property, plant and equipment	6	**4,429**	3,806	3,747
Intangible assets	8	**1,083**	949	965
Goodwill	9	**2,191**	1,864	1,811
Investments in associates and joint ventures[1]	11	**319**	162	152
Long-term receivables		**75**	80	88
Other long-term assets[1]	2, 12	**130**	192	149
Deferred tax assets	23	**196**	163	167
		11,550	9,094	9,283
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		**1,950**	1,212	1,358
Dividends declared and payable		**16**	16	15
Income taxes payable		**64**	19	52
Long-term debt – current portion	13	**124**	114	115
Provisions and other liabilities – current portion	16	**60**	233	345
Risk management and other	14	**39**	31	11
		2,253	1,625	1,896
Non-current liabilities				
Long-term debt	13	**5,432**	3,861	3,823
Provisions and other liabilities	16	**1,196**	1,036	956
Deferred tax liabilities	23	**337**	306	299
		9,218	6,828	6,974
Shareholders' equity				
Shareholders' capital	17	**2,586**	2,440	2,382
Contributed surplus		**59**	50	27
Accumulated other comprehensive income (loss)		**(39)**	(28)	(10)
Sol Put Option reserve	16	**(494)**	(494)	(494)
Retained earnings (deficit)		**(142)**	(49)	53
Non-controlling interest ("NCI")	18	**362**	347	351
		2,332	2,266	2,309
		11,550	9,094	9,283

[1] Certain comparative figures have been reclassified to conform with the current year's presentation as described in Note 2.

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors:

(signed) "James Pantelidis"

James Pantelidis
Chairman of the Board
March 3, 2022

(signed) "Steven Richardson"

Steven P. Richardson
Chairman of the Audit Committee

Parkland Corporation

Consolidated Statements of Income (Loss)

For the years ended ($ millions, unless otherwise stated)	Note	**December 31, 2021**	December 31, 2020
Sales and operating revenue	25	**21,468**	14,011
Expenses			
Cost of purchases		**18,512**	11,675
Operating costs	20	**1,109**	992
Marketing, general and administrative	20	**406**	325
Acquisition, integration and other costs	19	**52**	52
Depreciation and amortization	6, 8	**616**	609
Finance costs	21	**323**	250
Foreign exchange (gain) loss	14	**(10)**	5
(Gain) loss on asset disposals		**(13)**	2
(Gain) loss on risk management and other		**124**	(41)
Other (gains) and losses	22	**203**	(4)
Share of (earnings) loss of associates and joint ventures	11	**(16)**	(8)
Earnings (loss) before income taxes		**162**	154
Current income tax expense (recovery)	23	**43**	32
Deferred income tax expense (recovery)	23	**(7)**	10
Net earnings (loss)		**126**	112
Net earnings (loss) attributable to:			
Parkland		**97**	82
NCI	18	**29**	30
Net earnings (loss) per share ($ per share)	3		
Basic		**0.64**	0.55
Diluted		**0.64**	0.54
Weighted average number of common shares (000's of shares)	3	**151,451**	149,074
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)	3	**152,470**	150,909

See accompanying notes to the consolidated financial statements.

Parkland Corporation

Consolidated Statements of Comprehensive Income (Loss)

For the years ended ($ millions)	Note	**December 31, 2021**	December 31, 2020
Net earnings (loss)		**126**	112
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 and other		**(32)**	(56)
Exchange differences on USD-denominated debt designated as a hedge of the net investment in foreign operations ("Net Investment Hedge"), net of tax	13	**10**	32
Changes in the fair value of cash flow hedges, net of tax		**5**	—
Hedging (gains) losses reclassified to the consolidated statements of income (loss)		**(3)**	—
Items that will not be reclassified to consolidated statements of income (loss) in subsequent periods:			
Remeasurements on employee benefit plans		**1**	(5)
Other comprehensive income (loss)		**(19)**	(29)
Total comprehensive income (loss)		**107**	83
Total comprehensive income (loss) attributable to:			
Parkland		**86**	64
NCI	18	**21**	19

See accompanying notes to the consolidated financial statements.

Parkland Corporation

Consolidated Statements of Changes in Shareholders' Equity

($ 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)		**–**	**–**	**–**	**–**	**97**	**29**	**126**
Other comprehensive income (loss)		**–**	**–**	**(11)**	**–**	**–**	**(8)**	**(19)**
Shares issued on the 2021 USA Acquisitions	19	**53**	**–**	**–**	**–**	**–**	**–**	**53**
Dividends		**–**	**–**	**–**	**–**	**(190)**	**(6)**	**(196)**
Share incentive compensation		**–**	**22**	**–**	**–**	**–**	**–**	**22**
Shares issued under the ATM equity program, net of costs	17	**22**	**–**	**–**	**–**	**–**	**–**	**22**
Issued under dividend reinvestment plan, net of costs	17	**58**	**–**	**–**	**–**	**–**	**–**	**58**
Issued under share option plan	17	**8**	**(1)**	**–**	**–**	**–**	**–**	**7**
Issued on vesting of performance share units	17	**5**	**(12)**	**–**	**–**	**–**	**–**	**(7)**
As at December 31, 2021		**2,586**	**59**	**(39)**	**(494)**	**(142)**	**362**	**2,332**
As at January 1, 2020		2,382	27	(10)	(494)	53	351	2,309
Net earnings (loss)		–	–	–	–	82	30	112
Other comprehensive income (loss)		–	–	(18)	–	–	(11)	(29)
Shares Issued on the USA Acquisitions	19	1	–	–	–	–	–	1
Dividends		–	–	–	–	(184)	(23)	(207)
Share incentive compensation		–	25	–	–	–	–	25
Issued under dividend reinvestment plan, net of costs	17	47	–	–	–	–	–	47
Issued under share option plan	17	11	(1)	–	–	–	–	10
Issued on vesting of performance share units	17	(1)	(1)	–	–	–	–	(2)
As at December 31, 2020		2,440	50	(28)	(494)	(49)	347	2,266

See accompanying notes to the consolidated financial statements.

Parkland Corporation

Consolidated Statements of Cash Flows

For the years ended ($ millions)	Note	**December 31, 2021**	December 31, 2020
Operating activities			
Net earnings (loss)		**126**	112
Adjustments for:			
Depreciation and amortization		**616**	609
(Gain) loss on asset disposals		**(13)**	2
Interest on leases and long-term debt[1]	2, 21	**223**	233
Share incentive compensation		**27**	25
Change in risk management and other	2	**(5)**	(2)
Change in other liabilities and other assets	2	**11**	(15)
Change in fair value of Redemption Options	22	**86**	(34)
Change in redemption value of Sol Put Option	14,16,22	**87**	23
Deferred tax expense (recovery)	23	**(7)**	10
Share of net earnings (loss) of associates and joint ventures	11	**(16)**	(8)
Early redemption premiums	21	**67**	—
Other operating activities		**44**	32
Net change in non-cash working capital related to operating activities[1]	2, 10	**(342)**	183
Cash generated from (used in) operating activities		**904**	1,170
Financing activities			
Net proceeds from (repayments of) the Credit Facility	13	**(49)**	84
Long-term debt repayments, excluding the Credit Facility	13	**(1,733)**	(425)
Proceeds from long-term debt, net of financing costs, excluding the Credit Facility	13	**3,183**	396
Early redemption premiums paid	21	**(67)**	—
Interest paid on leases and long-term debt[1]	21	**(227)**	(236)
Payments on principal amount on leases	7	**(142)**	(149)
Change in provisions and other liabilities	16	**(194)**	(114)
Dividends paid to shareholders, net of dividend reinvestment plan		**(132)**	(136)
Dividends paid to non-controlling interest	18	**(6)**	(23)
Shares issued for cash, net of share issuance costs	17	**22**	—
Cash generated from (used in) financing activities		**655**	(603)
Investing activities			
Acquisitions	19	**(1,043)**	(209)
Investment in joint venture and associates	11	**(92)**	—
Dividends received from investments in associates and joint ventures	11	**14**	10
Additions to property, plant and equipment and intangible assets	6, 8	**(396)**	(353)
Change in long-term receivables		**(4)**	13
Proceeds on asset disposals		**14**	16
Net change in non-cash working capital related to investing activities	10	**(6)**	8
Cash generated from (used in) investing activities		**(1,513)**	(515)
Increase (decrease) in net cash		**46**	52
Impact of foreign currency translation on cash		**(16)**	(13)
Net cash at beginning of period		**296**	257
Net cash at end of period		**326**	296
Represented by:			
Cash and cash equivalents		**284**	262
Restricted cash		**42**	34
Net cash		**326**	296
Supplementary cash flow information:			
Income taxes refunded (paid)		**35**	(102)

[1] Certain comparative figures have been reclassified to conform with the current year's presentation as described in Note 2.

See accompanying notes to the consolidated financial statements.

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 consolidated financial statements include the results of Parkland and its subsidiaries together with its interest in investments in associates and joint arrangements as at December 31, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Parkland's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved for issue by the Board of Directors on March 3, 2022.

(a) Basis of measurement

Parkland's consolidated financial statements are prepared on a historical cost basis, except for certain items recorded at fair value as detailed in the accounting policies disclosed below.

(b) Presentation and functional currency

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

(c) 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 for the year ended December 31, 2021. As a result of the change in organizational structure, the chief operating decision makers assess performance, monitor results and allocate 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 10.
- 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".
- Investment in associates and joint ventures, formerly included in "Other long-term assets", is now presented separately on the consolidated balance sheets and the related share of (earnings) loss of associates and joint ventures, formerly included in "Other (gains) and losses", is now presented separately on the consolidated statements of income (loss).
- Emission credits and allowances held for trading, formerly included in "Risk management and other", are now presented in "Inventories".

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Parkland and its subsidiaries. Subsidiaries are all entities over which Parkland has control. Control is achieved when Parkland is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany transactions, balances, and unrealized gains and losses are eliminated upon consolidation. Subsidiaries are consolidated from the date control is obtained by Parkland and de-consolidated from the date control ceases.

Non-controlling interest ("NCI") represents the portion of equity ownership in subsidiaries not attributable to Parkland shareholders. NCI is initially measured as the proportionate share of its interest in the acquiree's identifiable net assets as at the date of acquisition and subsequently adjusted for the proportionate share of net earnings and other comprehensive income (loss) attributable to the NCI, as well as any dividends or distributions paid to the NCI.

(e) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Goodwill is measured at cost, being the difference between the acquisition date fair value of consideration transferred, including the recognized amount of any non-controlling interest in the acquiree over the net fair value amount of the identifiable assets acquired and the liabilities assumed, all measured as at the acquisition date. Consideration transferred includes the fair value of assets transferred (including cash and contingent consideration, if any), liabilities incurred by Parkland on behalf of the acquiree, and equity interests issued by Parkland. Goodwill is allocated to the cash-generating units ("CGUs") or group of CGUs ("CGU group") expected to benefit from the business combination.

The fair values of property, plant and equipment recognized as a result of a business combination are based on either the cost approach or market approach, as applicable. Under the cost approach, the current replacement cost or reproduction cost for each major asset is calculated. Under the market approach, the market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties each act knowledgeably and willingly.

The fair values of banners and trademarks acquired in a business combination are determined using an income approach. The fair values of franchise agreements and other intangible assets, such as customer relationships, are determined using an income approach or multi-period excess earnings approach. These methods are based on the discounted cash flows expected to be derived from ownership of the assets. The present value of the cash flows represents the value of the intangible asset. The fair value of off-market leases acquired in a business combination is determined based on the present value of the difference between market rates and rates in the existing leases.

The fair values of inventories acquired in a business combination are determined based on the estimated selling price in the ordinary course of business less the estimated costs of sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Acquisition-related costs are expensed as incurred and are included in acquisition, integration and other costs.

(f) Foreign currency translation

The functional currency for each of Parkland's individual entities is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the respective functional currencies at the exchange rates applicable on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the appropriate functional currency at the exchange rate at the consolidated balance sheet date. Foreign exchange gains and losses are recorded in the consolidated statements of income (loss). Non-monetary assets measured in a foreign currency at historical cost are translated using the exchange rate at the date of the transaction.

On consolidation, the financial statements of foreign operations are translated into Canadian dollars. The assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rate prevailing at the consolidated balance sheet date. Revenue and expenses of foreign operations are translated into Canadian dollars at the exchange rates that approximate those on the dates of the transactions. Foreign exchange differences arising on translation for consolidation are recognized in other comprehensive income (loss). The results and financial position of subsidiaries with the functional currencies of hyperinflationary economies, after being restated for the effects of inflation, are translated into Canadian dollars at the exchange rate prevailing at the consolidated balance sheet date.

(g) Joint arrangements

Joint arrangements represent activities where Parkland has joint control established by a contractual agreement. Joint control requires unanimous consent for financial and operational decisions. A joint arrangement can be classified as either a joint operation or a joint venture. Classification of a joint arrangement requires judgment. In determining classification, Parkland considers the legal structure of the joint arrangement and whether the contractual rights and obligations of the arrangement give Parkland direct rights to the assets and obligations for the liabilities within the normal course of business.

Where Parkland has rights to the assets and obligations for the liabilities of a joint arrangement, such arrangements are classified as a joint operation with Parkland's share of the assets, liabilities, revenue and expenses included in the consolidated financial statements.

Where Parkland has rights to the net assets of an arrangement, the arrangement is classified as a joint venture and accounted for using the equity method of accounting. Under the equity method, Parkland's initial investment is recognized at cost and subsequently adjusted for Parkland's share of the joint venture's total comprehensive income or loss, less distributions received.

(h) Investments in associates

An associate is an entity for which Parkland has significant influence and thereby has the power to participate in the financial and operational decisions but does not control or jointly control the investee. Investments in associates are accounted for using the equity method of accounting and are recognized at cost and subsequently adjusted for the proportionate share of the investee's net assets. Parkland's consolidated financial statements include its share of the investee's net earnings and other comprehensive income (loss) until the date that significant influence ceases. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

(i) Operating segments

An operating segment is a component of Parkland for which discrete financial information is available and whose operating results are regularly reviewed by Parkland's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of Parkland's other operations. Parkland makes adjustments and eliminations in preparing the financial statements and allocates revenues, expenses, and gains and losses in determining the reported segment performance measures, only if they are included in the performance measures used by the chief operating decision maker.

(j) Cash, cash equivalents and restricted cash

Cash and cash equivalents consist primarily of cash on hand, deposits held with banks and other highly liquid investments. Restricted cash is cash that is pledged as collateral or guarantees for certain of Parkland's projects, obligations, and agreements.

(k) Inventories

Inventories are valued at the lower of cost and net realizable value on a weighted average cost basis or first-in, first-out basis. The cost of inventories includes the cost of purchase net of vendor rebates and discounts and other costs directly incurred to bring each product to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. If the carrying amount exceeds the net realizable value, a write-down is recognized.

(l) Emission credits and allowances

Emission credits and allowances purchased, or internally generated for use by Parkland are recorded at cost and are carried at the lower of cost and net realizable value in inventories. Credits granted to Parkland are recorded at nominal value.

Emission credits and allowances that are held for trading are carried within inventories and are valued at fair value less costs to sell. The cost to sell is usually nominal and is not factored into the valuation. Realized and unrealized gains and losses from the emission credits and allowances held for trading are included in net earnings within gain (loss) on risk management and other. Forward or option agreements to purchase or sell emission credits and allowances that meet the definition of a derivative are accounted for using the fair value method of accounting within risk management and other. Realized and unrealized gains and losses from those instruments are included in net earnings within gain (loss) on risk management and other.

Emission liabilities are recorded in the period in which the emissions occur using the best estimate of the amount required by Parkland to settle its obligation based on the carrying amount of emissions credits and allowances held on hand and the expected market price of the additional credits and allowances required to cover the shortfall in meeting the obligation. Offsetting of the emission credits and allowances against the respective liabilities occurs at the end of the compliance period, when the credits and allowances are used to settle the liabilities.

(m) Cost of purchases

Cost of purchases consists primarily of costs to purchase fuel and petroleum products as well as non-fuel products. In addition, transportation costs, excise taxes, emission credits and allowances, gains and losses on Intermediation Facility Derivatives (see Note 16), and miscellaneous materials are included.

(n) Property, plant and equipment

Property, plant and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures directly attributable to the acquisition of the asset. The costs of major refurbishments, turnarounds, overhauls or replacements are capitalized when it is probable the future economic benefits will be realized by Parkland and the associated carrying amount of the replaced component is derecognized.

Planned major maintenance includes inspection, repair, maintenance and replacement of existing components and is performed at regular intervals. Costs incurred for planned major maintenance activities are capitalized in the period maintenance activities occur and are amortized on a straight-line basis over the term until the next major maintenance event. All other repair and maintenance costs are recognized in the consolidated statements of income (loss) as incurred.

Land is recorded at cost, less any accumulated impairment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Land	Not depreciated
Land improvements	20 to 25 years
Buildings and structures	15 to 50 years
Plant and equipment	3 to 35 years

The estimated useful lives and depreciation methods are reviewed annually and adjusted prospectively as appropriate. Any gain or loss arising on derecognition of property, plant and equipment is recognized in the consolidated statements of income (loss) within gain or loss on asset disposals.

(o) Leases

Parkland holds various leases for assets such as land, buildings, shipping vessels, railcars, vehicles, tanks and others to support the operations of the business.

Parkland as a lessee

Parkland distinguishes between leases and service contracts based on whether it controls the use of an identified asset (right-of-use asset). Control is considered to exist if Parkland has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset.

Lease liabilities and right-of-use assets are recognized on the consolidated balance sheets when the leased assets are available for use by Parkland and measured on a present value basis.

Lease liabilities are measured at the net present value of the fixed or in-substance fixed payments, variable lease payments based on the index or a rate, amounts expected to be paid by the lessee under the residual value guarantees over the remaining lease term, as well as any purchase or extension option if Parkland is reasonably certain to exercise the options, or termination penalties that are expected to be incurred, less any incentives receivable discounted using Parkland's incremental borrowing rate. The right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, initial direct costs, restoration costs, and lease incentives.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. The lease term is adjusted to reflect the impact of termination penalties and extension options only when those are within the control of Parkland and the probability of their exercise is reasonably certain.

Parkland uses a single discount rate for a portfolio of leases with reasonably similar characteristics.

Right-of-use assets are subsequently measured at cost, net of accumulated depreciation and impairment losses. Parkland recognizes depreciation on the right-of-use assets within depreciation.

Lease liabilities are subsequently measured at amortized cost using the effective interest rate method. The interest expense on the lease liability is recorded within finance costs on the consolidated statements of income (loss) over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period.

Lease liabilities are remeasured in cases of lease modification, reassessments or revisions to the in-substance fixed lease payments. Lease modifications are assessed as to whether the modification would count as a separate lease (i.e., if it increases the scope of the lease or the consideration increases by an amount that would reflect the fair value of the new lease) or if it would be accounted for purely as a modification. If it is accounted for as a modification, Parkland will allocate the consideration in the modified contract, determine the lease term, and remeasure the lease liability and right-of-use asset by using the revised lease payments and a revised discount rate. Remeasured lease liabilities get adjusted against the right-of-use assets or recorded in the consolidated statements of income (loss) in cases when the values of the respective right-of-use assets are zero.

Short-term leases and leases of low-value assets for certain classes of assets are recognized on a straight-line basis within operating costs or marketing, general and administrative expenses, depending on the nature of the business activities to which the leases relate. Short-term leases are those with a lease term of twelve months or less. Low-value assets are comprised of IT equipment and small office furniture items.

Parkland as a lessor

Leases in which Parkland transfers substantially all the risks and rewards of ownership of an asset are classified as finance leases while leases that do not meet this criteria are classified as operating leases.

Under a finance lease, Parkland recognizes a receivable at an amount equal to the net investment in the lease, which is the present value of aggregate lease payments receivable by the lessor. Under an operating lease, Parkland recognizes lease payments received as revenue on a straight-line basis over the lease term in the consolidated statements of income (loss).

(p) Intangible assets

Intangible assets are carried at historical cost, net of accumulated amortization and accumulated impairment losses, if any. Historical cost includes expenditures directly attributable to the acquisition of assets. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Intangible assets with finite lives are amortized over their respective useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense on intangible assets is recognized in the consolidated statements of income (loss) within depreciation and amortization.

Amortization of intangible assets is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Customer relationships	3 to 20 years
Trade names	5 to 30 years
Other agreements	2 to 15 years
Software systems	1 to 10 years

Any gain or loss arising on derecognition of an intangible asset is recognized in the consolidated statements of income (loss) within gain or loss on asset disposals.

(q) Impairment of non-financial assets

Parkland assesses at each reporting date whether there is an indication that an asset may be impaired. Goodwill and indefinite life intangible assets are tested for impairment annually. If indicators of impairment exist, Parkland estimates the asset's recoverable amount, which is the higher of the asset's fair value less costs of disposal and its value in use. In determining fair value less costs of disposal, an earnings multiple approach and recent market transactions are considered. If no such multiples or transactions can be identified, another appropriate valuation model is used. Value in use is assessed using the present value of the expected future cash flows of the relevant asset.

The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Corporate assets are tested for impairment at the minimum grouping of CGUs to which they can be reasonably and consistently allocated. When the carrying amount of an asset, CGU or CGU group exceeds its recoverable amount, it is considered impaired and written down to its recoverable amount.

Parkland applies a two-step impairment test process for non-financial assets, including goodwill, that are allocated to CGU groups. The first step under this process is to test individual CGUs within the group for impairment and write down the individual CGUs' carrying amounts to their respective recoverable amounts, where the impairment exists. The second step is to test the CGU groups using the restated carrying amounts of the individual CGUs from the first step along with the allocated goodwill or other non-financial assets to that CGU group to identify if there is an impairment for that CGU group. An impairment loss is allocated to first reduce the carrying amount of any goodwill allocated to the CGU or CGU groups and then to reduce the carrying amounts of other assets.

Impairment losses, excluding goodwill impairments, are assessed at each reporting date for any indicators the impairment losses may no longer exist. If such an indication is present, the carrying amount of the CGU or non-financial asset is increased to its revised recoverable amount, which cannot exceed the carrying amount determined, net of depreciation and amortization, had no impairment been recognized. Impairment losses, if any, are recognized in the consolidated statements of income (loss).

(r) Provisions

Provisions are recognized when Parkland has a present legal or constructive obligation due to past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Insurance proceeds receivable are recognized as an income or a reduction of the costs they relate to when it becomes virtually certain they will be received.

Asset retirement obligation ("ARO") provisions are recognized for decommissioning, restoration and remediation obligations associated with sites and locations on which Parkland operates, and include known legal, contractual and constructive obligations related to required environmental restoration or remediation of a site and the removal of Parkland's structures, equipment and storage tanks at leased or owned properties. Parkland assumes that all leased and owned sites will be remediated and decommissioned when a site is vacated, a site lease has expired, or a site has reached the end of its useful life, in the absence of an indemnity or contractual agreement. ARO provisions are measured at the present value of management's best estimate of the future cash flows required to settle the obligation using a credit-adjusted risk-free interest rate. The value of the obligation is added to the carrying amount of the associated asset in property, plant and equipment, and depreciated over the useful life of the asset. The provision is accreted over time through finance costs and actual expenditures are charged against the accumulated obligation. Changes in estimated obligations resulting from revisions to estimated future cash flows or timing are recognized as a change in the ARO provision and the related asset. Certain of Parkland's ARO provisions are based on legal obligations to perform remediation activity at the Burnaby Refinery once it permanently ceases refinery operations.

Restructuring provisions are recognized primarily in respect of employee termination benefits, or recognized when a detailed plan for the restructuring exists and a valid expectation has been raised to those affected that the plan will be carried out.

(s) Income taxes

Tax expenses for the year comprise current and deferred income tax expenses. Income tax expenses are recognized in the consolidated statements of income (loss), except to the extent that they relate to items recognized in other comprehensive income (loss) or directly in equity.

Current income tax is calculated based on the tax laws enacted or substantively enacted as at the consolidated balance sheet date in the countries where Parkland and its subsidiaries operate and generate taxable income. Provisions are established, where appropriate, based on the amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable income at the time of the transaction. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the consolidated balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary differences is controlled by Parkland and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary differences will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Share-based payments

Parkland's share-based payments consist of share options, performance share units ("PSUs") and deferred share units ("DSUs"). The share-based payment expense is included in marketing, general and administrative and operating expenses. Change in the fair value of DSU liabilities is recognized as other cost within acquisition, integration and other costs.

Share options

Parkland has equity-settled share option plans granted annually for certain officers and employees. Share options vest by a third each year at the grant anniversary and expire after eight years. The fair value of options at the date of grant is calculated using the Black-Scholes option pricing model and is recognized as an expense over the vesting period of the options, with the corresponding increase to contributed surplus. Forfeitures are estimated and accounted for at the grant date and adjusted, if necessary, in subsequent periods. When options are exercised, the proceeds, together with the amount recorded in contributed surplus, are transferred to shareholders' capital.

Performance share units

Parkland has equity-settled PSU plans granted annually to certain officers and employees. PSUs are awarded at no cost to the recipient and cliff vest over a three-year performance period. Vesting level is subject to performance condition achievement, such as total shareholder return performance and return on invested capital relative to Parkland's peer group, and can range from 0% to 200%. PSUs are paid out in common shares. Additional PSUs are granted upon each dividend payment made by Parkland.

The fair market value of the award is based on the volume-weighted average trading price for Parkland's common shares for five days preceding the date of the grant and expected performance condition payout. PSU expense is recognized over the vesting period with a related credit to contributed surplus.

Deferred share units

Parkland has a cash-settled DSU plan for non-executive members of the Board of Directors. DSUs vest immediately on the grant date and can be redeemed for cash after the non-executive member ceases to a be member of the Board of Directors.

DSU liability is measured based on the volume-weighted average trading price for Parkland's common shares on the exchange for five days preceding the date of the measurement. The cost of the DSUs including deemed dividend equivalents and the changes in the fair value of the outstanding DSU liability are recorded as an expense in the consolidated statements of income (loss).

(u) Financial instruments

Financial assets and financial liabilities, including derivatives, are recognized in the consolidated balance sheets when Parkland becomes a party to the contractual provisions of a financial instrument or non-financial derivative contract. All financial assets and financial liabilities are initially measured at fair value, net of transaction costs, except for financial instruments classified as fair value through profit or loss ("FVTPL"), where transaction costs are recognized immediately in profit or loss.

Financial assets and liabilities are classified and measured based on Parkland's business model for managing its assets and the contractual terms of the cash flows. Financial assets that meet the following conditions are subsequently measured at amortized cost: (i) assets held for the collection of contractual cash flows; and (ii) contractual cash flows that consist solely of principal and interest payments on the principal amount outstanding. All other financial assets are subsequently measured at FVTPL. Financial liabilities are classified as FVTPL when held for trading. All other financial liabilities are subsequently measured at amortized cost. Parkland classifies its financial instruments according to IFRS 9 - Financial Instruments ("IFRS 9") into one of the following categories:

Classification	Financial instrument
Financial instruments at FVTPL	Risk management and other Redemption options Intermediation facility derivatives Sol Put Option Other investments
Financial instruments measured at amortized cost	Cash and cash equivalents Restricted cash Accounts receivable Long-term receivables Accounts payable and accrued liabilities Dividends declared and payable Long-term debt Certain other liabilities

Financial instruments at FVTPL

Financial instruments at FVTPL are initially recognized at fair value on the date that Parkland commits to purchase or sell the asset (trade date), with changes in fair value recognized in (gain) loss on risk management and other, cost of purchases or finance costs in the consolidated statements of income (loss) in the period they arise.

Certain physical commodity contracts, when used for trading purposes, are deemed to be derivative financial instruments for accounting purposes. Physical commodity contracts entered into for the purpose of receipt or delivery in accordance with Parkland's expected purchase, sale or usage requirements are not considered to be derivative financial instruments. Intermediation Facility Derivatives (see Note 16) and risk management and other are financial instruments measured at FVTPL.

Risk management and other include outstanding commodities swaps and forward contracts, commodities and futures contracts, emission credits and allowance forward and option contracts, and United States (US) dollar forward exchange contracts. Parkland periodically enters into derivative contracts to manage exposure to movements in commodity and emission credit prices and US dollar exchange rates.

Derivative instruments embedded in financial or non-financial contracts are liabilities that are accounted for as separate derivatives if their risks and characteristics are not closely related to their host contracts, and the contracts are not measured at fair value. Parkland's Senior Notes contain Redemption Options (see Note 14) that are accounted for as embedded derivative financial instruments. Changes in the fair values of the Redemption Options are recognized in other (gains) and losses within the consolidated statements of income (loss). Changes in the fair values of other derivative instruments are recognized in (gain) loss on risk management and other. Changes in the fair value of Intermediation Facility Derivatives are recognized in cost of purchases.

The Sol Put Option represents a non-derivative financial liability, which is remeasured each reporting period with changes in redemption value of the option recorded within other (gains) and losses on the consolidated statements of income (loss).

The best evidence of a financial instrument's fair value on initial recognition is normally the transaction price (i.e., fair value of the consideration given or received). If Parkland determines that the fair value on initial recognition differs from the transaction price and the fair value is neither evidenced by a quoted price in the active market for an identical asset or liability nor based on a valuation technique that only uses data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between fair value on initial recognition and the transaction price (day-one profit or loss). Subsequently, the day-one difference is recognized in profit or loss on an appropriate basis over the life of the instrument, but no later than when the transaction is settled.

Financial instruments measured at amortized cost

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs, and are subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

Financial liabilities measured at amortized cost are initially recognized at fair value net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortization and gains or losses on derecognition of the financial liabilities are recognized in finance costs.

Impairment of financial assets

Expected credit losses ("ECLs") and any changes at each reporting date are accounted for in the consolidated financial statements to reflect changes in credit risk since initial recognition of the financial assets. A loss allowance is required for ECLs on (i) financial assets subsequently measured at amortized cost, (ii) lease receivables, and (iii) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

Parkland measures its trade accounts receivable and lease receivables using the simplified approach at an amount equal to their lifetime ECL. For all other financial assets, Parkland recognizes the lifetime ECL when there is a significant increase in credit risk since initial recognition. If the credit risk on the financial asset did not increase significantly, Parkland recognizes an ECL equal to the 12-month ECL. The assessment of whether the lifetime ECL is recognized is based on significant increases in the likelihood or risk of default occurring since initial recognition and not on evidence of a financial asset being credit impaired as at the reporting date, or an actual default occurring. The loss allowance for ECL is presented as a deduction from the gross carrying amount for financial assets carried at amortized cost.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, Parkland compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring as at the date of initial recognition.

In making this assessment, Parkland considers both qualitative and quantitative information that is reasonable and supportable, including historical experience and forward-looking information, relevant industry-specific economic outlooks, and external sources of actual and forecasted economic factors related to Parkland's core operations, such as fuel commodity prices, unemployment rates and interest rates.

Where information is not available on an individual instrument level, financial assets can be grouped in a variety of ways including: the nature of the financial asset; past-due status; nature, size or industry of counterparty; or geographic location. Parkland regularly reviews groupings to ensure the constituents of each group continue to share similar credit risk characteristics and the groupings used are most relevant to Parkland's operations.

Offsetting of financial instruments

Financial assets and financial liabilities are offset against one another and the net amount is reported in the consolidated balance sheets in circumstances where there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when Parkland transfers its rights to receive cash flows from the asset and the associated risks and rewards to a third party. A financial liability is derecognized when the obligation under the liability expires or is discharged or cancelled.

(v) Hedges

Parkland may apply hedge accounting to arrangements that qualify for designated hedge accounting treatment. Designated hedges are assessed at each reporting date to determine if the relationship between the derivative or other hedging instrument and the underlying hedged exposure is still effective and to quantify any ineffectiveness in such relationship.

Parkland may use a fair value hedge to mitigate commodity price risk. The carrying value of the hedged item is adjusted for changes in fair value attributable to the hedged risk, and these changes are recognized in the consolidated statements of income (loss). Changes in the fair value of the hedged item, to the extent the hedging relationship is effective, are offset by changes in the fair value of the hedging item, which are also recorded in the consolidated statements of income (loss). If hedge accounting is discontinued, the carrying value of the hedged item is no longer adjusted, and the cumulative fair value adjustment to the carrying value of the hedged item is amortized to the consolidated statements of income (loss) over the remaining term of the original hedging relationship.

Parkland may enter into a cash flow hedging relationship, where the effective portion of the change in the fair value of the hedging derivative is initially recognized in other comprehensive income (loss), while any ineffective portion is recognized in the consolidated statements of income (loss) in the same financial statement category as the underlying transaction. The amounts previously recognized in accumulated other comprehensive income (loss) are reclassified to net earnings (loss) during the period when the variability in cash flows of the hedged item affects consolidated net earnings (loss) or as the original hedged item settles. Gains and losses on derivatives are reclassified immediately to net earnings (loss) from accumulated other comprehensive income (loss) when the hedged item is sold or terminated early, or when it becomes probable that the anticipated transaction will not occur.

Parkland may use a net investment hedge to mitigate foreign exchange risk related to foreign operations. The effective portion of the hedge is recognized in other comprehensive income (loss). The gain or loss relating to the ineffective portion is recognized in the consolidated statements of income (loss). Gains and losses accumulated in equity are included in the consolidated statements of income (loss) when Parkland ceases to have control of the foreign operation.

(w) Fair value measurement

Parkland's financial assets and liabilities measured at FVTPL are categorized into a three-level hierarchy depending on the degree to which the inputs are observable as follows:

- Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - Inputs that are not based on observable market data (unobservable inputs).

The fair values of Parkland's recurring measurements of risk management and other are determined based on Level 2 inputs. Parkland used the following techniques to value financial instruments categorized in Level 2:

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

The fair value of the Sol Put Option is determined based on Level 3 by discounting Sol's contractually defined trailing-twelve-month adjusted EBITDA, multiplied by 8.5, and including other adjustments as defined in the Sol Business Combination Agreement ("Sol Agreement").

(x) Revenue recognition

Fuel and petroleum product revenue

Parkland delivers a range of refined fuel and petroleum products to motorists, businesses, consumers and wholesale customers. Revenue from contracts to sell fuel and petroleum products to retail and commercial consumers is recognized at the point of sale, which is the time control of the goods has passed to the purchaser and collection is probable. Supply and wholesale contracts are typically long-term in nature and customers make monthly payments. Revenue for these sales is recognized when control of the goods passes to the customer, collection is probable and generally when physical delivery has occurred.

Revenue is measured on the stand-alone sales price specified in sales contracts, which may be based on independently published rack prices, net of discounts at the time of sale. Volume discounts are assessed using anticipated annual volumes. Historical experience is used to estimate and provide for discounts, and revenue is reduced accordingly.

Certain fuel contracts have specified annual volumes that customers must purchase over the contract duration. Contractual minimums are not enforceable and customers may purchase less than the contractual minimum with no penalties. In such cases, contracts are viewed as having options to purchase rather than fixed volume sales requirements, and each delivery of product is considered as separate performance obligation.

Convenience and other non-fuel revenue

Convenience store

Parkland operates multiple convenience store brands with revenue from sales of confectionery, groceries, food, beverages and other convenience store products. In the case of company-owned convenience stores, revenue is recognized when a retail customer purchases an item at the convenience store or through the online ordering platform, control of the goods is transferred, and a payment for the transaction occurs immediately at the point of sale.

Lubricants

Parkland sells branded and private label lubricants to commercial, industrial and wholesale customers. Revenue for these sales is recognized when control of the goods passes to the customer, collection is probable, and generally when physical delivery has occurred.

Other non-fuel revenue

Parkland's other revenue consists of revenue from rent, freight, tanks and parts installation, cylinder exchanges, and other products and services. Rent includes percentage rent collected from independent retailers on their convenience store sales or gross margin and is recognized over the rent term. Revenue on services is recognized in the accounting period in which the services are rendered.

When Parkland delivers third-party branded fuel and petroleum products as an exclusive reseller, Parkland evaluates whether it acts as a principal or agent. Where Parkland acts as an agent, revenue is reported from these transactions on a net basis, as the performance obligation is to facilitate the transportation of branded fuels from the branded suppliers to their customers, for which Parkland earns delivery fees. The portion of the gross amount billed to customers and remitted to the branded suppliers is not reflected in sales and operating revenue. Physical exchanges of inventory are reported on a net basis for similar items as are sales and purchases made with a common counterparty as part of an arrangement similar to a physical exchange.

Loyalty programs

Customer loyalty awards are accounted for as a separate performance obligation in the sales transactions in which they are granted. Parkland defers revenue at the time the award is earned by members at an amount equal to the relative fair value of the award and the expected redemption rate, which is regularly remeasured. The relative fair value is determined by allocating consideration between the fair value of the loyalty awards earned by loyalty program members, net of breakage, and the goods and services on which the awards were earned, based on their relative stand-alone selling price. The deferred revenue is recognized as revenue when the points are redeemed.

(y) Earnings per share

Basic earnings per share ("Basic EPS") are calculated by dividing net earnings (loss) attributable to the shareholders of Parkland by the weighted average number of common shares outstanding during the period.

Diluted earnings per share ("Diluted EPS") are calculated by adjusting the weighted average number of common shares outstanding for dilutive common shares related to Parkland's share-based compensation plan. The dilutive effect of share options and PSUs is determined using the treasury stock method, based on the current status of the dilutive conditions as at the reporting date. Net earnings (loss) attributable to the shareholders of Parkland are the same for both the Basic EPS and Diluted EPS calculations.

(z) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered primarily through a sale as opposed to continued use by Parkland. Assets to be disposed that meet the held for sale criteria are reported at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated. Assets classified as held for sale are reported as current assets in the consolidated balance sheets.

(aa) Government grants

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and Parkland will meet the attached conditions. When the grant relates to an expense item, Parkland recognizes it as income over the period necessary to match the grant with the costs that it is intended to compensate. Parkland presents such grants in the consolidated statements of income (loss) as a deduction in reporting the related expense. The presentation approach is applied consistently to all similar grants.

(ab) Hyperinflation accounting

If the functional currency of a foreign subsidiary of Parkland is considered to be hyperinflationary, hyperinflation accounting is applied. The application of hyperinflation accounting requires restatement of non-monetary assets and liabilities, shareholders' equity, items in the statement of comprehensive income (loss), and the adjustment of index-linked items to reflect the impact of inflation in the financial statements of the subsidiary before being included in the consolidated financial statements of Parkland. Monetary assets and liabilities are not restated, as these items are already expressed in a monetary unit representing current purchasing power at the end of the reporting period.

The gain (loss) on net monetary position arising from hyperinflation is included in the consolidated statements of income (loss) from the beginning of the reporting period. Parkland's consolidated financial statements for the comparative periods are not restated for the effects of hyperinflation. On adoption, the differences between the restated comparative balances and opening balances of the subsidiary for the effects of hyperinflation are recognized within other comprehensive income (loss).

(ac) Significant accounting estimates, assumptions and judgments

The preparation of Parkland's consolidated financial statements requires management to make estimates, assumptions and judgments 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. Estimates and judgments are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. The financial statement areas that require significant estimates and judgments are as follows:

Asset retirement and other obligations

ARO and provisions for remediation of environmental impacts represent the present value estimates of Parkland's cost to remediate sites and perform other environmental activities. Parkland applies judgment in assessing the existence, extent and expected method of remediation, decommissioning and other environmental activities required at the end of each reporting period. Parkland also uses judgment to determine whether the nature of the activities performed relate to decommissioning and remediation activities or normal operating activities. In addition, the provisions are based on estimated costs, which consider the anticipated method and extent of remediation, technological advances, possible future uses of the site, and regulatory, environmental and safety considerations. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technologies, operating experience, prices and closure plans. The estimated timing of future decommissioning and remediation may change due to factors such as closure plans and regulatory considerations. Changes to estimates relating to future expected costs, discount rates and timing may have a material impact on the amounts presented.

Contingencies and legal matters

Contingencies are subject to measurement uncertainty as the financial impact will only be confirmed by the outcome of a future event. The assessment of contingencies and legal matters involves a significant amount of judgment, including assessing whether a present obligation exists, assessing factors that may mitigate or reduce the obligation, and determining a reliable estimate of the amount of cash outflow required in settling the obligation. Parkland is required to both determine whether a loss is probable and whether the loss can be reasonably estimated. The uncertainty involved with the time and amount at which a contingency may be settled may have a material impact on the consolidated financial statements of future periods to the extent that the amount provided for differs from the actual outcome.

Business combinations

Parkland uses judgment in applying the acquisition method of accounting for business combinations and estimates to value identifiable assets and liabilities as at the acquisition date. Estimates are used to determine cash flow projections, including the period of future benefit, and future growth and discount rates, among other factors. The values placed on the acquired assets and liabilities assumed affect the amount of goodwill recorded on an acquisition.

Asset impairment

Asset impairment tests require the allocation of assets to CGUs or CGU groups, which requires significant judgment and interpretation with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared resources and assets, and the way in which management monitors the operations.

The assessment of whether there is any indication of impairment is performed at the end of each reporting period, and requires the application of judgment, historical experience, and use of external and internal sources of information.

Asset impairment tests may also require the estimation of the recoverable amount of the non-financial asset or the CGU group, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on an earnings multiple approach, available data from binding sales transactions conducted at arm's length for similar assets, valuation appraisals, or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. Parkland references adjusted EBITDA forecasts and implied earnings multiples and appropriate discount rates for the recoverable amount calculations. The forecasts do not include restructuring activities that Parkland is not yet committed to, or significant future investments that will enhance the performance of the asset or CGU being tested. The implied multiples are determined by utilizing multiples of comparable public companies and recently completed transactions by operating segment. The recoverable amount is sensitive to adjusted EBITDA forecasts, implied earnings multiples, the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for cash flow forecasts. These estimates are most relevant to goodwill, property, plant and equipment, and intangible assets recognized by Parkland.

Depreciation and amortization

Depreciation of property, plant and equipment and amortization of intangible assets incorporate estimates of useful lives and residual values. These estimates are based on past experience and industry norms, and may change as more experience is obtained or as market conditions change.

Fair value of financial instruments

The fair value of financial instruments is determined wherever possible based on observable market data. If not available, Parkland uses third-party models, independent price publications, market exchanges, investment dealer quotes, and valuation methodologies that utilize observable data. Actual values may significantly differ from these estimates.

Income taxes

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income before the deductions expire. The assessment is based on existing tax laws and estimates of future taxable income. In case uncertain tax positions were to arise, Parkland would calculate provisions for them using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors and review the adequacy of these provisions at the end of each reporting period.

Judgments and estimates made in assessing the impact of climate change

Parkland considers the impacts of climate change, including transition to a low-carbon economy, in the preparation of its consolidated financial statements. The impacts could be significant as they could result in lower future demand for refined products, significant change in the regulations or increase in catastrophic events. Climate change factors are considered by Parkland in making significant accounting judgments and assumptions including (i) preparation of management forecasts used in testing assets for impairment, (ii) determination of useful lives for calculation of depreciation and amortization, (iii) determination of net realizable value of inventories, and (iv) calculations and asset retirement obligations (estimated timing and costs of future decommissioning). As at December 31, 2021, climate change has no material impact on these judgments and assumptions.

(ad) 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 December 31, 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.

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

(ae) Recently announced accounting pronouncements

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

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

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements to clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective January 1, 2023 with early adoption permitted. The amendments are required to be adopted retrospectively. Parkland does not anticipate any significant impact from these amendments on the consolidated financial statements as a result of initial application.

Amendments to IAS 12 and IFRS 1 – Deferred taxes related to assets and liabilities arising from a single transaction

In May 2021, the IASB issued amendments to IAS 12 - Income Taxes, which requires companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. Parkland does not expect a material impact from this amendment on the consolidated financial statements as a result of the initial application.

3. NET EARNINGS (LOSS) PER SHARE

	December 31, 2021	December 31, 2020
Net earnings (loss) attributable to Parkland	**97**	82
Weighted average number of common shares (000's of shares)	**151,451**	149,074
Effect of dilutive securities (000's of shares)	**1,019**	1,835
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)	**152,470**	150,909
Net earnings (loss) per share ($ per share)		
Basic	**0.64**	0.55
Diluted	**0.64**	0.54

4. ACCOUNTS RECEIVABLE

	December 31, 2021	December 31, 2020
Trade accounts receivable	**1,130**	634
Miscellaneous, government, and other non-trade accounts receivable	**287**	180
Allowance for doubtful accounts	**(25)**	(24)
	1,392	790

Refer to Note 14 for details on Parkland's exposure to credit and market risks as well as impairment losses for accounts receivable.

($ millions, unless otherwise stated)

5. INVENTORIES

	December 31, 2021	December 31, 2020
Gas and diesel	**498**	315
Liquid petroleum gas	**62**	36
Other fuel and petroleum products	**285**	143
Lubricants	**81**	71
Convenience store inventory	**36**	28
Emission credits held for trading	**64**	24
Other non-fuel products	**239**	57
	1,265	674

Other fuel and petroleum products include crude oil, aviation fuel, asphalt, fuel oils, gas oils, ethanol, and biodiesel. Other non-fuel products include own-use emission credits and allowances, catalyst and warehouse inventories. For the year ended December 31, 2021, $18,484 (2020 - $11,495) of inventories was recognized within cost of purchases.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	Land	Land improvements	Buildings and structures	Plant and equipment	Assets under construction	Right-of-use assets	Total
Cost								
As at January 1, 2021		**984**	**135**	**601**	**2,634**	**257**	**694**	**5,305**
Additions and transfers		**5**	**18**	**54**	**228**	**61**	**192**	**558**
2021 USA Acquisitions and others	19	**229**	**21**	**140**	**142**	**–**	**131**	**663**
Change in ARO costs		**(3)**	**–**	**(3)**	**15**	**–**	**–**	**9**
Disposals and other adjustments		**(38)**	**(6)**	**(18)**	**(71)**	**–**	**(126)**	**(259)**
Exchange differences and others		**(6)**	**–**	**(3)**	**(8)**	**–**	**(4)**	**(21)**
As at December 31, 2021		**1,171**	**168**	**771**	**2,940**	**318**	**887**	**6,255**
Depreciation								
As at January 1, 2021		**–**	**55**	**175**	**1,032**	**–**	**237**	**1,499**
Depreciation		**–**	**9**	**48**	**279**	**–**	**147**	**483**
Disposals and other adjustments		**–**	**5**	**(9)**	**(46)**	**–**	**(104)**	**(154)**
Exchange differences and others		**–**	**–**	**–**	**(2)**	**–**	**–**	**(2)**
As at December 31, 2021		**–**	**69**	**214**	**1,263**	**–**	**280**	**1,826**
Net book value								
As at December 31, 2021		**1,171**	**99**	**557**	**1,677**	**318**	**607**	**4,429**

($ millions, unless otherwise stated)

	Note	Land	Land improvements	Buildings and structures	Plant and equipment	Assets under construction	Right-of-use assets	Total
Cost								
As at January 1, 2020		975	131	539	2,222	354	614	4,835
Additions and transfers		2	9	45	361	(92)	157	482
2020 USA Acquisitions and others	19	21	2	21	38	—	1	83
Change in ARO costs		(1)	—	(1)	47	—	(1)	44
Disposals and other adjustments		(7)	(6)	1	(23)	—	(69)	(104)
Exchange differences		(6)	(1)	(4)	(11)	(5)	(8)	(35)
As at December 31, 2020		984	135	601	2,634	257	694	5,305
Depreciation								
As at January 1, 2020		—	42	137	784	—	125	1,088
Depreciation		—	13	40	269	—	165	487
Disposals and other adjustments		—	—	(1)	(16)	—	(47)	(64)
Exchange differences		—	—	(1)	(5)	—	(6)	(12)
As at December 31, 2020		—	55	175	1,032	—	237	1,499
Net book value								
As at December 31, 2020		984	80	426	1,602	257	457	3,806

7. LEASES

(a) Parkland as a lessee

The right-of-use assets carried as property, plant and equipment resulting from leases are presented below:

Right-of-use assets	Note	Land, buildings and structures	Shipping vessels	Railcars	Plant and equipment	Total
Cost						
As at January 1, 2021		**400**	**139**	**77**	**78**	**694**
Additions		**97**	**60**	**5**	**30**	**192**
2021 USA Acquisitions and others	19	**129**	**–**	**2**	**–**	**131**
Disposals and other adjustments		**(42)**	**(65)**	**(12)**	**(7)**	**(126)**
Exchange differences and others		**(2)**	**(1)**	**(1)**	**–**	**(4)**
As at December 31, 2021		**582**	**133**	**71**	**101**	**887**
Depreciation						
As at January 1, 2021		**99**	**77**	**38**	**23**	**237**
Depreciation		**56**	**49**	**20**	**22**	**147**
Disposals and other adjustments		**(24)**	**(64)**	**(12)**	**(4)**	**(104)**
Exchange differences and others		**–**	**–**	**–**	**–**	**–**
As at December 31, 2021		**131**	**62**	**46**	**41**	**280**
Net book value						
As at December 31, 2021		**451**	**71**	**25**	**60**	**607**

($ millions, unless otherwise stated)

Right-of-use assets	Note	Land, buildings and structures	Shipping vessels	Railcars	Plant and equipment	Total
Cost						
As at January 1, 2020		348	124	90	52	614
Additions		63	53	1	40	157
2020 USA Acquisitions and others	19	1	—	—	—	1
Change in ARO costs		(1)	—	—	—	(1)
Disposals and other adjustments		(9)	(34)	(13)	(13)	(69)
Exchange differences and others		(2)	(4)	(1)	(1)	(8)
As at December 31, 2020		400	139	77	78	694
Depreciation						
As at January 1, 2020		49	41	24	11	125
Depreciation		55	65	28	17	165
Disposals and other adjustments		(4)	(26)	(13)	(4)	(47)
Exchange differences		(1)	(3)	(1)	(1)	(6)
As at December 31, 2020		99	77	38	23	237
Net book value						
As at December 31, 2020		301	62	39	55	457

(b) Amounts recognized in the consolidated statements of income (loss)

For the years ended		December 31, 2021	December 31, 2020
Depreciation charge on right-of-use assets		**147**	165
Interest expense on lease liabilities	21	**29**	33
Other lease expenses[1]		**69**	86
		245	284

[1] Other lease expenses include payments for short-term, low-value and/or variable lease payments not included in lease liabilities, but included within operating costs and marketing, general and administrative expenses on the consolidated statements of income (loss).

8. INTANGIBLE ASSETS

	Note	Customer relationships	Trade names	Other agreements	Software systems	Assets under construction	Total
Cost							
As at January 1, 2021		**947**	**329**	**119**	**101**	**18**	**1,514**
Additions and transfers		**3**	**(8)**	**5**	**4**	**26**	**30**
Acquisitions	19	**104**	**24**	**123**	**–**	**–**	**251**
Disposals and other adjustments		**(14)**	**(1)**	**(3)**	**(2)**	**–**	**(20)**
Exchange differences and others		**(5)**	**(1)**	**(1)**	**–**	**–**	**(7)**
As at December 31, 2021		**1,035**	**343**	**243**	**103**	**44**	**1,768**
Amortization							
As at January 1, 2021		**382**	**76**	**58**	**49**	**–**	**565**
Amortization		**82**	**30**	**13**	**8**	**–**	**133**
Disposals and other adjustments		**(4)**	**(1)**	**(3)**	**(2)**	**–**	**(10)**
Exchange differences and others		**(1)**	**(2)**	**–**	**–**	**–**	**(3)**
As at December 31, 2021		**459**	**103**	**68**	**55**	**–**	**685**
Net book value							
As at December 31, 2021		**576**	**240**	**175**	**48**	**44**	**1,083**

($ millions, unless otherwise stated)

	Note	Customer relationships	Trade names	Other agreements	Software systems	Assets under construction	Total
Cost							
As at January 1, 2020		909	311	102	69	26	1,417
Additions and transfers		(1)	1	5	31	(8)	28
2020 USA Acquisitions	19	51	19	14	—	—	84
Disposals and other adjustments		(5)	—	(1)	1	—	(5)
Exchange differences		(7)	(2)	(1)	—	—	(10)
As at December 31, 2020		947	329	119	101	18	1,514
Disposals and other adjustments							
As at January 1, 2020		320	54	38	40	—	452
Amortization		69	23	20	10	—	122
Disposals and other adjustments		(4)	—	1	—	—	(3)
Exchange differences		(3)	(1)	(1)	(1)	—	(6)
As at December 31, 2020		382	76	58	49	—	565
Net book value							
As at December 31, 2020		565	253	61	52	18	949

9. GOODWILL

	Note	**December 31, 2021**	December 31, 2020
Goodwill, beginning of period		**1,864**	1,811
USA Acquisitions and others	19	**335**	64
Exchange differences and others		**(8)**	(11)
Goodwill, end of period		**2,191**	1,864

Parkland performed its annual impairment test for goodwill, and no impairment was identified. The recoverable amount for each CGU group was determined on a fair value less costs of disposal ("FVLCOD") approach. Goodwill was allocated to CGU groups as follows:

	December 31, 2021	December 31, 2020
Supply	**139**	139
Canada Retail	**888**	888
International	**508**	487
Canada Commercial	**141**	141
USA	**515**	209
	2,191	1,864

Parkland calculated recoverable amounts for its CGU groups for the purpose of the annual impairment test of goodwill using the FVLCOD approach. FVLCOD is calculated for each CGU group using Parkland's Adjusted EBITDA[2] forecast, adjusted for allocation of corporate and other costs, implied earnings multiples and estimated costs of disposal. The Adjusted EBITDA forecast at the time of the annual impairment test was determined with reference to current year results and Board-approved budget. The implied earnings multiples are determined with reference to average multiples of comparable public companies for the respective CGU group and consideration of recently completed transactions, as required.

Parkland used average earnings multiples ranging from 8.0 to 11.1 (December 31, 2020 - 8.0 to 10.0) for its CGU groups. The estimated costs of disposal were estimated as 1.5% (December 31, 2020 - 1.5%) of the transaction price and are established with reference to recently completed market transactions. The fair value calculations are categorized as Level 3 fair value measures based on unobservable inputs.

[2] Consistent with the Adjusted EBITDA measure calculation as per Note 25.

($ millions, unless otherwise stated)

The most sensitive key assumptions to the impairment model are the Adjusted EBITDA forecast and implied earnings multiples. A decrease of 10% in the Adjusted EBITDA forecast or the implied earnings multiples, with all other assumptions held constant, would not cause the recoverable amount of any CGU group to fall below its carrying amount.

10. SUPPLEMENTAL CASH FLOW INFORMATION

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

For the years ended	December 31, 2021	December 31, 2020
Accounts receivable	(537)	299
Inventories	(475)	147
Prepaid expenses and other	(37)	–
Accounts payable and accrued liabilities	625	(189)
Income taxes payable	50	(34)
Income taxes receivable	28	(36)
Deferred revenue	4	(4)
Total net change in non-cash working capital related to operating activities	(342)	183

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

For the years ended	December 31, 2021	December 31, 2020
Accounts payable and accrued liabilities	(6)	8

(c) Reconciliation of movements from financial liabilities to cash generated from (used in) financing activities

	Note	Long-term debt	Intermediation facility (and derivatives)	Dividends declared and payable
As at January 1, 2021		3,975	194	16
Dividends paid to shareholders, net of dividend reinvestment plan		–	–	(132)
Change in Intermediation Facility, net of unrealized foreign exchange (gain) loss	16	–	(194)	–
Proceeds from the 2021 Senior Notes, net of financing costs	13	3,183	–	–
Net proceeds from (repayments of) the Credit Facility		(49)	–	–
Other net long-term debt repayments, net of financing costs		(1,733)	–	–
Payments on principal amount of leases, and other lease payments		(142)	–	–
Cash generated from (used in) financing activities		1,259	(194)	(132)
Dividends declared		–	–	190
Dividends issued under dividend reinvestment plan		–	–	(58)
Inception value of Redemption Options	14	34	–	–
Amortization of deferred financing costs and debt premium	13	11	–	–
Acquisitions of long-term debt - lease obligation	18	131	–	–
Lease additions, net of disposals and other adjustments		166	–	–
Effect of changes in foreign exchange rates		(20)		–
As at December 31, 2021		5,556	–	16

($ millions, unless otherwise stated)

	Note	Long-term debt	Intermediation facility (and derivatives)	Dividends declared and payable
As at January 1, 2020		3,938	311	15
Dividends paid to shareholders, net of dividend reinvestment plan		—	—	(136)
Change in Intermediation Facility, net of unrealized foreign exchange (gain) loss	16	—	(114)	—
Proceeds from the 2020 Senior Notes, net of financing costs	13	396	—	—
Net proceeds from (repayments of) the Credit Facility		84	—	—
Other net long-term debt repayments, net of financing costs		(425)	—	—
Payments on principal amount of leases, and other lease payments		(149)	—	—
Cash generated from (used in) financing activities		(94)	(114)	(136)
Dividends declared		—	—	184
Dividends issued under dividend reinvestment plan		—	—	(47)
Inception value of Redemption Options	14	9	—	—
Amortization of deferred financing costs and debt premium	13	3	—	—
Acquisitions of long-term debt - lease obligation	19	8	—	—
Lease additions, net of disposals and other adjustments		132	—	—
Effect of changes in foreign exchange rates		(21)	1	—
Change in Intermediation Facility Derivatives		—	(4)	—
As at December 31, 2020		3,975	194	16

(d) Change in presentation

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	**December 31, 2020**	
	Revised	**Previously reported**
Operating activities		
Interest on leases and long-term debt	**233**	—
Net change in non-cash working capital related to operating activities	**183**	180
Cash generated from (used in) operating activities	**1,170**	934
Financing activities		
Payments for interest on leases and long-term debt	**(236)**	—
Cash generated from (used in) financing activities	**(603)**	(367)

11. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	December 31, 2021	December 31, 2020
Investment in associate	**147**	158
Investment in joint ventures	**172**	4
	319	162

(a) Investment in associates

A subsidiary of Sol Investments SEZC ("SIL", previously named as Sol Investments Limited, and with its subsidiaries, "Sol"), a non-wholly owned subsidiary of Parkland, holds a 29% interest in the Société Anonyme de la Raffinerie des Antilles ("SARA") refinery, which is based in Martinique with operations to sell refined crude oil in Guadeloupe, French Guiana and Martinique. The SARA refinery is an unlisted entity and has a December 31 year end. This entity is treated as an investment in associate and accounted for using the equity method.

($ millions, unless otherwise stated)

(b) Investment in joint ventures

On July 1, 2021, Sol 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. 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. Isla is structured as a separate legal entity in which Parkland has both joint control and a residual interest in the net assets and has a December 31 year end. 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 the associates and joint ventures that are material to Parkland and includes a reconciliation to Parkland's share of those amounts. These amounts include adjustments made by Parkland when using the equity method, including fair value adjustments.

	SARA		Isla	
	2021	2020	**2021**	2020
Current assets[1]	**393**	371	**87**	—
Non-current assets	**453**	459	**209**	—
Current liabilities	**(148)**	(142)	**(57)**	—
Non-current liabilities[1]	**(192)**	(143)	**(23)**	—
Net assets	**506**	545	**216**	—
Percentage of ownership interest	**29 %**	29 %	**50 %**	— %
Proportionate share of net assets	**147**	158	**108**	—
Goodwill	**—**	—	**57**	—
Carrying amount	**147**	158	**165**	—
Reconciliation to carrying amounts				
Opening net assets	**158**	152	**—**	—
Contributions into the investment	**—**	—	**159**	—
Net earnings (loss) for the period	**8**	8	**8**	—
Other comprehensive income (loss)	**(9)**	8	**2**	—
Dividends paid	**(10)**	(10)	**(4)**	—
Closing net assets	**147**	158	**165**	—

[1] Net assets of the joint ventures includes cash of $31 and non-current financial liabilities of $22.

For the years ended	**2021**	2020	**2021[1]**	2020
Sales and operating revenue	**1,237**	959	**486**	—
Net earnings (loss)	**28**	28	**15**	—
Other comprehensive income (loss)	**(31)**	28	**4**	—
Total comprehensive income (loss)	**(3)**	56	**19**	—
Percentage of ownership interest	**29 %**	29 %	**50 %**	— %
Proportionate share of:				
Net earnings (loss)	**8**	8	**8**	—
Other comprehensive income (loss)	**(9)**	8	**2**	—
Proportionate share of total comprehensive income	**(1)**	16	**10**	—

[1] Includes financial information for Isla from the investment date of July 1, 2021.

($ millions, unless otherwise stated)

Reconciliation to Adjusted EBITDA	Investment in joint ventures 2021
Net earnings (loss)	**15**
Add back:	
Depreciation and amortization	**7**
Income tax expense (recovery)	**6**
Adjusted EBITDA	**28**
Ownership interest	**50 %**
Proportionate Adjusted EBITDA[1]	**14**

[1] Refer to Note 25 for a description of segment profit measures.

12. OTHER LONG-TERM ASSETS

	Note	**December 31, 2021**	December 31, 2020
Redemption Options	14	**102**	156
Long-term prepaid expenses, deposits and other assets		**28**	36
		130	192

13. LONG-TERM DEBT

	December 31, 2021	December 31, 2020
Credit Facility (a)	**637**	686
Unamortized deferred financing costs	**(6)**	(2)
	631	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[1]	**–**	300
5.875% US$500 Senior Notes, due 2027	**633**	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]	**1,012**	—
4.625% US$800 Senior Notes, due 2030[2]	**1,012**	—
Unamortized premium: Redemption Options[2]	**48**	30
Unamortized discount: deferred financing costs	**(49)**	(32)
	4,256	2,774
Other notes	**6**	11
Credit Facility, Senior Notes and Other notes	**4,893**	3,469
Lease obligations[3]	**663**	506
Total long-term debt	**5,556**	3,975
Less: current portion of Credit Facility, Senior Notes and Other notes	**(3)**	(6)
Less: current portion of Lease obligations	**(121)**	(108)
Long-term debt	**5,432**	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, (iii) the 5.625% Senior Notes on May 10, 2021, and (iv) 6.50% Senior Notes on December 8, 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, (iii) $15 for the 4.50% US Senior Notes on April 13, 2021, and (iv) $12 for the 4.625% US Senior Notes on November 23, 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.

($ millions, unless otherwise stated)

Estimated principal repayments of the Credit Facility, Senior Notes and other notes, and future lease payments as at December 31, 2021 are as follows:

	2022	2023	2024	2025	2026	Thereafter	Interest included in minimum lease payments	Total
Credit Facility	–	–	–	–	637	–	–	637
Senior Notes (b)								
3.875% Senior Notes, due 2026	–	–	–	–	600	–	–	600
5.875% US Senior Notes, due 2027	–	–	–	–	–	633	–	633
6.00% Senior Notes, due 2028	–	–	–	–	–	400	–	400
4.375% Senior Notes, due 2029	–	–	–	–	–	600	–	600
4.50% US Senior Notes, due 2029	–	–	–	–	–	1,012	–	1,012
4.625% US Senior Notes, due 2030	–	–	–	–	–	1,012	–	1,012
Other notes	3	1	1	1	–	–	–	6
Undiscounted Future Lease Payments	148	113	88	63	57	423	(229)	663
	151	114	89	64	1,294	4,080	(229)	5,563

(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 and correspondingly increase the US Revolving Facility commitment by US$50. 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 December 31, 2021 are as follows:

	Maturity date	Effective rate[1]	Balance
$1,651 Canadian Revolving Facility[2]	March 25, 2026	2.05 %	519
US$205 Revolving Facility[2]	March 25, 2026	3.60 %	118
Outstanding borrowings under the Credit Facility			637

[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 a Revolving Facility of US$155.

As at December 31, 2021, Parkland issued $44 (2020 - $37) of letters of credit and $252 (2020 - $224) of surety bonds to provide guarantees on behalf of its subsidiaries in the ordinary course of business, which are not recognized in the consolidated financial statements. Maturity dates for these guarantees vary and are up to and including January 27, 2024.

As at December 31, 2021, Parkland provided $3,108 (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 21.

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.

4.625% US$800 Senior Notes, due 2030

On November 23, 2021, Parkland completed the private offering of US$800 aggregate principal amount of senior unsecured notes due May 1, 2030. The Senior Notes were priced at par and bear interest at a rate of 4.625% per annum, payable semi-annually in arrears beginning May 1, 2022.

5.75% $300 Senior Notes, 6.00% US$500 Senior Notes, 5.625% $500 Senior Notes, and 6.50% $300 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 $300 6.50% Senior Notes were redeemed for 105.48% of the principal amount on December 8, 2021. The loss on the exercise of the prepayment options was recorded in finance costs. See Note 21.

(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 net investments in foreign operations for which the US dollar is the functional currency. During the year ended December 31, 2021, Parkland recognized a foreign exchange gain, net of tax, of $10, (2020 - gain, net of tax, of $32) on these balances, representing the effective portion of the hedge in other comprehensive income (loss), offsetting exchange differences on translation of foreign operations. As at December 31, 2021, of the $2,100 of USD-denominated debt, approximately $1,800 was included in the Net Investment Hedge, as Parkland has more USD debt than it has of USD Net Investments.

($ millions, unless otherwise stated)

14. 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, certain portions of prepaid expenses and other, accounts payable and accrued liabilities, dividends declared and payable, long-term debt, and certain portions of other long-term assets and other liabilities.

(a) Fair value measurement hierarchy

Parkland's financial assets and liabilities that are measured at fair value are categorized by level according to the significance of the inputs used in making the measurements in a three-level hierarchy. Refer to Note 2 for the measurement hierarchy and techniques used by Parkland to value financial instruments. The fair value hierarchy table for Parkland's financial assets and liabilities is as follows:

		Fair value as at December 31, 2021			
	Note	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Commodities swaps, forwards and futures contracts (b)		**–**	**21**	**–**	**21**
Emission credit forward and option contracts		**–**	**15**	**–**	**15**
Currency forward exchange contracts		**–**	**4**	**–**	**4**
Risk management and other assets		**–**	**40**	**–**	**40**
Commodities swaps, forwards and futures contracts (b)		**–**	**(24)**	**–**	**(24)**
Emission credit forward and option contracts		**–**	**(15)**	**–**	**(15)**
Risk management and other liabilities		**–**	**(39)**	**–**	**(39)**
Redemption Options (c)	12	**–**	**102**	**–**	**102**
Other items included in other long-term assets		**–**	**102**	**–**	**102**
Sol Put Option (d)	16	**–**	**–**	**(589)**	**(589)**
Other items included in provisions and other liabilities		**–**	**–**	**(589)**	**(589)**

		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**
Commodities swaps, forwards and futures contracts (b)		—	3	—	3
Emission credit forward and option contracts		—	8	—	8
Currency forward exchange contracts (b)		—	12	—	12
Risk management and other assets		—	23	—	23
Commodities swaps, forwards and futures contracts (b)		—	(20)	—	(20)
Emission credit forward and option contracts		—	(11)	—	(11)
Risk management and other liabilities		—	(31)	—	(31)
Redemption Options (c)	12	—	156	—	156
Others	12	—	—	13	13
Other items included in other long-term assets		—	156	13	169
Intermediation Facility Derivatives	16	—	(5)	—	(5)
Sol Put Option (d)	16	—	—	(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, emission credit forward and option contracts, and redemption options. There were no transfers between fair value measurement hierarchy levels during the year ended December 31, 2021.

(b) Risk management derivatives

Derivative financial instruments including commodities swaps, forwards and futures contracts, emission credit forward and option contracts, and currency forward exchange contracts may be used to selectively reduce volatility associated with fluctuations in the commodities prices and foreign currency exchange rates. As at December 31, 2021, Parkland's derivative financial instruments include commodities futures contracts on refined products, commodities swaps on crude oil, heavy oil, liquid petroleum gas and refined products, emission credit forward and option contracts, and US dollar forward contracts,

(c) Redemption Options

The Senior Unsecured Notes contain optional redemption features that allow Parkland to redeem the notes prior to maturity at a premium (the "Redemption Options"). The Redemption Options are accounted for as embedded derivative financial instruments and carried at a fair value of $102 as at December 31, 2021 (December 31, 2020 - $156) within other long-term assets with the changes in fair value recorded within other (gains) and losses. The Redemption Options related to the 4.375% $600 Senior Notes, the 4.50% US$800 Senior Notes, the 3.875% $600 Senior Notes, and the 4.625% US$800 Senior Notes (collectively the "2021 Senior Notes"), were ascribed a total fair value of $34 (2020 - the Redemption Options related to the 6.00% $400 Senior Notes was ascribed a fair value of $9) on initial recognition. See Note 13 for details. The carrying value of the notes was accordingly increased by the same amount.

(d) Sol Put Option

The Sol Transaction includes a non-expiring call right for Parkland to acquire (the "Sol Call Option"), and a non-expiring put right for the non-controlling shareholders of SIL to sell (the "Sol Put Option") the remaining outstanding shares of SIL at a proportionate purchase price based on Sol's contractually defined trailing-twelve-month adjusted EBITDA, multiplied by 8.5, and including other adjustments as defined in the Sol Agreement. Parkland will have the non-expiring right to refuse the exercise of the Sol Put Option on up to two occasions. The Sol Put Option is first 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. The Sol Call Option has no separate value.

The Sol Put Option is classified as a non-derivative financial liability at FVTPL, with changes in redemption value recorded within other (gains) and losses on the consolidated statements of income (loss). The proportionate redemption value of the Sol Put Option is calculated based on the contractual terms as defined in the Sol Agreement. The Sol Put Option is carried at a redemption value of $589 as at December 31, 2021 (2020 - $503). During the year ended December 31, 2021, a change in redemption value of $87 was recorded within other (gains) and losses (2020 — $23). See Note 16.

Significant unobservable inputs and assumptions include a contractually defined trailing-twelve-month adjusted EBITDA of Sol multiplied by 8.5 and other adjustments as defined in the Sol Agreement. An increase in adjusted EBITDA would result in an increase to the liability associated with the Sol Put Option.

(e) 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 December 31, 2021 due to the short-term nature of these instruments. The carrying value of long-term receivables approximates fair value as at December 31, 2021, as Parkland currently issues loans and advances to dealers and customers at market terms. The Senior Notes had a carrying value of $4,256 and an estimated fair value of $4,319 as at December 31, 2021 (2020 – $2,774 and $2,947 respectively), determined by discounting future cash flows using rates available to Parkland for loans with similar terms, conditions and maturity dates. The carrying value of other long-term debt approximates fair value as at December 31, 2021, as either the interest rate on the long-term debt is adjusted monthly or the debt was issued recently. The carrying value of other long-term liabilities carried at amortized cost approximates fair value as at December 31, 2021, given that they were recently incurred.

($ millions, unless otherwise stated)

(f) Offsetting

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

	December 31, 2021			December 31, 2020		
	Gross amount	**Amount offset**	**Net**	Gross amount	Amount offset	Net
Risk management and other assets	**47**	**(7)**	**40**	30	(7)	23
Risk management and other liabilities	**(46)**	**7**	**(39)**	(38)	7	(31)

(g) Market risk

US dollar currency risk

Parkland is exposed to foreign currency risk relating to its operating and financing activities and mitigates such risk using derivative financial instruments including US dollar forward contracts. Exposure to foreign currency risk arises from purchasing and selling certain products and services in US dollars and the use of the Credit Facility and Senior Notes. The following table demonstrates the sensitivity to a $0.10 increase in the US dollar to Canadian dollar exchange rate, with all other variables held constant, on financial instruments denominated in US dollars at the end of the reporting period. The impact on Parkland's net earnings (loss) is driven by the impact of changes in foreign exchange rates on the carrying values of monetary assets and liabilities, including the USD-denominated debt, and is offset by the impact on Parkland's other comprehensive income (loss) as a result of designation of certain USD-denominated debt as a net investment hedge to mitigate foreign exchange risk related to foreign operations (see Note 13).

For the years ended	**December 31, 2021**	December 31, 2020
$0.10 increase in USD/CAD exchange rate:		
Increase (decrease) in net earnings (loss)	**(19)**	(6)
Increase (decrease) in other comprehensive income (loss)	**(166)**	(93)
	(185)	(99)

Foreign exchange (gain) loss

The following table details the foreign exchange (gain) loss as presented on the consolidated statements of income (loss):

For the years ended	**December 31, 2021**	December 31, 2020
Unrealized (gain) loss on foreign exchange	**(7)**	(2)
Realized (gain) loss on foreign exchange	**(3)**	7
Foreign exchange (gain) loss	**(10)**	5

(h) Commodity price risk

Parkland enters into financial instruments including swaps, forwards, options and futures contracts to mitigate commodity price risk volatility as part of its risk management strategy. These risk management contracts are used to lock in margins with customers on commodities to be delivered. Any unrealized gains or losses on risk management contracts recognized under IFRS are expected to partially offset any unrealized gains or losses on physical products to be delivered in the future. These financial instruments are subject to financial controls, risk management and monitoring procedures. Risk management derivatives are recorded at fair value and are sensitive to commodity price movements. As at December 31, 2021, a 5% change in commodity prices, including crude oil, heavy oil, LPGs and refined products, with all other variables held constant, would change net earnings by approximately $5 (2020 - $10) due to the change in the fair values of risk management contracts, which is expected to be partially offset by the impact of gains or losses on physical products to be delivered in the future.

(i) Interest rate risk

Parkland is normally exposed to market risk from changes in the Canadian and US prime interest rates, bankers' acceptance rate and LIBOR rate, which can impact Parkland's borrowing costs on the Credit Facility. Parkland monitors and analyzes interest rate risk on a regular basis and mitigates interest rate risk by considering refinancing, credit line renewals, hedging options and issuing long-term debt at a fixed rate. As at December 31, 2021, a 100-basis point change in these interest rates, with all other variables held constant, including the amount of borrowings and letters of credit drawn under the Credit Facility, would have caused an increase or decrease to interest on long-term debt and net earnings of approximately $6 (2020 - $7).

($ millions, unless otherwise stated)

(j) Credit risk

Parkland does not have significant credit exposure to any individual customer, and credit risk is minimized by Parkland's broad customer and geographic base. A sizeable portion of Parkland's accounts receivable are with customers in various industries, and are subject to normal industry credit risks. The maximum exposure to credit risk of accounts receivable is their carrying value. Counterparties for all Parkland's risk management contracts are major financial institutions or counterparties with investment grade credit ratings.

As at December 31, 2021, the provision for ECLs on accounts receivable was $25 (December 31, 2020 – $24) and the provision for ECLs on long-term receivables was $1 (December 31, 2020 – $2).

(k) Liquidity risk

Parkland mitigates liquidity risk by forecasting spending and cash flow requirements, considering seasonality of working capital needs and ensuring access to multiple sources of capital to the extent possible, including cash and cash equivalents, cash from operating activities, undrawn credit facilities and access to various credit products at competitive rates. As at December 31, 2021, Parkland has available unused credit facilities of $1,270 (December 31, 2020 – $1,005). Parkland believes it has sufficient funding to meet foreseeable liquidity requirements through the use of credit facilities, cash flows from operating activities, and cash on hand.

The following tables provide an analysis of contractual maturities for financial liabilities:

As at December 31, 2021	Note	**Less than one year**	**Years two and three**	**Years four and five**	**Thereafter**	**Interest included in minimum lease payments**	**Total**
Accounts payable and accrued liabilities		**1,950**	**–**	**–**	**–**	**–**	**1,950**
Dividends declared and payable		**16**	**–**	**–**	**–**	**–**	**16**
Risk management and other		**39**	**–**	**–**	**–**	**–**	**39**
Long-term debt commitments[1]		**3**	**2**	**1,238**	**3,657**	**–**	**4,900**
Interest on long-term debt commitments[2]		**204**	**408**	**397**	**403**	**–**	**1,412**
Undiscounted future lease payments		**148**	**201**	**120**	**423**	**(229)**	**663**
Provisions and other liabilities[3]	16	**8**	**591**	**2**	**31**	**–**	**632**
		2,368	**1,202**	**1,757**	**4,514**	**(229)**	**9,612**

As at December 31, 2020	Note	Less than one year	Years two and three	Years four and five	Thereafter	Interest included in minimum lease payments	Total
Accounts payable and accrued liabilities		1,212	—	—	—	—	1,212
Dividends declared and payable		16	—	—	—	—	16
Risk management and other		31	—	—	—	—	31
Long-term debt commitments[1]		6	690	801	1,976	—	3,473
Interest on long-term debt commitments[2]		181	362	291	148	—	982
Undiscounted future lease payments		145	191	99	228	(157)	506
Provisions and other liabilities[3]	16	194	503	—	13	—	710
		1,785	1,746	1,191	2,365	(157)	6,930

[1] Undiscounted principal.
[2] Includes interest on the Credit Facility, Senior Notes and Other Notes.
[3] Includes the Sol Put Option, and other items. Excludes the asset retirement and other obligations.

($ millions, unless otherwise stated)

15. CAPITAL MANAGEMENT

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

Leverage ratio

Parkland's primary capital management measure is the Leverage Ratio, which is used internally by key management personnel to monitor Parkland's overall financial strength, capital structure flexibility, 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 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	December 31, 2020
Leverage Debt	**4,653**	3,246
Leverage EBITDA	**1,394**	1,115
Leverage Ratio	**3.3**	2.9

	Note	**December 31, 2021**	December 31, 2020
Long-term debt	13	**5,556**	3,975
Less:			
Lease obligations	13	**(663)**	(506)
Cash and cash equivalents		**(284)**	(262)
Add:			
Third-Party guarantees		**–**	2
Letters of credit		**44**	37
Leverage Debt		**4,653**	3,246

For the years ended	Note	**December 31, 2021**	December 31, 2020
Adjusted EBITDA including NCI	25	**1,358**	1,057
Share incentive compensation	17	**28**	26
Reverse: IFRS 16 impact(3)		**(164)**	(181)
		1,222	902
Acquisition pro-forma adjustment(1)		**75**	20
Other adjustments(2)		**97**	193
Leverage EBITDA		**1,394**	1,115

(1) Amounts for the year ended December 31, 2021 include pro-forma pre-acquisition EBITDA estimates as if the acquisitions during the year ended December 31, 2021 occurred on January 1, 2021.
(2) Relates to adjustments for the normalization of the impact from the turnaround and other non-recurring costs related to extreme weather events beyond management's control.
(3) 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.

Credit Facility covenants

Parkland is required under the terms of its Credit Facility to comply with certain financial covenants consisting of (i) Senior Funded Debt to Credit Facility EBITDA ratio, (ii) Total Funded Debt to Credit Facility EBITDA ratio and (ii) Interest coverage ratio (calculated as a ratio of Credit Facility EBITDA to Interest Expense). The Credit Facility EBITDA, Senior Funded Debt and Interest Expense are defined under the terms of the Credit Facility and do not have any standardized meaning prescribed under IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. Parkland was in compliance with all Credit Facility covenants throughout the year ended December 31, 2021.

($ millions, unless otherwise stated)

16. PROVISIONS AND OTHER LIABILITIES

	Note	December 31, 2021	December 31, 2020
Intermediation Facility (a)		–	194
Asset retirement obligations - current (b)		18	14
Environmental Provision - current (d)		4	2
Deferred revenue		23	19
Short-term deposits, provisions and other		15	4
Provisions and other liabilities - current		60	233
Sol Put Option (c)	14	589	503
Asset retirement obligations - non-current (b)		402	373
Environmental Provision - non-current (d)		125	86
Employee benefits and other		29	39
Long-term deposits, provisions and other		40	23
DSU liability		11	12
Provisions and other liabilities - non-current		1,196	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. 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 year ended December 31, 2021, a realized loss of $16 (2020 - realized gain of $20), and an unrealized gain of nil (2020 - unrealized gain of $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 December 31, 2021	January 1, 2020 to December 31, 2020
Asset retirement obligations, beginning of period		387	336
Additional provisions made in the period		55	12
USA Acquisitions and others	19	31	7
Obligations settled or transferred during the period		(15)	(6)
Change due to passage of time, discount rate and inflation rate		(37)	40
Change due to foreign exchange		(1)	(2)
Asset retirement obligations, end of period		420	387
Current		18	14
Non-current		402	373
Asset retirement obligations, end of period		420	387

As at December 31, 2021, the inflation rate used to determine the value of future asset retirement costs ranged from 2.20% to 2.59% (December 31, 2020 - 2.20% to 2.26%) and the discount rate used to determine the present value of the future asset retirement costs was 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 $696 as at December 31, 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 December 31, 2021	January 1, 2020 to December 31, 2020
Sol Put Option, beginning of period		**503**	486
Change in redemption value of Sol Put Option	22	**87**	23
Exchange differences		**(1)**	(6)
Sol Put Option, end of period		**589**	503

Refer to Note 14(d) for significant unobservable input assumptions.

(d) Environmental Provision

	January 1, 2021 to December 31, 2021	January 1, 2020 to December 31, 2020
Environmental Provision, beginning of period	**88**	72
Additional provision made in the period	**56**	—
Change due to passage of time, discount rate and inflation rate	**(14)**	18
Amounts used during the period	**(1)**	(2)
Environmental Provision, end of period	**129**	88
Current	**4**	2
Non-Current	**125**	86
Environmental Provision, end of period	**129**	88

As at December 31, 2021, the inflation rate used to determine the value of future costs related to environmental activities ranged from 2.20% to 2.59% (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 3.37% to 3.46% (December 31, 2020 - 2.64% to 2.86%).

17. SHAREHOLDERS' CAPITAL

(a) Shareholders' capital

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

	2021		2020	
	Number of common shares (000's)	Amount ($ millions)	Number of common shares (000's)	Amount ($ millions)
Shareholders' capital, as at January 1	**150,054**	**2,440**	148,205	2,382
Shares issued on the USA Acquisitions	**1,529**	**53**	48	1
Shares issued under the ATM equity program, net of costs	**550**	**22**	—	—
Issued under dividend reinvestment plan, net of costs	**1,485**	**58**	1,251	47
Issued under share option plan	**313**	**8**	451	11
Issued on vesting of performance share units	**245**	**5**	99	(1)
Shareholders' capital, as at December 31	**154,176**	**2,586**	150,054	2,440

Dividends

During the year ended December 31, 2021, Parkland declared dividends of $190 (2020 - $184). Shareholders of record prior to March 22, 2021 received a regular monthly dividend of $0.1012 per share, and shareholders of record on or after March 22, 2021 received a regular monthly dividend of $0.1029 per share. Dividends declared and payable as at December 31, 2021 of $16 at $0.1029 per share were paid on January 15, 2022 (December 31, 2020 - $16 at $0.1012 per share).

(b) Share options

Changes in the number of share options held by officers and employees with their average exercise prices per option are summarized below:

	2021		2020	
	Number of options (000's)	**Average exercise price ($ per option)**	Number of options (000's)	Average exercise price ($ per option)
Share options, as at January 1	**3,739**	**30.06**	3,610	28.73
Granted	**395**	**39.54**	651	32.42
Exercised	**(313)**	**22.29**	(451)	22.23
Expired	**(5)**	**35.91**	(15)	32.88
Forfeited	**(50)**	**38.47**	(56)	33.65
Share options, as at December 31	**3,766**	**31.58**	3,739	30.06
Exercisable options, as at December 31	**2,740**	**29.75**	2,410	27.46

The range of exercise prices and weighted average remaining contractual lives of outstanding share options are summarized below:

Range of exercise prices	**Number of options (000's)**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price ($ per option)**
$19.00 – $25.99	**1,004**	**2**	**23.02**
$26.00 – $32.99	**1,548**	**5**	**30.87**
$33.00 – $39.99	**1,030**	**6**	**38.70**
$40.00 – $46.99	**184**	**5**	**44.46**
Share options, as at December 31, 2021	**3,766**	**4**	**31.58**

Share option expense included in marketing, general and administrative expenses for the year ended December 31, 2021 was $4 (2020 - $5). Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $37.95 per share (2020 - $35.82 per share).

The weighted average fair values of the options granted in 2021 and 2020 and the weighted average assumptions used in the Black-Scholes option valuation model to determine their fair values are as follows:

	2021	2020
Exercise price and share price at grant date ($ per option)	**39.54**	32.42
Volatility (%)	**34.00**	27.00
Dividend yield (%)	**3.13**	4.68
Expected life of option (years)	**5**	5
Annual risk-free interest rate (%)	**0.95**	0.75
Fair value ($ per option)	**8.67**	4.42

The expected lives of the options are based on historical data and current expectations, and are not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility of daily share prices over the period equivalent to the options' expected life is indicative of future trends, which may not necessarily be the actual outcome.

(c) Performance share units ("PSUs")

PSUs held by officers and employees are summarized as follows:

	2021	2020
	Number of PSUs (000's)	Number of PSUs (000's)
Performance share units, as at January 1	**1,521**	981
Granted	**657**	844
Dividend equivalents	**54**	49
Issued on vesting	**(433)**	(187)
Forfeited	**(79)**	(166)
Performance share units, as at December 31	**1,720**	1,521

PSU expense included in marketing, general and administrative expenses for the year ended December 31, 2021 was $23 (December 31, 2020 - $20). The weighted average fair value per unit granted was $39.19 for the year ended December 31, 2021 (2020 - $32.11).

(d) Deferred share units ("DSUs")

DSUs held by non-executive members of the Board of Directors are summarized as follows:

	2021	2020
	Number of DSUs (000's)	Number of DSUs (000's)
Deferred share units, as at January 1	**287**	250
Granted	**28**	27
Dividend equivalents	**10**	10
Deferred share units, as at December 31	**325**	287

The liability recorded for DSUs in other long-term liabilities as at December 31, 2021 was $11 (December 31, 2020 - $12). Changes in the fair value of the outstanding DSU liability included in acquisition, integration and other costs for the year ended December 31, 2021 resulted in a gain of $1 (2020 - gain of $1). Expense related to DSUs included in marketing, general and administrative expenses for the year ended December 31, 2021 was $1 (2020 - $1).

(e) Base shelf prospectus

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 year ended December 31, 2021, Parkland issued 550 thousand common shares under the ATM equity program between the months of May to July, at a weighted average price of $40.66 per share for aggregated proceeds of $22.36, net of share issuance costs of $0.67.

($ millions, unless otherwise stated)

18. NON-CONTROLLING INTEREST

Parkland's non-controlling interest ("NCI") represents a third party's 25% ownership interest in Sol. The businesses and assets included in Sol are predominantly located in the Caribbean and northern coast of South America. NCI is classified as a component of total equity. Summarized financial information of Sol is provided below and is based on amounts before intercompany eliminations.

	December 31, 2021	December 31, 2020
Current assets	**1,272**	668
Non-current assets	**1,671**	1,513
Current liabilities	**(744)**	(334)
Non-current liabilities	**(753)**	(461)
Total equity	**1,446**	1,386
Attributable to Parkland	**1,084**	1,039
Attributable to NCI	**362**	347

For the years ended	Note	**December 31, 2021**	December 31, 2020
Sales and operating revenue		**4,870**	3,619
Cost of purchases		**4,201**	3,047
Adjusted gross margin	25	**592**	589
Adjusted EBITDA attributable to NCI	25	**98**	90
Net earnings (loss) attributable to NCI		**29**	30
Total comprehensive income (loss) attributable to NCI		**21**	19
Dividends paid to NCI		**6**	23

19. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS

(a) 2021 USA Acquisitions

Parkland 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 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; (v) certain assets and liabilities of Bradenton Fuel Oil ("Bradenton"), 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 (collectively, "Urbieta"), a 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 ("collectively, "Lynch"), a retail, wholesale, and distribution business based in Burley, Idaho, on December 15, 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 completed the acquisition of (i) 50% indirect ownership in Isla Dominicana de Petroleo Corp. ("Isla"), through Parkland's subsidiaries on July 1, 2021, consisting of retail locations and commercial and aviation marketing operations (see Note 11 for further details) and (ii) 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.

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 11 for further details).

($ millions, unless otherwise stated)

(c) Other asset 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 with Isla in July 2021, (iv) certain retail sites in the United States in August 2021, and (vi) certain cardlocks and distribution assets in Canada in November 2021.

		Asset acquisitions	Business combinations[3]			
	Note		Urbieta	C&B	Others	Total
Assets						
Accounts receivable[1]		–	5	15	30	50
Prepaid expenses and other		–	–	1	–	1
Inventories		1	4	39	11	55
Property, plant and equipment		36	282	98	116	532
Property, plant and equipment - right-of-use assets		–	108	3	20	131
Intangible assets		81	36	51	83	251
Other long-term assets		–	–	–	1	1
Deferred tax asset		–	–	–	4	4
		118	435	207	265	1,025
Liabilities						
Accounts payable and accrued liabilities[1]		–	(25)	(30)	(6)	(61)
Provisions and other liabilities		(9)	–	(3)	–	(12)
Long-term debt - lease obligations		–	(108)	(3)	(20)	(131)
Asset retirement obligations	16	(1)	(15)	(5)	(10)	(31)
Deferred tax liability		–	(5)	(7)	(13)	(25)
		(10)	(153)	(48)	(49)	(260)
Goodwill arising on acquisition[2]		–	44	110	181	335
Net assets acquired		108	326	269	397	1,100
Fair value of purchase consideration transferred						
Cash paid on acquisition date, less cash assumed		108	297	267	365	1,037
Common shares issued on acquisition[4]		–	33	–	20	53
Contribution of assets		–	–	–	8	8
Working capital adjustment		–	(4)	2	4	2
Purchase consideration transferred		108	326	269	397	1,100

[1] The gross amounts of accounts receivable, accounts payable and accrued liabilities represent their fair value and the amounts that are expected to be collected or paid at the acquisition date.
[2] Goodwill represents the value of integration synergies, growth opportunities, a strong management team and an assembled workforce and is fully deductible for tax purposes.
[3] Includes the 2021 USA Acquisitions and GP acquisition, which were accounted for as individually separate business combinations.
[4] Common shares issued on acquisition includes 969 thousand for Urbieta and 560 thousand for other acquisitions.

Since the acquisition date, sales and operating revenue of $1,011 and net earnings of $15 attributable to the business combinations are included in the consolidated statements of comprehensive income (loss). The estimated consolidated sales and operating revenue and net earnings (loss) of Parkland would have been approximately $22,565 and $156, respectively, for the year ended December 31, 2021, if these business combinations were completed on January 1, 2021. Although these amounts represent Parkland's best estimate, there can be no assurance that these would have been the actual results had the business combinations occurred on January 1, 2021.

($ millions, unless otherwise stated)

(d) 2020 Acquisitions

During the year ended December 31, 2020, Parkland successfully completed the acquisition of: (i) all of the issued and outstanding equity interests of Kellerstrass Enterprises, LLC as well as equity interests and the assets of certain of its affiliates (collectively the "Kellerstrass Acquisition") on February 14, 2020; (ii) certain ConoMart retail sites located in and around Billings, Montana (collectively the "ConoMart Acquisition") on May 13, 2020; (iii) all of the assets of Sevier Valley Oil Company, Inc. and its related entities (collectively the "Sevier Valley Oil Acquisition") on December 7, 2020; and (iv) certain assets of Carter Oil Company, Inc. and its affiliates (collectively the "Carter Oil Acquisition") on December 31, 2020 (collectively the "2020 USA Acquisitions").

The Kellerstrass Acquisition, the Sevier Valley Oil Acquisition and the Carter Oil Acquisition were accounted for as individually separate business combinations, and the ConoMart Acquisition was accounted for as an asset acquisition. The aggregate fair values of the identifiable assets acquired and liabilities assumed as well as the purchase consideration transferred for the 2020 USA Acquisitions are presented below. These fair values were finalized during the year ended December 31, 2021.

Other asset acquisitions completed during the year ended December 31, 2020 include the license for the exclusive use of the On the Run trademark in the majority of U.S. states and individually immaterial businesses complementary to Parkland's existing retail business in Canada.

	Note	Asset acquisitions	Business combinations	Total
Assets				
Accounts receivable[1]		–	11	11
Prepaid expenses and other		–	1	1
Inventories		1	9	10
Property, plant and equipment		16	63	79
Property, plant and equipment - right-of-use assets		–	1	1
Intangible assets		13	71	84
		30	156	186
Liabilities				
Accounts payable and accrued liabilities[1]		(7)	(16)	(23)
Long-term debt		–	(7)	(7)
Long-term debt - lease liability		–	(1)	(1)
Asset retirement obligations	16	(1)	(6)	(7)
Deferred tax liabilities		–	(5)	(5)
		(8)	(35)	(43)
Goodwill arising on acquisition[2]		–	59	59
Net assets acquired		22	180	202
Fair value analysis of purchase consideration transferred				
Cash paid on acquisition date, less cash assumed		21	180	201
Common shares issued on acquisition		1	–	1
Purchase consideration transferred		22	180	202

[1] The gross amounts of accounts receivable, accounts payable and accrued liabilities represent their fair value and the amounts that are expected to be collected or paid at the acquisition date.
[2] Goodwill represents the value of integration synergies, growth opportunities, a strong management team and an assembled workforce, and is fully deductible for tax purposes.

($ millions, unless otherwise stated)

(e) Other information

Details of acquisition, integration and other costs are as follows:

For the years ended	**December 31, 2021**	December 31, 2020
Acquisition costs	**30**	10
Integration costs	**8**	10
Restructuring and other costs[1]	**14**	32
Acquisition, integration and other costs	**52**	52

[1] Restructuring and other costs for the year ended December 31, 2021 include $5 (2020 - $29) in restructuring costs.

20. OPERATING COSTS AND MARKETING, GENERAL AND ADMINISTRATIVE EXPENSES

Operating costs and marketing, general and administrative expenses include the following:

For the years ended	**December 31, 2021**			December 31, 2020		
	Operating costs[1]	**Marketing, general and administrative[1]**	**Total**	Operating costs[1]	Marketing, general and administrative[1]	Total
Employee costs	**306**	**246**	**552**	234	188	422
Operating leases	**64**	**5**	**69**	82	4	86
Other operating costs	**739**	**–**	**739**	676	—	676
Other marketing, general and administrative expenses	**–**	**155**	**155**	—	133	133
	1,109	**406**	**1,515**	992	325	1,317

[1] Operating costs and marketing, general and administrative expenses are both presented net of Canada Emergency Wage Subsidy of $5 ($4 net of tax) and $5 ($4 net of tax), respectively (2020 - $28 ($21 net of tax) and $25 ($19 net of tax), respectively).

Employee costs include employee benefits and costs of full-time, part-time, and contract employees. Other operating costs include costs for services, credit card transaction processing fees, commissions, third-party delivery expenses, property tax, insurance, utilities, maintenance and repairs. Other marketing, general and administrative expenses include general office, general liability insurance, technology, consulting, legal and audit expenses.

21. FINANCE COSTS

For the years ended	Note	**December 31, 2021**	December 31, 2020
Interest on leases	7	**29**	33
Interest on long-term debt		**194**	200
Loss on modification of long-term debt[1]		**77**	3
Amortization, accretion and other finance costs		**23**	14
		323	250

[1] The loss on modification of long-term debt for the year ended December 31, 2021 includes (i) early redemption premiums of $67 (2020 - $3), and (ii) amortization of deferred financing costs net of amortization of premiums on redemption options of $10, respectively (2020 - nil), on the redeemed senior notes.

22. OTHER (GAINS) AND LOSSES

For the years ended	Note	**December 31, 2021**	December 31, 2020
Change in redemption value of Sol Put Option	16	**87**	23
Change in fair value of Redemption Options	14	**86**	(34)
Other		**30**	7
		203	(4)

($ millions, unless otherwise stated)

23. INCOME TAXES

(a) Income tax expense (recovery)

For the years ended	**December 31, 2021**	December 31, 2020
Current tax:		
Tax on net earnings for the year	**87**	47
Adjustments in respect of prior years and other	**(44)**	(15)
Current income tax expense	**43**	32
Deferred tax:		
Origination and reversal of temporary differences	**(54)**	(4)
Change in enacted tax rates	**3**	1
Adjustments in respect of prior years and other	**44**	13
Deferred income tax expense (recovery)	**(7)**	10
Income tax expense (recovery)	**36**	42

Income tax expense (recovery) reflects an effective tax rate that differs from the statutory tax rate. A reconciliation of the difference between income tax expense (recovery) and earnings before income taxes, multiplied by Parkland's Canadian statutory tax rate, is as follows:

For the years ended	**December 31, 2021**	December 31, 2020
Canada	**72**	12
United States	**7**	13
Other countries[1]	**83**	129
Earnings before income taxes	**162**	154
Blended statutory tax rate[2]	**6%**	21%
Tax calculated at blended statutory tax rate	**10**	33
Tax effects of:		
Changes in fair value of Sol put option	**21**	5
Non-deductible expenses	**5**	1
Change in enacted tax rates	**3**	1
Other items	**(3)**	2
Income tax expense (recovery)	**36**	42

[1] Includes earnings before income taxes earned in geographic locations outside of Canada and the United States. It does not refer to earnings before income taxes from the International segment.
[2] The blended statutory rate is derived based on income earned in various countries and changes in enacted tax rates.

(b) Deferred income taxes

	December 31, 2021	December 31, 2020
Deferred tax assets	**196**	163
Deferred tax liabilities	**(337)**	(306)
Net deferred tax assets (liabilities)	**(141)**	(143)

The movement in the deferred income tax account is as follows:

	Note	**2021**	2020
Net deferred tax assets (liabilities), as at January 1		**(143)**	(132)
Acquisitions	19	**(21)**	(5)
Contributions to joint ventures	11	**14**	—
Deferred income tax (expense) recovery recognized in net earnings (loss)		**7**	(10)
Recognized in other comprehensive income (loss)		**6**	2
Other items		**(4)**	2
Net deferred tax assets (liabilities), as at December 31		**(141)**	(143)

($ millions, unless otherwise stated)

The movement in deferred income tax assets (liabilities) and deferred income tax expense (recovery) is as follows:

	Consolidated statements of comprehensive income (loss)		Consolidated balance sheets	
	Years ended December 31,		Years ended December 31,	
	2021	2020	**2021**	2020
Property, plant and equipment	**63**	—	**(317)**	(252)
Intangible assets and goodwill	**(14)**	(3)	**(63)**	(56)
Asset retirement and other obligations	**2**	9	**93**	90
Right-of-use assets	**9**	(6)	**(123)**	(94)
Lease liabilities	**(9)**	3	**138**	105
PSUs and DSUs	**(2)**	(3)	**16**	13
Loss carryforwards	**(41)**	(9)	**122**	79
Embedded derivatives	**(19)**	11	**(14)**	(32)
Other items	**(2)**	6	**7**	4
	(13)	8	**(141)**	(143)

As at December 31, 2021, Parkland has capital losses that arose in Canada of $48 (December 31, 2020 - $77), primarily from the settlement of the foreign exchange hedge contract in connection with the Chevron Acquisition Hedge. This capital loss balance is available indefinitely and can be used to offset future capital gains. No deferred tax asset is recognized as it is not probable that capital gains will be available against which the capital loss can be utilized.

As at December 31, 2021, Parkland has non-capital losses available to offset income for tax purposes of $657, of which $248 has an indefinite expiry and $409 expires over the next 20 years (December 31, 2020 - $456, of which $72 has an indefinite expiry and $384 expires over the next 20 years).

24. RELATED PARTY TRANSACTIONS

Principal subsidiaries

As at December 31, 2021, details of Parkland's principal operating subsidiaries are as follows:

Name	Country of operation	Related operating segment
Parkland Corporation[1]	Canada	Canada and Supply
Parkland Refining (B.C.) Ltd.[1]	Canada	Canada and Supply
Elbow River Marketing Ltd.[1]	Canada	Supply
Farstad Oil Inc.[1]	United States	USA
Superpumper Inc.[1]	United States	USA
Conrad & Bischoff, LLC[1]	United States	USA
H&H Sub, LLC[1]	United States	USA
Harts Gas and Foods, LLC[1]	United States	USA
Rhinehart Oil Co., LLC[1]	United States	USA
Parkland (U.S.) Supply Corporation[1]	United States	USA
Tropic Oil Company LLC[1]	United States	USA
Sol Investments SEZC[2]	Various	International

[1] Wholly owned subsidiary of Parkland.
[2] Parkland owns a 75% interest in Sol Investments SEZC. The remaining 25% interest is held by a non-controlling shareholder.

($ millions, unless otherwise stated)

Key management compensation

Parkland's key management personnel includes members of the Board of Directors and senior leadership team. Key management compensation is presented in aggregate below:

For the years ended	**December 31, 2021**	December 31, 2020
Salaries and short-term employee benefits	**11**	7
Share-based payments	**8**	5
	19	12

The liability balance for the annual incentive plan and share-based compensation to key management personnel, including DSUs outstanding, was $15 as at December 31, 2021 (December 31, 2020 - $13). A clawback policy is in place to recoup variable compensation in the event of a financial restatement, gross negligence, fraud or intentional misconduct.

Transactions with other related parties

For the years ended	**December 31, 2021**	December 31, 2020
Investment in associates		
Fuel revenue	**301**	138
Cost of purchases	**197**	205
Investment in joint ventures		
Fuel revenue	**216**	—

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

	December 31, 2021	December 31, 2020
Investment in associates		
Accounts payable	**22**	17
Accounts receivable	**26**	14
Investment in joint ventures		
Accounts payable	**6**	—
Accounts receivable	**17**	—

25. 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 for the year ended December 31, 2021. The operations in each segment are defined as follows:

Canada
Canada owns, supplies and supports a coast-to-coast network of retail gas stations, convenience stores, cardlock sites, bulk fuel, propane, heating oil, lubricants, and other related services to commercial, industrial, and residential customers. Canada's retail business operates under its leading convenience store brand, On the Run / Marché Express, providing locally relevant convenience merchandise and food offerings, and five key retail fuel brands: Ultramar, Esso, Fas Gas Plus, Chevron, and Pioneer, and operates a leading convenience store brand, On the Run / Marché Express. Canada also serves its commercial customer base through a family of brands including Ultramar, Bluewave Energy, Pipeline Commercial, Chevron, Columbia Fuels, and Sparlings Propane.

International
International includes operations in 23 countries and territories predominantly located in the Caribbean and northern coast of South America. International operates and services a network of retail service stations under brands including Sol, Esso and Shell and owns the Sol Shop convenience store brand. International also serves commercial, industrial and aviation businesses. International also includes an investment in the SARA refinery, an associate entity that is based in Martinique with operations to sell refined crude oil in Guadeloupe, French Guiana and Martinique, and Isla, a joint venture comprising 240 retail locations alongside an integrated commercial and aviation business in the Dominican Republic.

USA

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

Supply

Supply is responsible for managing Parkland's fuel supply contracts, purchasing fuel from refiners, refining and marketing fuel, transporting and distributing fuel through ships, rail and highway carriers, storing fuel in owned and leased facilities, and serving wholesale and reseller customers. The profits are derived through refining, supply logistics management, aviation fuel sales, and wholesale fuel sales.

Corporate

Corporate includes centralized administrative services and expenses incurred to support operations. Due to the nature of these activities, these costs are not specifically allocated to Parkland's operating segments.

General information

Depreciation and amortization, finance costs, acquisition, integration and other costs, (gain) loss on risk management and other — unrealized, (gain) loss on foreign exchange — unrealized, other (gains) and losses, (gain) loss on asset disposals and income taxes are not allocated to segments because they are not reviewed as part of segment information by the chief operating decision maker. Accordingly, there are certain asymmetries in the allocation of net earnings (loss) to segments with respect to these items.

The segregation of total assets and total liabilities is not practical, as the balance sheets of the reportable segments are not presented to or reviewed by the chief operating decision maker. Similarly, intersegment sales are not presented to or reviewed by the chief operating decision maker. Intersegment sales are eliminated from sales and operating revenue and cost of purchases of the selling segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Parkland's chief operating decision maker uses (i) adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA") and (ii) adjusted gross margin (including fuel and petroleum product adjusted gross margin and convenience and other 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, 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, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management and other with unrealized gains, (x) impairments of non-current assets, (xi) loss on modification of long-term debt, (xii) earnings impact from hyperinflation accounting, and (xiii) 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, and non-recurring discounts to customers.

Segment information	**Canada**		**International**		**USA[6]**		**Supply[6]**		**Corporate**		**Consolidated**	
For the year ended December 31,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Fuel and petroleum product volume (million litres)[1]	**8,916**	8,717	**5,296**	4,974	**5,151**	3,057	**4,537**	4,676	**–**	—	**23,900**	21,424
Sales and operating revenue[2]	**8,718**	6,433	**4,870**	3,619	**4,811**	2,109	**3,069**	1,850	**–**	—	**21,468**	14,011
Cost of purchases	**7,723**	5,496	**4,201**	3,047	**4,367**	1,872	**2,221**	1,260	**–**	—	**18,512**	11,675
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	**791**	750	**583**	476	**275**	112	**839**	581	**–**	—	**2,488**	1,919
Gain (loss) on risk management and other - realized	**2**	(1)	**(73)**	14	**(21)**	24	**(22)**	(6)	**–**	—	**(114)**	31
Gain (loss) on foreign exchange - realized	**–**	(2)	**(1)**	3	**–**	—	**1**	(7)	**3**	(1)	**3**	(7)
Other adjusting items to adjusted gross margin[3]	**–**	4	**(3)**	—	**–**	—	**–**	(4)	**1**	—	**(2)**	—
Fuel and petroleum product adjusted gross margin	**793**	751	**506**	493	**254**	136	**818**	564	**4**	(1)	**2,375**	1,943
Convenience and other non-fuel adjusted gross margin	**204**	187	**86**	96	**169**	125	**9**	9	**–**	—	**468**	417
Total adjusted gross margin	**997**	938	**592**	589	**423**	261	**827**	573	**4**	(1)	**2,843**	2,360
Operating costs[5]	**453**	423	**146**	160	**223**	142	**287**	267	**–**	—	**1,109**	992
Marketing, general and administrative[5]	**106**	81	**83**	82	**64**	47	**31**	24	**122**	91	**406**	325
Share in (earnings) loss of associates and joint ventures	**–**	—	**(16)**	(8)	**–**	—	**–**	—	**–**	—	**(16)**	(8)
Other adjusting items to Adjusted EBITDA[4]	**(1)**	(1)	**(13)**	(5)	**–**	—	**–**	—	**–**	—	**(14)**	(6)
Adjusted EBITDA including NCI	**439**	435	**392**	360	**136**	72	**509**	282	**(118)**	(92)	**1,358**	1,057
Attributable to NCI	**–**	—	**98**	90	**–**	—	**–**	—	**–**	—	**98**	90
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**439**	435	**294**	270	**136**	72	**509**	282	**(118)**	(92)	**1,260**	967
Reconciliation to net earnings (loss)												
Adjusted EBITDA including NCI											**1,358**	1,057
Acquisition, integration and other costs											**52**	52
Depreciation and amortization											**616**	609
Finance costs											**323**	250
(Gain) loss on foreign exchange – unrealized											**(7)**	(2)
(Gain) loss on asset disposals											**(13)**	2
(Gain) loss on risk management and other – unrealized											**10**	(10)
Other (gains) and losses											**203**	(4)
Other adjusting items[3][4]											**12**	6
Income tax expense (recovery)											**36**	42
Net earnings (loss)											**126**	112
Additions to property, plant and equipment and intangible assets[7]	**177**	85	**60**	70	**51**	14	**87**	164	**21**	20	**396**	353
Attributable to NCI	**–**	—	**15**	18	**–**	—	**–**	—	**–**	—	**15**	18
Additions to property, plant and equipment and intangible assets attributable to Parkland	**177**	85	**45**	52	**51**	14	**87**	164	**21**	20	**381**	335
Property, plant and equipment, intangible asset and goodwill acquisitions[7]	**8**	8	**124**	—	**950**	222	**36**	—	**–**	—	**1,118**	230

[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 mainly include the following: (i) an unrealized gain of nil (2020 - $9 gain) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases; and (ii) a $1 loss (2020 - $5 loss) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized.

[4] Other adjusting items to Adjusted EBITDA include mainly the share of depreciation and income taxes for the Isla joint venture of $7 (2020 - nil) - see Note 11.

[5] Operating costs and marketing, general and administrative expenses are both presented net of Canada Emergency Wage Subsidy of $5 and $5, respectively (2020 - $28 and $25). Operating costs are split as follows: Canada: $3 (2020 - $18) and Supply: $2 (2020 - $10). Marketing, general and administrative expenses are split as follows: Canada: $2 (2020 - $13); Supply: $1 (2020 - $3); and Corporate: $2 (2020 - $9).

[6] For comparative purposes, information for the year ended December 31, 2020 was restated due to a change in segment presentation as described in Note 2(c). 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	Year ended December 31, 2021	2020
Canada	**10,607**	7,583
United States	**6,842**	3,150
Other countries	**4,019**	3,278
Total	**21,468**	14,011

	December 31, 2021			
	Canada	**United States**	**Other countries**	**Consolidated**
Property, plant and equipment	**2,551**	**898**	**980**	**4,429**
Intangible assets	**525**	**269**	**289**	**1,083**
Goodwill	**1,168**	**515**	**508**	**2,191**
Total	**4,244**	**1,682**	**1,777**	**7,703**

	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 year ended December 31,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Gas and diesel[5]	**7,981**	5,724	**3,958**	2,938	**4,103**	1,557	**1,532**	882	**17,574**	11,101
Liquid petroleum gas[1]	**209**	161	**88**	45	**19**	15	**470**	379	**786**	600
Other fuel and petroleum products[2][5]	**–**	—	**699**	496	**50**	49	**1,056**	580	**1,805**	1,125
Fuel and petroleum product revenue	**8,190**	5,885	**4,745**	3,479	**4,172**	1,621	**3,058**	1,841	**20,165**	12,826
Convenience store[3]	**390**	406	**10**	12	**218**	119	**–**	—	**618**	537
Lubricants and other[4][5]	**138**	142	**115**	128	**421**	369	**11**	9	**685**	648
Convenience and other non-fuel revenue	**528**	548	**125**	140	**639**	488	**11**	9	**1,303**	1,185
Sales and operating revenue	**8,718**	6,433	**4,870**	3,619	**4,811**	2,109	**3,069**	1,850	**21,468**	14,011

(1) Liquid petroleum gas includes propane and butane.
(2) Other fuel and petroleum products include crude oil, aviation fuel, asphalt, fuel oils, gas oils, ethanol and biodiesel.
(3) Convenience store revenue generated from Canada, International, and USA depends on the business model operated by each segment, and includes sale of merchandise, suppliers' rebates and rental income from retailers in the form of a percentage rent on convenience store sales.
(4) Lubricants and other include lubricants, equipment and facilities rentals, freight, tanks and parts installation, cylinder exchanges, royalties, emission allowances and other products and services.
(5) For comparative purposes, information for the year ended December 31, 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 year ended December 31, 2021. Additionally, certain amounts within sales and operating revenue were restated and reclassified to conform to the presentation used in the current period.

26. CONTINGENCIES AND COMMITMENTS

(a) Legal

Parkland is involved in various legal claims and legal proceedings arising in the ordinary course of business. Although the outcome of such matters cannot be predicted with certainty, management does not consider Parkland's exposure to litigation to be material to these consolidated financial statements. Accruals for litigation, claims and assessments are recognized if Parkland determines that the loss is probable and the amount can be reasonably estimated. Parkland believes it has made adequate provisions for such legal claims.

($ millions, unless otherwise stated)

(b) Commitments

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

	2022	2023	2024	2025	2026	Thereafter	Total
Pipeline commitment[1]	–	51	51	51	51	815	1,019
Contractual commitments for the acquisition of property, plant and equipment	132	–	–	–	–	–	132
	132	51	51	51	51	815	1,151

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

In addition to the commitments mentioned above, Parkland has entered into purchase orders and contracts during the normal course of business for the purchase of goods and services, which may terminate on short notice. Such obligations include commodity purchase obligations transacted at market prices. Furthermore, Parkland has entered into various purchase agreements that require it to purchase minimum amounts or quantities of fuel and petroleum products over certain time periods, which vary based on volumes and other factors. Parkland has generally exceeded such minimum requirements in the past and expects to continue doing so for the foreseeable future. Failure to satisfy the minimum purchase requirements could result in the termination of the contracts, change in pricing of products, and payments to the applicable suppliers of a predetermined amount of the commitments.

27. SUBSEQUENT EVENTS

Parkland successfully completed the acquisition of: (i) all of the issued and outstanding equity interest of Pétroles Crevier Inc. (Crevier), the largest independent fuel wholesaler in the province of Quebec, Canada, on February 1, 2022 to support our growth strategy; and (ii) all of the issued and outstanding equity interest of M&M Meat Shops Ltd. (M&M), a well-established restaurant quality frozen food brand and retailer based in Mississauga, Canada, on February 18, 2022. This acquisition of M&M provides a platform to grow our food offer, expand our proprietary brands, and advance our digital and loyalty strategy.

The preliminary fair values of the identifiable assets acquired and liabilities assumed as well as the purchase consideration transferred are presented below. Parkland expects to finalize these amounts no later than one year from the acquisition date.

Assets (liabilities)	Crevier	M&M
Net working capital	13	—
Property, plant and equipment	61	28
Intangible assets	50	237
Lease liabilities	(35)	(15)
Net deferred tax assets (liabilities)	(12)	(61)
Asset retirement obligation	(7)	—
Goodwill arising on acquisition	45	137
Fair value of purchase consideration transferred	115	326