PARKLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

Q1 2023

Three months ended March 31, 2023

Report to shareholders

Management's Discussion and Analysis Q1 2023

Table of Contents

Basis of presentation

This Management's Discussion and Analysis ("MD&A") for Parkland Corporation ("Parkland", "the Company", "we", "our" or "us") dated May 3, 2023 should be read in conjunction with our interim condensed consolidated financial statements for the three months ended March 31, 2023 (the "Interim Condensed Consolidated Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2022 (the "Annual Consolidated Financial Statements"), our 2022 annual MD&A (the "Annual MD&A"), and our annual information form for the year ended December 31, 2022 dated March 21, 2023 (the "Annual Information Form"). Information contained within the Annual MD&A is not discussed in this MD&A if it remains substantially unchanged.

Unless otherwise noted, all financial information is prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting within the framework of International Financial Reporting Standards ("IFRS"), also referred to as Generally Accepted Accounting Principles ("GAAP"), using the accounting policies described in Note 2 of the Annual Consolidated Financial Statements and in Note 2 of the Interim Condensed Consolidated Financial Statements. The MD&A is presented in millions of Canadian dollars unless otherwise noted. Additional information about Parkland including quarterly and annual reports and the Annual Information Form is available online at www.sedar.com and Parkland's website, www.parkland.ca

Specified financial measures and non-financial measures

Parkland has identified several key financial and operating performance measures that management believes provide meaningful information in assessing Parkland's underlying performance. Readers are cautioned that these measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to Section 16 of this MD&A for a list of specified financial measures and non-financial measures.

Adjusted EBITDA and Adjusted gross margin, including fuel and petroleum product adjusted gross margin and food, convenience and other adjusted gross margin are measures of segment profit (loss) (and their aggregates are "Total of segments measures") as reported in Note 13 of the Interim Condensed Consolidated Financial Statements. Refer to Section 16 of this MD&A for more information on these measures of segment profit (loss) and other specified financial measures.

Risks and forward-looking information

Parkland's financial and operational performance is potentially affected by a number of factors including, but not limited to, the factors described within the Forward-looking Information section and Risk Factors section of this MD&A and the Annual Information Form. The information within these sections of this MD&A is based on Parkland's current expectations, estimates, projections and assumptions that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein is subject to a number of risks and uncertainties beyond Parkland's control including, without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under Section 12 of this MD&A and the Risk Factors section of the Annual MD&A and Annual Information Form. Readers are cautioned that such forward-looking information contained in this MD&A should not be used for purposes other than for which it is disclosed herein and are cautioned not to place undue reliance on these forward-looking statements. Refer to Section 17 of this MD&A for further details.

1. PARKLAND OVERVIEW

Parkland is an international fuel distributor, marketer, and convenience retailer, and retailer with operations in 25 countries across the Americas. Parkland serves over one million customers each day. Our vast retail network meets the fuel and convenience needs of everyday consumers. Our commercial segment provides businesses with industrial fuels so that they can betters serve their customers..

With approximately 4,000 retail and commercial locations across Canada, the United States and the Caribbean region, we have developed supply, distribution and trading capabilities to accelerate growth and business performance. In addition to meeting our customers' needs for essential fuels, we provide a range of choices to help them lower their environmental impact. These include carbon and renewables trading, solar power, renewables manufacturing and ultra-fast electric vehicle ("EV") charging.

Parkland's proven business model is centered around organic growth and supply advantage, and is driven by scale, our integrated refinery and supply infrastructure, and focus on acquiring prudently and integrating successfully. Our strategy is focused on developing the existing business in resilient markets, growing our food, convenience and renewable energy businesses and helping customers to decarbonize. Our business is underpinned by our people, and our values of safety, integrity, community and respect, which are deeply embedded across our organization.

Parkland's common shares are listed and traded on the Toronto Stock Exchange under the symbol PKI. We operate through four reportable segments: Canada, International, USA, and Refining.

2. PERFORMANCE OVERVIEW

($ millions, unless otherwise noted)	**Three months ended March 31,**		
Financial Summary	**2023**	2022	2021
Sales and operating revenue	**8,156**	7,606	4,226
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")(1)	**395**	387	314
Canada(4)	**167**	191	149
International	**183**	82	67
USA	**21**	47	19
Refining(4)	**38**	89	97
Corporate	**(14)**	(22)	(18)
Net earnings (loss) attributable to Parkland	**77**	55	29
Net earnings (loss) per share – basic ($ per share)	**0.44**	0.36	0.19
Net earnings (loss) per share – diluted ($ per share)	**0.43**	0.35	0.19
Adjusted earnings (loss) attributable to Parkland ("Adjusted earnings")(2)	**114**	136	92
Trailing-twelve-month ("TTM") Cash generated from (used in) operating activities(3)	**1,688**	592	1,106
Cash generated from (used in) operating activities	**314**	(48)	264
TTM Cash generated from (used in) operating activities per share(3)	**10.23**	3.88	7.40
TTM Dividend payout ratio(2)	**39%**	30%	31%
Dividends	**60**	49	47
Dividends per share(3)	**0.3400**	0.3141	0.3053
Weighted average number of common shares (million shares)	**175**	155	150
Growth capital expenditures attributable to Parkland(3)	**34**	22	18
Maintenance capital expenditures attributable to Parkland(3)	**79**	29	20
Total assets	**13,757**	12,844	9,592
Non-current financial liabilities	**6,642**	6,846	4,311

(1) Total of segments measure. See Section 16 of this MD&A.
(2) Non-GAAP financial measure or non-GAAP financial ratio. See Section 16 of this MD&A.
(3) Supplementary financial measure. See Section 16 of this MD&A.
(4) For comparative purposes, information for the comparative periods were restated due to a change in segment presentation. Refer to the Basis of presentation section of the Annual MD&A.

A. Adjusted EBITDA, Net earnings (loss) and Adjusted earnings (loss)

Adjusted EBITDA

Parkland achieved an Adjusted EBITDA of $395 million for the first quarter of 2023 representing an increase of $8 million as compared to the same period in 2022. Overall, the period-over-period variances in Adjusted EBITDA are due to the following:

- Canada delivered Adjusted EBITDA of $167 million in the first quarter of 2023, representing a decrease of $24 million as compared to the same period in 2022. The decrease was primarily due to (i) the lower retail unit margins relative to the first quarter of 2022 due to favourable market environment in the comparative period, (ii) unseasonably warmer weather reducing commercial heating demand, and (iii) higher costs due to inflation, which was partially offset by (i) the incremental contributions from the 2022 Canada Acquisitions[1], (ii) volume growth in the Company retail network with same-store volume growth increasing to 7.3%, and (iii) strong food and convenience store ("C-Store") performance with same-store sales growth ("SSSG") excluding cigarettes increasing to 6.8%.
- International delivered Adjusted EBITDA of $183 million for the first quarter of 2023, representing an increase of $101 million as compared to the same period in 2022. The increase was driven by (i) the impact of the acquisition of the remaining 25% shares of Sol Investments SEZC as part of the Share Exchange Agreement[2], (ii) additional volume in the commercial, aviation and retail businesses due to organic growth and tourism recovery, (iii) growth of the supply business as Parkland started to supply our retail network in Puerto Rico, (iv) the contributions from the Jamaica Acquisition[1] including the realization of related synergies, and (v) strong retail C-Store sales and higher non-fuel aviation service fees, These increases were partially offset by (i) increased costs driven by volume growth and general inflation, and (ii) higher operating and Marketing, General and Administrative expenses ("MG&A") costs as a result of the Jamaica Acquisition.
- USA delivered Adjusted EBITDA of $21 million in the first quarter of 2023 representing a decrease of $26 million as compared to the same period in 2022. Excluding the impact of compliance obligations accounted for in the current period of approximately $17 million, and the commodity price fluctuations in the prior period, USA's Adjusted EBITDA remained relatively flat for the first quarter of 2023. USA's results were driven by (i) strong retail and commercial unit fuel margins due to favourable market conditions, proactive fuel pricing management and leveraging supply advantage and (ii) continued focus on C-Store margin improvements through synergies and other initiatives. This was offset by (i) the impact of severe winter weather across certain markets impacting the retail and commercial businesses, and (ii) higher labour and other operating costs due to inflation.
- Refining safely and successfully completed the 2023 Turnaround[3] on time and below budget, and delivered Adjusted EBITDA of $38 million for the first quarter of 2023, representing a decrease of $51 million as compared to the same period in 2022. The decrease driven by the 2023 Turnaround was partially offset by (i) increased sales of imported product, and (ii) efficient management of pipeline capacity.
- Corporate Adjusted EBITDA expense was $14 million for the first quarter of 2023, representing a decrease of $8 million as compared to the same period in 2022, primarily due to foreign exchange gains on USD-denominated receivable balances. This was offset by higher employee costs to support acquired businesses, and general inflation.

---

[1] Parkland completed the acquisition of (i) all of the issued and outstanding equity interests of Pétroles Crevier Inc., the largest independent fuel wholesaler in the province of Quebec, Canada, on February 1, 2022 (the "Crevier Acquisition"); (ii) all of the issued and outstanding equity interests of M&M Meat Shops Ltd. ("M&M"), a well-established restaurant-quality frozen food brand and retailer based in Mississauga, Ontario, on February 18, 2022 (the "M&M Acquisition"); (iii) all of the issued and outstanding equity interest of Vopak Terminal of Canada Inc. and Vopak Terminals of Eastern Canada Inc., which include four product terminals strategically located in east and west Montreal, Quebec, and Hamilton, on June 1, 2022 (the "Vopak Acquisition"); (iv) certain assets of Cenovus Energy Inc. comprised of 163 retail sites, including Husky-branded locations, on September 13, 2022 (the "Husky Acquisition" and collectively with the Crevier Acquisition, M&M Acquisition, and Vopak Acquisition, the "2022 Canada Acquisitions"); and (v) all of the issued and outstanding equity interest in Gulfstream Petroleum S.R.L., which represents GB Group's retail, aviation, commercial, lubes and liquefied petroleum gas ("LPG") business in Jamaica, on July 1, 2022 (the "Jamaica Acquisition", and together with the "2022 Canada Acquisitions", the "2022 Acquisitions").

[2] On August 4, 2022, Parkland entered into a share exchange agreement (the "Share Exchange Agreement") with Simpson Oil Limited ("Simpson Oil") to acquire 12.5 million shares in the capital of Sol Investments SEZC (collectively, with its subsidiaries, "Sol") from Simpson Oil, representing Simpson Oil's remaining 25% non-controlling interest ("NCI") of Sol, in exchange for 20 million common shares of Parkland (the "Share Exchange"). In connection with entering into the Share Exchange Agreement, effective August 4, 2022, Parkland does not allocate a portion of segment profit or loss to NCI and includes 100% of International's results as Adjusted EBITDA. The Share Exchange was completed on October 18, 2022.

[3] Parkland's scheduled eight-week turnaround at Parkland's refinery in Burnaby, British Columbia (the "Burnaby Refinery"), began early February and successfully completed subsequent to the quarter (the "2023 Turnaround"). The facility has returned to normal operations in early April 2023.

Net earnings (loss) attributable to Parkland

Net earnings attributable to Parkland were $77 million for the first quarter of 2023 representing an increase of $22 million as compared to the same period in 2022. In addition to the Adjusted EBITDA results discussed above, the period-over-period variances were primarily due to an increase in net earnings from (i) net changes in non-cash valuation gains on redemption options driven by a decrease in the risk-free rates and credit spread, (ii) unrealized non-cash risk management and other gains on commodity risk management contracts with the decrease in commodity prices, and (iii) a decrease in income tax expense driven by lower taxable net earnings. These increases were partially offset by (i) higher depreciation due to an expanding asset base driven by acquisitions and organic growth initiatives, (ii) higher finance costs driven by higher effective interest rates and borrowings under the Credit Facility, and (iii) an increase in acquisition costs attributable to integration and other activities.

Adjusted earnings (loss)

Adjusted earnings were $114 million for the first quarter of 2023 representing a decrease of $22 million. The period-over-period variances were primarily due to the Adjusted EBITDA results as discussed above offset by (i) higher depreciation due to an expanding asset base driven by acquisitions and organic growth initiatives, and (ii) higher finance costs driven by higher effective interest rates and borrowings under the Credit Facility.

B. Cash flows and liquidity

Parkland achieved cash generated from operating activities of $1,688 million for the trailing twelve months ended March 31, 2023, reflecting strong operational performance.

- Cash generated from operating activities for the first quarter of 2023 fully funded the (i) capital expenditures, (ii) payments for interest on leases and long-term debt, and (iii) dividends, demonstrating strong execution and capital allocation discipline as part of our deleveraging strategy and providing us with continued balance sheet strength and financial flexibility.
- Leverage Ratio[4] improved to 3.3 at March 31, 2023 from 3.4 as at December 31, 2022. Parkland was in compliance and well below the covenant restrictions with respect to all of its Credit Facility covenants.
- Liquidity available[5] as at March 31, 2023 was $1,508 million, comprised of cash and cash equivalents and borrowing capacity available under the Credit Facility.

C. Dividends and dividend payout ratio

In March 2023, Parkland increased its per-share annual dividend for the 11th consecutive year by $0.06 per share to $1.36 per share. Parkland declared dividends to shareholders of $60 million for the first quarter of 2023, which was higher as compared to the same period in 2022, due to an increase in the number of common shares outstanding driven by shares issued on acquisition of the remaining 25% share of Sol Investments SEZC as part of the Share Exchange and the increases in the annual dividend per-share.

The dividend payout ratio was 39% for the trailing twelve months ended March 31, 2023, increasing by 9 p.p as compared to the same period in 2022. This was primarily due to a decrease in cash available for dividend as a result of cash used for investing and financing activities and the increase in dividends as discussed above.

D. Capital expenditures attributable to Parkland

Parkland continues to prudently invest in growth across the organization and fund maintenance expenditures using a disciplined capital allocation approach. The increase in capital expenditures during the first quarter of 2023 as compared to the same periods in 2022 is primarily due to the 2023 Turnaround.

- Growth capital expenditures attributable to Parkland were $34 million for the first quarter of 2023, primarily focused on (i) On the Run / Marché Express site conversion and rebranding activities in Canada and USA, (ii) low-carbon manufacturing growth initiatives at the Burnaby Refinery, (iii) site network expansion projects in Canada, and (iv) fleet and equipment purchases to support new and existing customer contracts.
- Maintenance capital expenditures attributable to Parkland were $79 million for the first quarter of 2023, primarily related to (i) the 2023 Turnaround, (ii) fleet and equipment replacement in USA, Canada and International markets, (iii) retail sites and terminal renovations in USA and International markets, and (iv) equipment upgrades.

---

[4] Capital management measure. See Section 16 of this MD&A.
[5] Supplementary financial measure. See Section 16 of this MD&A.

3. SUSTAINABILITY

Sustainability is deeply embedded across our business. "Drive to Zero" is a primary focus of our organization and forms the core of our sustainability journey. Our strategy encompasses achieving zero safety incidents and spills, upholding zero tolerance for racism, discrimination, corruption and bribery while reducing the greenhouse gas emissions intensity of our operations and supporting our governments' goals of achieving net-zero emissions by 2050. Parkland publishes an annual Sustainability Report that highlights our accomplishments and goals on our "Drive to Zero" journey. Key updates for Parkland as we continue to advance in our sustainability journey include the following:

- We co-processed over 6.7 million litres of bio-feedstocks during the first quarter of 2023. Burnaby Refinery's operations were paused due to the 2023 Turnaround in the months of February and March, and successfully resumed in early April.
- Parkland continues to make progress in building one of western Canada's largest ultra-fast EV charging networks. As at March 31, 2023, Parkland has 26 operational EV-charging locations as part of a plan to build 50 charging sites between Calgary and Vancouver Island.
- Sol Ecolution, Parkland International's renewable energy division, which facilitates the development of diverse renewable and low-carbon energy solutions in the Caribbean, continues to expand its solar photovoltaic systems at retail sites across the region. As at March 31, 2023, 37 sites were operational.

Health, safety and environment ("HSE")

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

Parkland is committed to reducing injuries and incidents across all our operations, actively involving our workforce in enhancing, tracking and measuring our performance, and training our workers to ensure they have the knowledge and skills necessary to perform their work safely. Parkland has an overarching Operational Excellence Management System (POEMS), which sets the standard for safe, reliable and consistent operations. One of the programs contained within POEMS is our hazard assessment program "Stop. Think. Act.", which encourages employees to identify hazards and protect themselves, their co-workers, and the communities we operate in and complements our "Drive to Zero" strategy discussed above. Finally, our "8 Life Saving Rules" are a set of crystal-clear standards that help to mitigate risks and reduce incidents by providing non-negotiable rules.

The table below presents Parkland's consolidated lost time injury frequency ("LTIF") rate and total recordable injury frequency ("TRIF") rate calculated on a trailing-twelve-month basis. The results demonstrate Parkland's continued commitment to safety and we are confident that a continued focus on our leading HSE indicators will drive long-term sustainable LTIF and TRIF improvements.

	March 31, 2023	March 31, 2022
TTM LTIF[1]	**0.24**	0.14
TTM TRIF[1]	**0.97**	1.19

[1] Non-financial measure. See Section 16 of this MD&A.

4. SEGMENT OVERVIEW, HIGHLIGHTS AND RESULTS

Refer to Section 14 of the Annual MD&A for a description of Parkland's segments.

A. Canada

	Three months ended March 31,			
($ millions, unless otherwise noted)	**2023**	2022	Change	%
Fuel and petroleum product volume[1] (million litres)	**3,252**	3,326	(74)	(2)%
Fuel and petroleum product adjusted gross margin[2][5]	**310**	327	(17)	(5)%
Food, convenience and other adjusted gross margin[2]	**87**	60	27	45%
Total adjusted gross margin[2]	**397**	387	10	3%
Operating Costs	**171**	150	21	14%
Marketing, General and Administrative	**62**	47	15	32%
Other adjusting items	**(3)**	(1)	(2)	200%
Adjusted EBITDA[2]	**167**	191	(24)	(13)%
Key performance measures:				
Company Volume SSSG[3]	**7.3%**	3.2%	4.1p.p	
Food and Company C-Store SSSG (excluding cigarettes)[4]	**6.8%**	1.7%	5.1p.p	
Food and Company C-Store SSSG (including cigarettes)[4]	**1.6%**	(5.5)%	7.1p.p	
Food and C-Store gross margin percentage[4]	**33.8%**	32.9%	1.0p.p	

(1) Includes gasoline, diesel and propane volumes.
(2) Measure of segment profit (loss). See Section 16 for additional information and breakdown of food, convenience and other adjusted gross margin.
(3) Non-financial measure. SSSG denotes same-store sales growth. Includes gasoline and diesel volumes, but excludes propane volumes sold at retail sites. See Section 16 of this MD&A.
(4) Non-GAAP financial ratio. See Section 16 of this MD&A.
(5) Fuel and petroleum product adjusted gross margin (cpl) was 9.53 for the first quarter of 2023 (2022 - 9.83). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. See Section 16 of this MD&A for a description of supplementary financial measures.

Q1 Performance – 2023 vs. 2022

Canada delivered Adjusted EBITDA of $167 million for the first quarter of 2023, representing a decrease of $24 million as compared to the same period in 2022. The change in Adjusted EBITDA is primarily due to the following:

- Fuel and petroleum product adjusted gross margin decreased by $17 million for the first quarter of 2023. This was mainly due to (i) the lower retail unit margins relative to the first quarter of 2022 due to the favourable market environment in the comparative period, and (ii) unseasonably warmer weather in the first quarter of 2023, which resulted in less commercial heating demand. This decrease was partially offset by the incremental benefit of the 2022 Canada Acquisitions and volume growth in our Company retail network.
- Food, convenience and other adjusted gross margin increased by $27 million for the first quarter of 2023 mainly due to the 2022 Canada Acquisitions.
- Food and C-Store gross margin percentage increased from 32.9% to 33.8% for the first quarter of 2023 as compared to the same period in 2022. The increase reflects higher food margin contribution from the M&M Food Market business, ongoing benefits of our C-Store margin optimization initiatives and changes in product mix.
- Food and Company C-Store SSSG (excluding cigarettes) increased from 1.7% to 6.8% for the first quarter of 2023, and Food and Company C-Store SSSG (including cigarettes) increased from (5.5)% to 1.6% for the first quarter of 2023. This strong result was driven by growth across multiple C-Store categories and underlying growth in M&M Food Market. Within the C-Store, we continue to see market share growth in core categories such as centre of store, beverages, prepaid cards and alcohol, which demonstrates the benefits of our retail programs, scale and incremental transactions.
- Operating costs increased $21 million and Marketing, General and Administrative expenses increased $15 million for the first quarter of 2023, primarily due to the 2022 Canada Acquisitions and general inflation.

B. International

($ millions, unless otherwise noted)	Three months ended March 31, 2023	2022	Change	%
Fuel and petroleum product volume[1] (million litres)	**2,143**	1,524	619	41%
Fuel and petroleum product adjusted gross margin[1][2][3]	**228**	139	89	64%
Food, convenience and other adjusted gross margin[1][2]	**33**	23	10	43%
Adjusted gross margin[1][2][5]	**261**	162	99	61%
Operating Costs[1]	**58**	40	18	45%
Marketing, General and Administrative[1]	**31**	23	8	35%
Other items[6]	**(11)**	(10)	(1)	10%
Adjusted EBITDA including NCI[1][4]	**183**	109	74	68%
Less: Adjusted EBITDA attributable to NCI[5]	**–**	27	(27)	(100)%
Adjusted EBITDA[2]	**183**	82	101	123%

[1] Including NCI interest.
[2] Measure of segment profit (loss). See Section 16 of this MD&A.
[3] Fuel and petroleum product adjusted gross margin (cpl) was 10.64 for the first quarter of 2023 (2022 - 9.12). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. See Section 16 of this MD&A for a description of supplementary financial measures.
[4] Refer to Section 9 of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss).
[5] Concurrently with Parkland entering into the Share Exchange Agreement, effective August 4, 2022, Parkland does not allocate a portion of segment profit or loss to NCI and includes 100 per cent of International results as Adjusted EBITDA.
[6] Include share of (earnings) loss of associates and joint ventures and other adjusting items.

Q1 Performance - 2023 vs. 2022

International delivered strong results with Adjusted EBITDA of $183 million for the first quarter of 2023, representing an increase of $101 million[6] compared to the same period in 2022. In addition to the impact of the acquisition of the remaining 25% share of Sol Investments SEZC as part of the Share Exchange Agreement, the increase in Adjusted EBITDA is primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased by $89 million for the first quarter of 2023 primarily driven by (i) additional volume captured largely in the contracted commercial and retail business, (ii) growth of the supply business as Parkland started to supply our retail network in Puerto Rico, (iii) expansion of the aviation business due to organic growth and recovery in tourism, and (iv) contributions from the Jamaica Acquisition.
- Food, convenience and other adjusted gross margin increased by $10 million for the first quarter of 2023 due to (i) strong retail convenience store sales, (ii) increases of non-fuel aviation service fees, and (iii) contributions from the Jamaica Acquisition.
- Operating Costs increased by $18 million for the first quarter of 2023 due to (i) volume growth, (ii) inflationary pressures, and (iii) the Jamaica Acquisition.
- Marketing, General and Administrative expenses increased by $8 million for the first quarter of 2023 compared to the first quarter of 2022 primarily due to the Jamaica Acquisition, partially offset by the impact of continued cost control measures.
- Other items remained relatively flat for the first quarter of 2023. This primarily reflects Parkland's share of Adjusted EBITDA attributable to Parkland’s 50% indirect ownership in Isla Dominicana de Petroleo Corp. ("Isla JV").

[6] The U.S. Dollar strengthened against the Canadian Dollar by 6.8% in the first quarter of 2023 when compared to the same periods in 2022 which impacted the reported growth and translation of the other financial metrics into Canadian Dollars.

C. USA

($ millions, unless otherwise noted)	Three months ended March 31, 2023	2022	Change	%
Fuel and petroleum product volume[1] (million litres)	**1,305**	1,779	(474)	(27)%
Fuel and petroleum product adjusted gross margin[2][3]	**90**	111	(21)	(19)%
Food, convenience and other adjusted gross margin[2]	**52**	49	3	6%
Total adjusted gross margin[2]	**142**	160	(18)	(11)%
Operating Costs	**96**	84	12	14%
Marketing, General and Administrative	**29**	29	—	—%
Other adjusting items	**(4)**	—	(4)	—%
Adjusted EBITDA[2]	**21**	47	(26)	(55)%

[1] Includes gasoline, diesel and propane volumes.
[2] Measure of segment profit (loss). See Section 16 of this MD&A.
[3] Fuel and petroleum product adjusted gross margin (cpl) was 6.90 for the first quarter of 2023 (2022 - 6.24). Cpl metrics are impacted by variations in mix of retail, wholesale and commercial volumes. Refer to Section 16 of this MD&A for a description of supplementary financial measures.

Q1 Performance - 2023 vs. 2022

USA delivered Adjusted EBITDA of $21 million for the first quarter of 2023, representing a decrease of $26 million[7] as compared to the same period in 2022. Excluding the impact of compliance obligations accounted for in the current period of approximately $17 million, and the commodity price fluctuations in the prior period, USA's Adjusted EBITDA remained relatively flat for the first three months of 2023 as compared to the same period in 2022. The changes in Adjusted EBITDA are primarily due to the following:

- Fuel and petroleum product adjusted gross margin decreased by $21 million for the first quarter of 2023 primarily driven by the (i) compliance obligations accounted for in the current period of $17 million and (ii) the impact of the commodity price fluctuations in the first quarter of 2022. This was partially offset by continued strong retail and commercial unit fuel margins due to favourable market conditions, proactive fuel pricing management, and leveraging supply advantage.
- Fuel and petroleum product volumes decreased for the first quarter of 2023, primarily due to the decision to limit spot wholesale activities in the US. In addition, severe winter weather across certain markets negatively impacted the retail and commercial businesses, with lower traffic to retail stores and reduced fuel demand from the agriculture industry.
- Food, convenience and other adjusted gross margin increased $3 million for the first quarter of 2023 driven by continued focus on improving C-Store margins by (i) achievement of synergies through consolidation of suppliers, (ii) On the Run roll-out initiatives, and (iii) development and execution of C-Store category management initiatives.
- Operating Costs increased $12 million for the first quarter of 2023 primarily due to the impact of higher labour and other operating costs, such as distribution costs and repairs and maintenance costs, mainly driven by inflation.
- Marketing, General and Administrative expenses remained flat at $29 million for the first quarter of 2023 as compared to the same period in 2022.

[7] The U.S. Dollar strengthened against the Canadian Dollar by 6.8% in the first quarter of 2023 when compared to the same periods in 2022, which impacted the reported growth and translation of the other financial metrics into Canadian Dollars.

D. Refining

($ millions, unless otherwise noted)	Three months ended March 31, 2023	2022	Change	%
External fuel and petroleum product volume[1] (million litres)	**223**	343	(120)	(35)%
Internal fuel and petroleum product volume (million litres)	**564**	636	(72)	(11)%
Total fuel and petroleum product volume (million litres)	**787**	979	(192)	(20)%
Fuel and petroleum product adjusted gross margin[2]	**129**	154	(25)	(16)%
Non-fuel adjusted gross margin[2]	**–**	2	(2)	(100)%
Total adjusted gross margin[2]	**129**	156	(27)	(17)%
Operating Costs	**86**	63	23	37%
Marketing, General and Administrative	**6**	4	2	50%
Other adjusting items	**(1)**	—	(1)	—%
Adjusted EBITDA[2]	**38**	89	(51)	(57)%
Key performance measures:				
Crude utilization[3]	**33.1%**	89.8%	(56.7)p.p	
Composite utilization[3]	**33.9%**	92.2%	(58.3)p.p	
Crude throughput[3] (000's bpd)	**18.2**	49.4	(31.2)	(63)%
Bio-feedstock throughput[3] (000's bpd)	**0.5**	1.4	(0.9)	(64)%

[1] Includes external gasoline, diesel, propane, crude oil and other volumes. Intersegment volumes, including volumes produced by the Burnaby Refinery and transferred to the Canada segment, are excluded from these reported volumes.
[2] Measure of segment profit (loss). See Section 16 of this MD&A.
[3] Non-financial measure. See Section 16 of this MD&A.

Q1 Performance - 2023 vs. 2022

Refining completed the 2023 Turnaround successfully and delivered Adjusted EBITDA of $38 million for the first quarter of 2023 representing a decrease of $51 million as compared to the same period in 2022. The decrease in Adjusted EBITDA is primarily due to the following:

- Adjusted gross margin decreased by $27 million for the first quarter of 2023. The reduction in gross margin was primarily due to the 2023 Turnaround, which began in early February and was completed in early April. The turnaround was safely and successfully completed on time and below budget. This was partially offset by (i) impact of increased sales of imported product during the turnaround, and (ii) efficient management of pipeline capacity. The composite utilization for the first quarter of 2023 declined to 33.9% as compared to 92.2% for the same period in 2022, as a result of the 2023 Turnaround.
- Operating Costs increased by $23 million for the first quarter of 2023 primarily due to increased labour and other costs associated with the execution of the turnaround, partially offset by reduced fuel, utilities, catalyst and chemical costs as a result of the Burnaby Refinery being shutdown for the turnaround.
- Marketing, General and Administrative expenses remained flat for the first quarter of 2023.

E. Corporate

($ millions)	Three months ended March 31, 2023	2022	Change	%
Marketing, General and Administrative	**30**	25	5	20%
Other items[1]	**(16)**	(3)	(13)	433%
Adjusted EBITDA[2] expense	**14**	22	(8)	(36)%

[1] Includes realized foreign exchange gains and losses, non-fuel internal revenue and other adjustments.
[2] Measure of segment profit or loss. See Section 16 of this MD&A.

Corporate Adjusted EBITDA expense decreased by $8 million for the first quarter of 2023 as compared to the same period in 2022, primarily due to the following:

- Marketing, General and Administrative expenses increased $5 million for the first quarter of 2023 driven by (i) higher employee costs to support acquired businesses, and (ii) general inflation. Corporate Marketing, General and Administrative expenses as a percentage of Parkland's Adjusted gross margin[8] increased from 2.9% to 3.2% for the first quarter of 2023 due to the increase in the Marketing, General and Administrative expenses as noted above.

[8] Supplementary financial measure. See Section 16 of this MD&A.

- The increase in other items was primarily related to the realized gain on foreign exchange, arising on the settlement of USD-denominated receivable balances in a stronger USD environment.

5. QUARTERLY FINANCIAL DATA

($ millions, unless otherwise noted)	2023	2022				2021		
For the three months ended	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Financial Summary								
Sales and operating revenue[1][2]	**8,156**	8,719	9,422	9,715	7,606	6,286	5,982	4,974
Adjusted gross margin[3]	**938**	995	864	949	868	700	779	699
Adjusted EBITDA[3]	**395**	455	328	450	387	260	364	322
Canada[1]	**167**	197	140	174	191	153	134	126
International	**183**	110	104	87	82	78	83	66
USA	**21**	46	(18)	51	47	40	43	30
Refining[1]	**38**	128	135	164	89	16	126	123
Corporate[1]	**(14)**	(26)	(33)	(26)	(22)	(27)	(22)	(23)
Net earnings (loss) attributable to Parkland[1][2]	**77**	69	105	81	55	22	110	(64)
Net earnings (loss) per share – basic ($ per share)[2]	**0.44**	0.39	0.67	0.52	0.36	0.15	0.72	(0.42)
Net earnings (loss) per share – diluted ($ per share)[2]	**0.43**	0.39	0.66	0.52	0.35	0.15	0.72	(0.42)
Adjusted earnings (loss)[4]	**114**	117	49	166	136	55	129	96
Adjusted earnings (loss) per share – basic ($ per share)[4]	**0.65**	0.67	0.31	1.07	0.88	0.36	0.85	0.64
Adjusted earnings (loss) per share – diluted ($ per share)[4]	**0.64**	0.67	0.31	1.06	0.87	0.36	0.84	0.64

(1) Certain amounts within sales and operating revenue, cost of purchases, and marketing, general and administrative were restated and reclassified to conform to the presentation used in the current period. For comparative purposes, information for the comparative periods were restated due to a change in segment presentation. Refer to the Basis of presentation section of the Annual MD&A.
(2) Certain amounts were restated for the impact of hyperinflation on the respective prior periods in 2021.
(3) Total of segments measure. See Section 16 of this MD&A.
(4) Non-GAAP financial measure. See Section 16 of this MD&A.

Over the last eight quarters, Parkland's sales and operating revenue, Adjusted gross margin, Adjusted EBITDA and Adjusted earnings (loss) were primarily impacted by (i) COVID-19 and the subsequent recovery to pre-COVID-19 business activities and tourism resulting in increased volumes, (ii) fluctuations in the price of fuel and petroleum products, (iii) market conditions impacting unit margins, (iv) Parkland's acquisitions and the related synergies, (v) the 2023 Turnaround. and the minor turnaround and the British Columbia ("B.C.") flooding in the fourth quarter of 2021, (vi) organic growth, (vii) the spot wholesale inventory and risk management losses in USA in a rapidly declining and volatile market in the third quarter of 2022, (viii) the B.C. power outage in the second quarter of 2022, (ix) unseasonable weather in Canada and USA during the first quarter of 2023, (x) extension of supply to our retail network in Puerto Rico, and (xi) the timing of recognition of certain compliance obligations in USA.

In addition to the above, the net earnings (loss) were impacted by (i) the one-time redemption of senior notes in 2021, (ii) market dynamics impacting valuation of Sol Put Option[9], (iii) volatility in market interest rates and credit spreads impacting the valuation of the redemption options, and (iv) unrealized non-cash risk management and other gains or losses on commodity risk management contracts driven by movements in commodity prices.

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

9 The non-controlling shareholders of Sol, Simpson Oil, had a non-expiring right to sell the remaining outstanding shares of Sol to Parkland at a proportionate purchase price based on Sol's contractually defined trailing-twelve-month adjusted EBITDA, multiplied by 8.5, and including other adjustments (the "Sol Put Option"). Concurrently with completing the Share Exchange on October 18, 2022, the put and call options available to Simpson Oil and Parkland, respectively, with respect to the remaining 25 percent of shares of Sol were terminated.

6. CASH FLOWS AND DIVIDENDS

A. Cash flows

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

	Three months ended March 31,	
($ millions)	**2023**	2022
Cash generated from (used in) operating activities	**314**	(48)
Cash generated from (used in) investing activities	**(99)**	(485)
Cash generated from (used in) financing activities	**(426)**	723
Increase (decrease) in cash and cash equivalents	**(211)**	190
Impact of foreign currency translation on cash	**(7)**	(9)
Cash and cash equivalents, beginning of period	**716**	326
Cash and cash equivalents, end of period	**498**	507
Cash generated from (used in) operating activities per share[1]	**1.79**	(0.31)

[1] Supplementary financial measure. See Section 16 of this MD&A.

Operating activities

Q1 2023 vs. Q1 2022

Parkland generated $314 million cash in operating activities for the first quarter of 2023. This was primarily attributable to Adjusted EBITDA of $395 million and an inflow of $24 million from net change in non-cash working capital, and decrease in commodity prices. The increases were partially offset by: (i) an outflow of $42 million primarily related to the timing of settlement of risk management contracts, (ii) $27 million in acquisition, integration and other costs primarily related to the integration activities, (iii) an outflow of $11 million from other liabilities and assets, and (iv) $8 million of current income taxes.

In comparison, Parkland used $48 million cash in operating activities for the first quarter of 2022. This was primarily attributable to Adjusted EBITDA including NCI of $414 million, which was more than offset by: (i) the net change in non-cash working capital outflow of $436 million, largely attributable to higher receivables and inventories balances, partially offset by higher accounts payable due to an increase in commodity prices and business activity, (ii) $30 million of current income taxes, and (iii) $13 million in acquisition, integration and other costs primarily related to the 2022 Acquisitions.

Investing activities

Q1 2023 vs. Q1 2022

Parkland invested $99 million in the first quarter of 2023, primarily attributable to $113 million in growth and maintenance capital expenditures as discussed in Section 8 of this MD&A, which was partially offset by $16 million in dividends received from investments in associates and joint ventures.

In comparison, Parkland invested $485 million in the first quarter of 2022, primarily attributable to: (i) $400 million related to the 2022 Acquisitions, and (ii) $55 million of growth and maintenance capital expenditures as discussed in Section 8 of this MD&A.

Financing activities

Q1 2023 vs. Q1 2022

Parkland used $426 million of cash in financing activities for the first quarter of 2023. This was primarily attributable to: (i) $247 million of repayments under the Credit Facility as we continue to progress on our deleveraging strategy, (ii) $73 million of payments for interest on leases and long-term debt, (iii) $57 million in cash dividends paid to shareholders, and (iv) $51 million of payments made on principal amount on leases.

In comparison, Parkland generated $723 million of cash in financing activities for the first quarter of 2022, primarily attributable to $840 million withdrawn under the Credit Facility to finance the 2022 Acquisitions and the increase in working capital driven by a sharp increase in commodity prices, which was partially offset by: (i) $46 million of payments for interest on leases and long-term debt, (ii) $37 million of payments made on principal amount on leases and (iii) $34 million in cash dividends paid to shareholders.

B. Dividends

($ millions)	Three months ended March 31, 2023	2022	Change	%
Dividends declared to shareholders	**60**	49	11	22%
Dividends paid to shareholders, net of dividend reinvestment plan ("DRIP")	**(57)**	(34)	(23)	68%

Parkland increased the annual dividends by $0.0652 per share to $1.30 per share effective March 22, 2022 and by $0.06 per share to $1.36 per share effective March 22, 2023. Dividends declared to shareholders increased by $11 million in the first quarter of 2023 primarily due to the increase in annual dividend per share and the increase in the number of outstanding common shares driven by (i) shares issued in connection with the acquisition of remaining 25% of Sol and the Crevier Acquisition, and (ii) issuances under the DRIP, the stock option plan, and on vesting of performance share units, partially offset by shares repurchased under its normal course issuer bid program ("NCIB").

Dividends paid to shareholders increased in the first quarter of 2023 by $23 million to $57 million, due to the change in timing of dividend payments as a result of transitioning from a monthly to quarterly schedule, effective April 15, 2022, and the increase in the number of outstanding common shares and per share annual dividends described above.

On November 2, 2022, Parkland announced the suspension of its DRIP program for its common shares until further notice.

C. Dividend payout ratio

($ millions, unless otherwise noted)	Trailing twelve months ended March 31, 2023	2022
Cash generated from (used in) operating activities[1]	**1,688**	592
Exclude: Adjusted EBITDA attributable to NCI, net of tax	**(38)**	(95)
	1,650	497
Reverse: Change in other liabilities and other assets	**10**	1
Reverse: Net change in non-cash working capital	**(321)**	725
Include: Maintenance capital expenditures attributable to Parkland[1]	**(303)**	(226)
Include: Dividends received from investments in associates and joint ventures	**33**	6
Include: Interest on leases and long-term debt	**(323)**	(233)
Exclude: Interest on leases and long-term debt attributable to NCI	**1**	4
Include: Payments of principal amount on leases	**(191)**	(144)
Exclude: Payments of principal amount on leases attributable to NCI	**6**	19
Cash available for dividend distribution	**562**	649
Dividends[1]	**218**	192
Dividend payout ratio[2]	**39%**	30%
Cash generated from (used in) operating activities per share[1]	**10.23**	3.88

[1] Supplementary financial measure. See Section 16 of this MD&A.
[2] Non-GAAP financial measure or non-GAAP financial ratio. See Section 16 of this MD&A.

The dividend payout ratio increased by 9 p.p. for the trailing twelve months ended March 31, 2023, as compared to the same period in 2022. This result was primarily due to an increase in dividends as discussed in Section 6B and lower cash available for dividend distribution as a result of (i) an increase in financing costs and lease payments due to the 2022 Acquisitions and rising interest rates, and (ii) higher maintenance capital expenditures driven by the 2023 Turnaround, partially offset by an increase in dividends received from investments in associates and joint ventures.

In comparison, cash flow generated from operating activities for the trailing twelve months ended March 31, 2023, increased by $1,096 million as compared to the same period in 2022. This result was driven by strong Adjusted EBITDA performance and the net change in non-cash working capital driven by lower commodity prices, partially offset by higher acquisition and integration costs attributable to the 2022 Acquisitions, and higher tax expense driven by an increase in taxable earnings.

7. LIQUIDITY AND COMMITMENTS

A. Capital management

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

The Leverage Ratio improved to 3.3 as at March 31, 2023, from 3.4 as at December 31, 2022 driven by a continued focus on deleveraging through (i) strong performance in the first quarter of 2023, (ii) realization of synergies from Parkland's acquisitions, (iii) discipline in capital allocation, and (iv) no acquisitions in the first quarter of 2023.

	March 31, 2023	December 31, 2022	September 30, 2022
Leverage Debt	**5,454**	5,480	5,642
Leverage EBITDA	**1,644**	1,602	1,596
Leverage Ratio(1)	**3.3**	3.4	3.5

(1) Capital management measure. Refer to Section 16 of this MD&A for additional details.

In addition to the internal capital management measures, Parkland was in compliance and well below the covenant restrictions with respect to all of its Credit Facility covenants consisting of (i) Senior Funded Debt to Credit Facility EBITDA ratio, (ii) Total Funded Debt to Credit Facility EBITDA ratio, and (iii) Interest coverage ratio (calculated as a ratio of Credit Facility EBITDA to Interest Expense) throughout the three months ended March 31, 2023.

B. Available sources of liquidity

Parkland's sources of liquidity as at March 31, 2023 are cash and cash equivalents as well as available funds under its Credit Facility. While it is typical for Parkland's cash flows to have seasonal fluctuations, such fluctuations do not materially impact Parkland's liquidity. Management believes that cash flows from operations will be adequate to fund maintenance capital expenditures, interest, income taxes, dividends, and share repurchases, if any. Any future acquisitions or commitments will be funded by available cash flows from operations, debt and equity offerings if needed, and available borrowing capacity under the Credit Facility.

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

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

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

On December 1, 2022, Parkland commenced a new NCIB, which is effective until November 30, 2023, allowing Parkland to purchase a maximum of 13,992,412 common shares over the 12-month period. Parkland can activate the automatic share purchase plan ("ASPP") with its broker to allow for the purchase of shares during quarterly pre-determined blackout periods, when Parkland would not ordinarily be permitted to purchase shares. Outside of these predetermined trading blackout periods, purchases under the current NCIB will be completed at Parkland's discretion. There were no shares repurchased under the NCIB during the three months ended March 31, 2023 (December 31, 2022- 1,452,918 common shares for a total of $40 million).

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

($ millions)	**March 31, 2023**	December 31, 2022
Cash and cash equivalents	**498**	716
Unused credit facilities	**1,010**	768
	1,508	1,484

C. Contractual obligations

Parkland has contractual obligations under various debt agreements, leases, capital expenditures and other contractual commitments with maturities from less than a year to over five years. Parkland's contractual obligations decreased from $12,498 million as at December 31, 2022 to $11,898 million as at March 31, 2023, primarily due to a decrease in accounts payable and long-term debt balances demonstrating success in working capital management as part of Parkland's deleveraging strategy.

Fuel and petroleum products and other purchase commitments

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

D. Off-balance sheet arrangements

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

Guarantees

As at March 31, 2023, Parkland provided $3,738 million (December 31, 2022 - $3,650 million) of unsecured guarantees to counterparties of commodities swaps and purchase and supply agreements of crude oil, fuel and other petroleum products.

Letters of credit and surety bonds

As at March 31, 2023, Parkland issued $52 million (December 31, 2022 - $52 million) of letters of credit and $331 million (December 31, 2022 - $319 million) of surety bonds to provide guarantees on behalf of its subsidiaries in the ordinary course of business, which are not recognized in the Interim Condensed Consolidated Financial Statements. Maturity dates for these guarantees vary and are up to and including March 21, 2035.

8. CAPITAL EXPENDITURES

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

($ millions)	Three months ended March 31, 2023	2022
Growth capital expenditures		
Canada	**13**	4
Corporate	**3**	3
Refining	**11**	8
International	**3**	6
USA	**4**	3
Growth capital expenditures including NCI	**34**	24
Attributable to NCI	**–**	2
Growth capital expenditures attributable to Parkland[1]	**34**	22
Maintenance capital expenditures		
Canada	**8**	2
Refining	**56**	12
USA	**10**	7
International	**4**	9
Corporate	**1**	1
Maintenance capital expenditures including NCI	**79**	31
Attributable to NCI	**–**	2
Maintenance capital expenditures attributable to Parkland[1]	**79**	29
Additions to property, plant and equipment and intangible assets	**113**	55
Attributable to NCI	**–**	4
Additions to property, plant and equipment and intangible assets attributable to Parkland[1][2]	**113**	51

[1] Supplementary financial measure. See Section 16 of this MD&A.
[2] Refer to Note 13 of the Interim Condensed Consolidated Financial Statements.

Parkland's combined growth and maintenance capital expenditures for the first quarter of 2023 increased by $62 million compared to the same period in 2022, primarily due to the 2023 Turnaround.

Growth capital expenditures attributable to Parkland increased by $12 million for the first quarter of 2023 as compared to the same period in 2022. Growth capital expenditures during the first quarter of 2023 were focused on (i) On the Run / Marché Express site conversions and rebranding activities in Canada and USA, (ii) ongoing renewable energy initiatives and new infrastructure development, including an aviation and LPG facility in International, (iii) site network expansion projects in Canada, and (iv) fleet and equipment purchases to support new and existing customer contracts.

Maintenance capital expenditures attributable to Parkland increased by $50 million for the first quarter of 2023 as compared to the same period in 2022. Maintenance capital expenditures during the first quarter of 2023 were focused on (i) the 2023 Turnaround, (ii) fleet and equipment replacement in USA, Canada and International markets, (iii) retail sites and terminal renovations in USA and International markets, and (iv) equipment upgrades.

Committed capital expenditures

Contractual commitments for the acquisition of property, plant and equipment attributable to Parkland as at March 31, 2023 are $124 million (December 31, 2022 - $162 million). These contractual commitments are expected to be incurred primarily over the next 12 months and relate mainly to (i) ongoing maintenance projects at the Burnaby Refinery, (ii) the construction of new-to-industry retail sites and upgrading of existing retail sites, including projects to retrofit and rebrand acquired Husky and other sites to the On the Run / Marché Express brand in Canada and USA, and (iii) ongoing infrastructure upgrades, renovation, sites rebranding and equipment upgrades in our International markets. Parkland plans to use cash and cash equivalents, cash flows from operations, and available borrowing capacity under the Credit Facility to fund these commitments.

9. REVENUE AND NET EARNINGS (LOSS)

A. Revenue

($ millions)	Canada[1]		International[1]		USA[1]		Refining[1]		Consolidated	
Three months ended March 31,	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Fuel and petroleum product revenue	**3,531**	3,511	**2,559**	1,687	**1,494**	1,761	**199**	293	**7,783**	7,252
Food, convenience and other non-fuel revenue	**121**	134	**48**	35	**204**	183	**–**	2	**373**	354
Sales and operating revenue[2]	**3,652**	3,645	**2,607**	1,722	**1,698**	1,944	**199**	295	**8,156**	7,606

[1] Refer to Note 13 of the Interim Condensed Consolidated Financial Statements for additional information on Parkland's segments.
[2] Sales and operating revenue include revenue from external customers only.

Sales and operating revenue for the first quarter increased by $550 million as compared to the same periods in 2022. Overall, the period-over-period variances in sales and operating revenue are as follows:

- Sales and operating revenue for Canada increased $7 million for the first quarter of 2023 due to the 2022 Canada Acquisitions and same-store volume growth in our Company retail network. This increase was partially offset by a favourable market environment in the first quarter of 2022, and unseasonably warmer weather in the first quarter of 2023, which resulted in less commercial heating demand.
- Sales and operating revenue for International increased $885 million for the first quarter of 2023 due to: (i) higher fuel volumes due to organic growth and recovery in tourism, (ii) contributions from the Jamaica Acquisition, (iii) strengthening of US Dollar against Canadian Dollar, and (iv) increase in aviation service fees.
- Sales and operating revenue for USA decreased by $246 million for the first quarter of 2023 due to reduced fuel and petroleum product volumes as a result of the decision to limit spot wholesale activities in the US, and lower commodity prices, partially offset by strengthening of US Dollar against Canadian Dollar.
- Sales and operating revenue for Refining decreased $96 million for the first quarter of 2023 due to the 2023 Turnaround, which began in early February and was completed in early April, partially offset by increased sales from (i) importing product during the turnaround, and (ii) efficient management of pipeline capacity.

B. Net earnings (loss)

The following table shows the reconciliation of Adjusted EBITDA to net earnings (loss) for the first quarter of 2023.

	Three months ended March 31,	
($ millions)	**2023**	2022
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**395**	387
Add: Attributable to NCI	**–**	27
Adjusted EBITDA including NCI	**395**	414
Less:		
Acquisition, integration and other costs	**27**	13
Depreciation and amortization	**190**	155
Finance costs	**104**	70
(Gain) loss on foreign exchange – unrealized	**7**	6
(Gain) loss on risk management and other – unrealized	**(32)**	11
Other (gains) and losses[1]	**21**	72
Other adjusting items[2]	**21**	6
Income tax expense (recovery)	**(20)**	13
Net earnings (loss)	**77**	68
Net earnings (loss) attributable to Parkland	**77**	55
Net earnings (loss) attributable to NCI	**–**	13

[1] Other (gains) and losses for the three months ended March 31, 2023 include the following: (i) nil non-cash valuation gain (2022 - $4 million loss) due to the change in redemption value of Sol Put Option; (ii) $9 million non-cash valuation gain (2022 - $86 million loss) due to the change in fair value of redemption options; and (iii) $30 million loss (2022 - $18 million gain) in Other items including $23 million (2022 - nil) in write-off of certain assets related to renewable diesel complex. Refer to Note 12 of the Interim Condensed Consolidated Financial Statements.
[2] Other Adjusting Items for the three months ended March 31, 2023 mainly include: (i) the effect of market-based performance conditions for equity-settled share-based award settlements of $13 million (2022 - nil), and (ii) the share of depreciation and income taxes for Isla joint venture of $3 million (2022 - $4 million).

Net earnings were $77 million, representing an increase of $9 million, for the first quarter of 2023 as compared to the same period in 2022. The period-over-period variances were primarily due to:

- an increase in non-cash valuation gain within other (gains) and losses of $51 million primarily due to net changes in non-cash valuation gains on the redemption options primarily driven by interest rate volatility and change in credit spread;
- an increase in unrealized risk management gain and other of $43 million primarily driven by non-cash risk management and other gains on commodity risk management contracts with the decrease in commodity prices and gains on emission credits held for trading as a result of elevated carbon compliance trading markets,
- a decrease in income tax expense by $33 million for the first quarter of 2023, driven by lower taxable net earnings.

These increases were primarily offset by:

- an increase in depreciation and amortization of $35 million due to an expanding asset base driven by acquisitions and organic growth initiatives;
- an increase in finance costs of $34 million due to higher effective interest rates and borrowings under the Credit Facility;
- a decrease in Adjusted EBITDA including NCI of $19 million; and
- an increase in the acquisition, integration and other costs of $14 million attributable to the integration activities related to the 2022 Acquisitions and other activities.

10. LINE OF BUSINESS INFORMATION

In addition to the reportable operating segments discussed under Section 4 of this MD&A, Parkland also voluntarily discloses business performance by line of business. Refer to Note 14 of the Interim Condensed Consolidated Financial Statements for additional information and the reconciliation of Adjusted gross margin and Adjusted EBITDA to net earnings (loss). The results of our lines of businesses are as follows:

	Retail		Commercial		Refining		Corporate		Eliminations		Consolidated	
For the three months ended March 31,	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Total fuel and petroleum product volume (million litres)	**2,396**	2,309	**5,938**	5,819	**787**	979	**–**	—	**(2,198)**	(2,135)	**6,923**	6,972
Fuel and petroleum product adjusted gross margin	**294**	271	**334**	306	**129**	154	**9**	3	**–**	—	**766**	734
Food, convenience and other adjusted gross margin	**98**	77	**74**	55	**–**	2	**1**	—	**(1)**	—	**172**	134
Total adjusted gross margin	**392**	348	**408**	361	**129**	156	**10**	3	**(1)**	—	**938**	868
Adjusted EBITDA including NCI	**188**	185	**183**	162	**38**	89	**(14)**	(22)	**–**	—	**395**	414
Attributable to NCI	**–**	12	**–**	15	**–**	—	**–**	—	**–**	—	**–**	27
Adjusted EBITDA	**188**	173	**183**	147	**38**	89	**(14)**	(22)	**–**	—	**395**	387

The period-over-period variances for the lines of businesses are as follows:

- The retail business achieved Adjusted EBITDA of $188 million for the first quarter of 2023, representing an increase of $15 million as compared to the same period in 2022. The increase was driven by (i) the incremental benefit from the 2022 Acquisitions including realization of synergies, (ii) the acquisition of the remaining 25% share of Sol Investments SEZC as part of the Share Exchange. (iii) additional volumes captured due to organic growth, and (iv) strong food and C-Store performance including on-going margin optimization initiatives. This was partially offset by increased costs driven by volume growth and general inflation.
- The commercial business achieved Adjusted EBITDA of $183 million the first quarter of 2023, representing an increase of $36 million increase in Adjusted EBITDA as compared to the same period in 2022. The increase was driven by (i) the impact of the Share Exchange as noted above, (ii) additional volume in the contracted commercial businesses due to organic growth and tourism recovery in International markets, (iii) growth of the supply business as Parkland started to supply our retail network in Puerto Rico, and (iv) strong commercial unit fuel margins in USA due to favourable market conditions, This was partially offset by unseasonal weather in Canada and USA impacting fuel demand and increased costs driven by volume growth and general inflation.
- Results of Refining and Corporate are discussed within Section 4 of this MD&A.

11. RENEWABLE AND CONVENTIONAL RESULTS

Parkland is involved in emission credit and renewable fuel trading, co-processing of bio-feedstocks and blending of low-carbon-intensity fuels to produce greener fuels and generate emission credits. Refer to Note 13 of the Interim Condensed Consolidated Financial Statements for additional information and the reconciliation of Adjusted gross margin and Adjusted EBITDA to net earnings (loss) and Note 14 for additional information on renewable and conventional results. The summary results of renewable and conventional operations are as follows:

($ millions)	Renewable		Conventional		Consolidated	
Three months ended March 31,	**2023**	2022	**2023**	2022	**2023**	2022
Adjusted EBITDA	**8**	25	**387**	362	**395**	387

Parkland achieved Adjusted EBITDA attributable to renewable activities of $8 million for the first quarter of 2023, representing a decrease of $17 million as compared to the same period in 2022 primarily due to (i) rising prices of bio-feedstock and other low-carbon-intensity fuels, (ii) decreasing British Columbia's Low Carbon Fuel Standard ("LCFS") credit sales prices and (iii) the 2023 Turnaround.

The remaining conventional results form part of each operating segment's performance, which is discussed in Section 4 of this MD&A.

12. RISK FACTORS

Key business risks

Parkland is exposed to a number of risk factors through the pursuit of our strategic objectives and the nature of our operations, which are outlined in Section 10 of the Annual MD&A and the Annual Information Form. These risk factors have not changed materially since the dates of their publication.

Financial instruments and financial risks

Financial instruments recorded at fair value through profit or loss

Parkland uses various financial instruments recorded at fair value through profit or loss to manage exposures to fluctuations in commodity prices and foreign exchange rates, and support business and growth strategies. These financial instruments include commodities swaps, forwards and futures contracts, currency forward exchange contracts, emission credits and allowances forward and option contracts, Redemption Options[10], and other investments.

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

($ millions)	Three months ended March 31, **2023**	2022
Gain (loss) on risk management and other - realized(1)(3)	**39**	(183)
Gain (loss) on risk management and other - unrealized(1)(4)	**32**	(11)
Gain (loss) on risk management and other	**71**	(194)
Change in fair value of Redemption Options(2)	**9**	(86)
Change in redemption value of Sol Put Option(2)	**–**	(4)
Impact on consolidated statements of income (loss)	**80**	(284)

(1) Gains and losses on risk management and other are primarily driven by commodities swaps, forward and futures contracts, emission credits and allowances forward and option contracts, and currency forward exchange contracts.
(2) Recognized in other (gains) and losses. See Note 15 of the Annual Consolidated Financial Statements and Section 10 of the Annual MD&A for details on the Redemption Options.
(3) Realized losses (gains) on risk management contracts are offset by gains (losses) on physical products delivered and recorded within "Sales and operating revenue" and "Cost of purchases" (i.e. gross margin) during the period.
(4) Unrealized losses (gains) on commodity risk management contracts are expected to largely offset upon realization any gains or losses on physical products at the time of sale.

10 Parkland's issued and outstanding senior notes contain optional redemption features that allow Parkland to redeem the notes prior to maturity at a premium (the "Redemption Options").

Net Investment Hedge

Parkland has designated certain USD-denominated debt balances as a net investment hedge to mitigate foreign exchange risk related to foreign operations ("Net Investment Hedge"). The effective portion of the hedge is recognized in other comprehensive income (loss). See Note 6 of the Interim Condensed Consolidated Financial Statements for further details on the Net Investment Hedge.

Other risks

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

13. OUTLOOK

There have been no changes to the guidance metrics previously mentioned in Section 11 of the Annual MD&A other than as indicated below. We continue to prioritize integration, capturing synergies, deleveraging and enhancing shareholder returns, and are confident in achieving our 2023 guidance.

Highlights of Parkland's 2023 guidance metrics include:

- Adjusted EBITDA attributable to Parkland of $1,700 million - $1,800 million (the "2023 Adjusted EBITDA Guidance[11] Range").
- Growth capital expenditures attributable to Parkland of $200 million - $225 million and maintenance capital expenditures attributable to Parkland of $300 million - $325 million (the "2023 Capital Program").
- Reduce Leverage Ratio to approximately 3 times (the "2023 Leverage Ratio Guidance"[10]) by December 31, 2023.

For additional details regarding the 2023 Adjusted EBITDA Guidance Range and the 2023 Capital Program, refer to the Annual MD&A and Parkland's press release dated December 7, 2022, which is available at www.sedar.com. The factors and assumptions that contribute to Parkland's assessment of the 2023 Adjusted EBITDA Guidance Range are consistent with existing Parkland disclosure, and such range is subject to risks and uncertainties inherent in Parkland's business. Readers are directed to Section 12 of the Annual MD&A and Parkland's Annual Information Form for a description of such factors, assumptions, risks and uncertainties.

14. OTHER

A. Controls environment

Internal controls over financial reporting

Based on the evaluation of Parkland's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as defined in National Instrument ("NI") 52-109, the Chief Executive Officer and Chief Financial Officer have concluded that Parkland's DC&P and ICFR were designed and operating effectively as at March 31, 2023.

In accordance with the provisions of NI 52-109, Parkland has limited the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of businesses acquired not more than 365 days before March 31, 2023. This scope limitation is primarily due to the time required for Parkland's management to assess DC&P and ICFR in a manner consistent with Parkland's other operations.

[11] Supplementary financial measure. See Section 16 of this MD&A.

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

($ millions)	As at March 31, 2023
Current assets	**100**
Non-current assets	**368**
Current liabilities	**48**
Non-current liabilities	**124**

($ millions)	As at March 31, 2023
Sales and operating revenue	**152**
Net earnings (loss)	**2**

Changes in internal controls over financial reporting

There were no changes in Parkland's ICFR during the three months ended March 31, 2023 that materially affected, or are reasonably likely to materially affect, Parkland's ICFR. Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems that are determined to be effective can provide only reasonable, but not absolute assurance that financial information is accurate and complete. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

B. Shares outstanding

As at March 31, 2023, Parkland had approximately 175.5 million (December 31, 2022 - 175.4 million) common shares, 4.5 million (December 31, 2022 - 4.1 million) share options, 1.9 million (December 31, 2022 - 2.0 million) performance share units, and 0.4 million (December 31, 2022 - 0.4 million) deferred share units outstanding. The share options consist of approximately 3.0 million (December 31, 2022 - 2.8 million) share options that are currently exercisable into common shares.

C. Fuel and petroleum product volume

(million litres)	Canada		International		USA		Refining		Consolidated	
Three months ended March 31,	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Retail[1]	**1,552**	1,400	**408**	372	**436**	537	**–**	—	**2,396**	2,309
Commercial[1][2]	**1,700**	1,926	**1,735**	1,152	**869**	1,242	**–**	—	**4,304**	4,320
Refining	**–**	—	**–**	—	**–**	—	**223**	343	**223**	343
Fuel and petroleum product volume[3]	**3,252**	3,326	**2,143**	1,524	**1,305**	1,779	**223**	343	**6,923**	6,972

(1) Includes gasoline and diesel.
(2) Commercial includes the operations of cardlock sites, bulk fuel, propane, heating oil, lubricants, and other related services to commercial, industrial, aviation, and residential customers as well as fuel supply and wholesale transactions.
(3) Fuel and petroleum product volume includes volumes from external customers only.

D. Related party transactions

As at March 31, 2023, Parkland continues to have transactions with related parties in the normal course of business. Since December 31, 2022, there have been no changes to the composition, nature or frequency of its related party transactions.

	Three months ended	
($ millions)	**March 31, 2023**	**March 31, 2022**
Investment in Associates		
Fuel revenue[1]	**111**	111
Cost of purchases[1]	**105**	67
Investment in Joint Ventures		
Fuel revenue[2]	**228**	127

(1) Includes related party transactions with the Société Anonyme de la Raffinerie des Antilles ("SARA") refinery, of which Parkland holds a 29% interest.
(2) Includes related party transactions with the Isla JV, of which Parkland holds a 50% interest..

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

($ millions)	**March 31, 2023**	December 31, 2022
Investments in Associates		
Accounts payable	**30**	29
Accounts receivable	**53**	23
Investment in Joint Ventures		
Accounts payable	**1**	2
Accounts receivable	**32**	32

E. Proposed transactions

As part of Parkland's portfolio optimization strategy, management committed to a plan to sell certain assets within the Canada segment in the next 12 months. The assets and the related liabilities held for sale as at March 31, 2023 comprised $265 million and $31 million, respectively (December 31, 2022 - $79 million and $20 million, respectively).

F. Site count by business model

	As at March 31, 2023			
	Canada	**USA**	**International[2]**	**Total**
Company-owned/leased, company-operated[3]	**63**	**138**	**15**	**216**
Company-owned/leased, dealer-operated	**–**	**–**	**243**	**243**
Company-owned/leased, retailer-operated	**800**	**73**	**–**	**873**
Dealer-owned, dealer-operated / consignment dealer	**1,268**	**429**	**232**	**1,929**
Franchisee-operated[1][3]	**250**	**–**	**–**	**250**
Cardlock	**170**	**48**	**–**	**218**
	2,551	**688**	**490**	**3,729**

	As at December 31, 2022			
	Canada	**USA**	**International[2]**	**Total**
Company-owned/leased, company-operated[3]	63	138	15	216
Company-owned/leased, dealer-operated	—	—	242	242
Company-owned/leased, retailer-operated	801	73	—	874
Dealer-owned, dealer-operated / consignment dealer	1,291	429	236	1,956
Franchisee-operated[1][3]	250	—	—	250
Cardlock	166	49	—	215
	2,571	689	493	3,753

(1) In addition, as at March 31, 2023, Parkland had arrangements with 2,903 (December 31, 2022 - 2,761) third-party retailers to distribute and sell M&M Food Market products at the retailers' sites under the name "M&M Express".
(2) Site count excludes Parkland's 50% interest in the Isla JV. As at March 31, 2023, Isla JV's site count for company sites and dealer sites are 109 and 127, respectively (December 31, 2022 - 109 and 127, respectively).
(3) Includes company-operated food stores where Parkland owns the food inventory, previously reported under Franchisee-operated stores.

As at March 31, 2023, Parkland is the operator of 63 company-operated stores under the M&M Food Market brand.

15. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

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

Critical accounting estimates, assumptions and judgments

The preparation of Parkland's consolidated financial statements requires management to make estimates, assumptions and judgments (including those affected by and related to the future effects of climate change) that affect the reported amounts of revenue, expenses, assets, liabilities, accompanying disclosures and the disclosure of contingent liabilities. These estimates and judgments are subject to change based on experience and new information. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affecting future periods. Refer to "Critical accounting estimates, assumptions and judgments" in the Annual MD&A for further information on these critical accounting estimates, assumptions and judgments. Since the date of our Annual MD&A, there were no material changes to the critical accounting estimates, assumptions and judgments.

16. SPECIFIED FINANCIAL MEASURES AND NON-FINANCIAL MEASURES

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

A. Measures of segment profit (loss) and Total of segments measures

Adjusted earnings (loss) before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and Adjusted gross margin, including fuel and petroleum product adjusted gross margin and food, convenience and other adjusted gross margin, are measures of segment profit (loss) (and their aggregates are "Total of segments measures") used by the chief operating decision maker to make decisions about resource allocation to the segment and to assess its performance. Refer to Note 13 of the Interim Condensed Consolidated Financial Statements for more information. In accordance with IFRS, adjustments and eliminations made in preparing an entity's financial statements and allocations of revenue, expenses, and gains or losses shall be included in determining reported segment profit (loss) only if they are included in the measure of the segment's profit (loss) that is used by the chief operating decision maker. As such, these measures are unlikely to be comparable to measures of segment profit (loss) presented by other issuers, who may calculate these measures differently.

Adjusted EBITDA

Parkland views Adjusted EBITDA as the key measure for the underlying core operating performance of business segment activities at an operational level. Adjusted EBITDA is used by management to set targets for Parkland (including annual guidance and variable compensation targets) and is used to determine Parkland's ability to service debt, finance capital expenditures and provide for dividend payments to shareholders. In addition to finance costs, depreciation, amortization and income tax expense (recovery), Adjusted EBITDA also excludes costs that are not considered representative of Parkland's underlying core operating performance, including, among other items: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, (v) unrealized gains and losses on (a) foreign exchange, (b) risk management assets and liabilities unless it relates to underlying physical sales activity in the current period, (vi) realized foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (vii) realized foreign exchange gains and losses on accrued financing costs in foreign currency and the offsetting realized risk management gains and losses on the related foreign exchange risk management instruments, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, (x) impairments of non-current assets, (xi) loss on modification of long-term debt, (xii) earnings impact from hyperinflation accounting, (xiii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, (xiv) gains and losses on asset disposals, (xv) adjustments for the effect of market-based performance conditions for equity-settled share-based award settlements and (xvi) other adjusting items. Parkland's Adjusted EBITDA is also adjusted to include Parkland's proportionate share of its joint-venture investees' Adjusted EBITDA. Concurrently with Parkland entering into the Share Exchange Agreement, effective August 4, 2022, Parkland does not allocate a portion of segment profit or loss to NCI and includes 100 per cent of International results as Adjusted EBITDA. Refer to Section 9 of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss).

Adjusted gross margin

Parkland uses Adjusted gross margin as a measure of segment profit (loss) to analyze the performance of sale and purchase transactions and performance on margin. Adjusted gross margin excludes the effects of significant items of income and expenditure that are not considered representative of Parkland's underlying core margin performance and may have an impact on the quality of margins, such as (i) unrealized gains and losses on (a) foreign exchange, (b) risk management and other unless underlying physical sales activity has occurred, (ii) loss on inventory write-downs for which there are offsetting associated risk management and other with unrealized gains, (iii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, and (iv) other adjusting items.

($ millions)	Three months ended March 31, 2023	2022
Sales and operating revenue	**8,156**	7,606
Cost of purchases	**(7,265)**	(6,563)
Gain (loss) on risk management and other - realized	**39**	(183)
Gain (loss) on foreign exchange - realized	**6**	8
Other adjusting items to Adjusted gross margin	**2**	—
Adjusted gross margin	**938**	868
Fuel and petroleum product adjusted gross margin	**766**	734
Convenience and other non-fuel adjusted gross margin	**172**	134
Adjusted gross margin	**938**	868

Food, convenience and other adjusted gross margin

($ millions)	Canada[4]		International[4]		USA[4]		Refining[4]		Consolidated[4]	
For the three months ended March 31,	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Food and convenience store[1]	**61**	47	**4**	3	**22**	20	**–**	—	**87**	70
Other retail[2]	**3**	2	**7**	5	**1**	—	**–**	—	**11**	7
Lubricants and other[3]	**23**	11	**22**	15	**29**	29	**–**	2	**74**	57
Food, convenience and other adjusted gross margin	**87**	60	**33**	23	**52**	49	**–**	2	**172**	134

[1] Convenience store revenue generated from Canada, International, and USA depends on the business model operated by each segment and includes sale of food and merchandise, suppliers' rebates, rental income from retailers in the form of a percentage rent on convenience store sales, and franchise royalties.
[2] Other retail revenue includes facilities rental revenue, advertising revenue and other miscellaneous retail-related revenues.
[3] Lubricants and other include lubricants, freight, tanks and parts installation, cylinder exchanges, royalties, emission allowances and other products and services.
[4] For comparative purposes, information for the three months ended March 31, 2022 was restated to conform with presentation used in the current period.

B. Non-GAAP financial measures and ratios

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

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

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

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

Adjusted earnings (loss) excludes costs that are not considered representative of Parkland's underlying core operating performance including: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, (v) unrealized gains and losses on (a) foreign exchange, (b) risk management assets and liabilities unless they relate to underlying physical sales activity in current period and (c) derivatives, (vi) realized foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (vii) realized foreign exchange gains and losses on accrued financing costs in foreign currency and the offsetting realized risk management gains and losses on the related foreign exchange risk management instruments, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, (x) impairments of non-current assets, (xi) loss on modification of long-term debt, (xii) earnings impact from hyperinflation accounting, (xiii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period, (xiv) gains and losses on asset disposals, (xv) adjustment for the effect of market-based performance conditions for equity settled share-based award settlements, and (xvi) other adjusting items. Parkland's Adjusted earnings (loss) and Adjusted earnings (loss) per share are also adjusted to include Parkland's proportionate share of its joint-venture investees' Adjusted earnings (loss). Concurrently with Parkland entering into the Share Exchange Agreement, effective August 4, 2022, Parkland does not allocate a portion of Adjusted earnings (loss) to NCI and includes 100 percent of International results as Adjusted earnings (loss).

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

	Three months ended March 31,	
($ millions, unless otherwise stated)	**2023**	2022
Net earnings (loss) attributable to Parkland	**77**	55
Add: Net earnings (loss) attributable to NCI	**–**	13
Net earnings (loss)	**77**	68
Add:		
Acquisition, integration and other costs	**27**	13
(Gain) loss on foreign exchange – unrealized	**7**	6
(Gain) loss on risk management and other – unrealized	**(32)**	11
Other (gains) and losses	**21**	72
Other adjusting items[1]	**21**	6
Tax normalization[2]	**(7)**	(26)
Adjusted earnings (loss) including NCI	**114**	150
Less: Adjusted earnings (loss) attributable to NCI	**–**	14
Adjusted earnings (loss)	**114**	136
Weighted average number of common shares (million shares)[3]	**175**	155
Weighted average number of common shares adjusted for the effects of dilution (million shares)[3]	**177**	156
Adjusted earnings (loss) per share ($ per share)		
Basic	**0.65**	0.88
Diluted	**0.64**	0.87

[1] Other Adjusting Items for the three months ended March 31, 2023 include: (i) the effect of market-based performance conditions for equity-settled share-based award settlements of $13 million (2022 - nil), and (ii) the share of depreciation and income taxes for Isla joint venture of $3 million (2022 - $4 million).

[2] The tax normalization adjustment was applied to net earnings (loss) adjusting items that were considered temporary differences, such as acquisition, integration and other costs, unrealized foreign exchange gains and losses, unrealized gains and losses on risk management and other, gains and losses on asset disposals, changes in fair value of redemption options, changes in estimates of environmental provisions, loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, impairments of non-current assets and debt modifications. The tax impact was estimated using the effective tax rates applicable to jurisdictions where the related items occur.

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

Dividend payout ratio

The dividend payout ratio is a non-GAAP ratio calculated by dividing dividends distributed by cash available for dividend distribution on a trailing-twelve-month basis. We use this ratio as a useful indicator of Parkland's ability to generate cash flows to sustain monthly dividends to shareholders. Cash available for dividend distribution is calculated as cash generated from (used in) operating activities adjusted for items such as (i) net change in non-cash working capital, (ii) maintenance capital expenditures, (iii) dividends received from investments in associates and joint ventures, (iv) interest on leases and long-term debt, and (v) principal payments on leases.

In the first quarter of 2023, with the aim of making Parkland's dividend payout ratio more comparable with that of its peer companies, we have modified the calculation of the ratio by (i) renaming "distributable cash flow" as "cash available for dividend distribution" and (ii) modifying the composition of the cash available for dividend distribution to include (i) acquisition, integration and other costs, (ii) turnaround maintenance capital expenditures, and (iii) dividends received from investments in associates and joint ventures, and exclude proceeds on asset disposals.

($ millions, unless otherwise noted)	Three months ended June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	Trailing twelve months ended March 31, 2023
Cash generated from (used in) operating activities[1]	**343**	**402**	**629**	**314**	**1,688**
Exclude: Adjusted EBITDA attributable to NCI, net of tax	**(27)**	**(11)**	**–**	**–**	**(38)**
	316	**391**	**629**	**314**	**1,650**
Reverse: Change in other liabilities and other assets	**(1)**	**23**	**(23)**	**11**	**10**
Reverse: Net change in non-cash working capital	**36**	**(112)**	**(221)**	**(24)**	**(321)**
Include: Maintenance capital expenditures attributable to Parkland	**(44)**	**(62)**	**(118)**	**(79)**	**(303)**
Include: Dividends received from investments in associates and joint ventures	**12**	**5**	**–**	**16**	**33**
Include: Interest on leases and long-term debt	**(71)**	**(74)**	**(86)**	**(92)**	**(323)**
Exclude: Interest on leases and long-term debt attributable to NCI	**1**	**–**	**–**	**–**	**1**
Include: Payments of principal amount on leases	**(38)**	**(50)**	**(52)**	**(51)**	**(191)**
Exclude: Payments of principal amount on leases attributable to NCI	**4**	**2**	**–**	**–**	**6**
Cash available for dividend distribution	**215**	**123**	**129**	**95**	**562**
Dividends[1]	**51**	**50**	**57**	**60**	**218**
Dividend payout ratio					**39 %**

[1] Supplementary financial measure for the TTM period. See Section 16 of this MD&A.

($ millions, unless otherwise noted)	Three months ended June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	Trailing twelve months ended March 31, 2022
Cash generated from (used in) operating activities[1]	322	200	118	(48)	592
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(21)	(26)	(22)	(26)	(95)
	301	174	96	(74)	497
Reverse: Change in other liabilities and other assets	(9)	4	8	(2)	1
Reverse: Net change in non-cash working capital[2]	22	119	148	436	725
Include: Maintenance capital expenditures attributable to Parkland	(45)	(40)	(112)	(29)	(226)
Include: Dividends received from investments in associates and joint ventures	2	—	4	—	6
Include: Interest on leases and long-term debt	(54)	(56)	(59)	(64)	(233)
Exclude: Interest on leases and long-term debt attributable to NCI	1	1	1	1	4
Include: Payments on principal amount on leases	(33)	(36)	(38)	(37)	(144)
Exclude: Payments on principal amount on leases attributable to NCI	4	5	5	5	19
Cash available for dividend distribution	189	171	53	236	649
Dividends[1]	48	48	47	49	192
Dividend payout ratio					30 %

[1] Supplementary financial measure for the TTM period. See Section 16 of this MD&A.
[2] For comparative purposes, information for the three months ended September 30, 2021 was restated due to a change in presentation for certain emission credits and allowances held for trading, which were formerly included in "Risk management and other" and are now included in "Inventories".

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

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

($ millions)	Three months ended March 31, **2023**	2022	%[1]
Food and Company C-Store revenue	**70**	100	
Add:			
Point-of-sale ("POS") value of goods and services sold at Food and Company C-Store operated by retailers and franchisees[2]	**278**	165	
Less:			
Rental and royalty income from retailers, franchisees and others[3]	**(55)**	(34)	
Same Store revenue adjustments[4] (excluding cigarettes)	**(80)**	(21)	
Food and Company C-Store same-store sales	**213**	210	**1.6 %**
Less:			
Same Store revenue adjustments[4] (cigarettes)	**(87)**	(92)	
Food and Company C-Store same-store sales (excluding cigarettes)	**126**	118	**6.8 %**

($ millions)	Three months ended March 31, **2022**	2021	%[1]
Food and Company C-Store revenue	**100**	92	
Add:			
Point-of-sale ("POS") value of goods and services sold at Food and Company C-Store operated by retailers[2]	**165**	129	
Less:			
Rental income from retailers and others[3]	**(25)**	(24)	
Same Store revenue adjustments[4][5] (excluding cigarettes)	**(60)**	(7)	
Food and Company C-Store same-store sales	**180**	190	(5.5)%
Less:			
Same Store revenue adjustments[4][5] (cigarettes)	**(91)**	(103)	
Food and Company C-Store same-store sales (excluding cigarettes)	**89**	87	1.7 %

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

Food and Company C-Store gross margin percentage

Parkland's Canada segment uses Food and Company C-Store gross margin to analyze the performance of its food, convenience and servicing operations at its backcourt. Food and Company C-Store gross margin includes the margin on goods and services sold at Food and Company C-Store operated by retailers and franchisees and includes margins from franchise fees, suppliers' rebates and fees from licensing and other services. Please see below for a reconciliation of convenience store revenue and cost of purchases of the Canada segment with the Food and Company C-Store gross margin.

($ millions)	Three months ended March 31, **2023**	2022
Adjusted Food and Company C-Store revenue	**293**	231
Adjusted Food and Company C-Store cost of sales	**(194)**	(155)
Adjusted Food and Company C-Store gross margin	**99**	76
Food and Company C-Store gross margin percentage	**33.8 %**	32.9 %

Food and Company C-Store revenue	**70**	100
Add:		
POS value of goods and services sold at Food and Company C-Store operated by retailers and franchisees(1)	**278**	165
Less:		
Rental and royalty income from retailers, franchisees and others(2)	**(55)**	(34)
Adjusted Food and Company C-Store revenue	**293**	231

Food and Company C-Store cost of sales	**9**	53
Add:		
Cost of goods and services sold at Food and Company C-Store operated by retailers and franchisees(1)	**185**	102
Adjusted Food and Company C-Store cost of sales	**194**	155

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

Annual Synergies

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

Changes to these assumptions, market conditions, commodity prices, and timing of implementation of initiatives can significantly impact Annual Synergies. See Section 17 of this MD&A.

C. Supplementary financial measures

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

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

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

($ millions)	Three months ended March 31, **2023**	2022
Corporate Marketing, General and Administrative expenses	**30**	25
Parkland's Adjusted gross margin	**938**	868
Corporate Marketing, General and Administrative expenses as a % of Parkland's Adjusted gross margin	**3.2 %**	2.9 %

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

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Maintenance capital expenditures attributable to Parkland (including guidance)	Capital expenditure metric for activities that are maintenance in nature.	Additions to property, plant and equipment and intangible assets that are considered to be maintenance in nature, including but not limited to: • turnaround and other maintenance capital projects at the Burnaby Refinery; • upgrades of retail sites, including primarily aesthetic major renovations (also known as "refreshes"); • rebrand or refresh of retail sites, including securing a supply agreement with a new independent retailer; • replacement of existing concrete structures, paving, roofing, furniture and equipment; • upgrade or replacement of trucking fleets; and • upgrade of software systems or point-of-sale systems. The calculation is adjusted to exclude the portion of additions to maintenance capital expenditures attributable to NCI.	Parkland uses maintenance capital expenditures as a key performance measure to monitor expenditures on property, plant and equipment and intangible assets to sustain the current level of economic activity and maintain cash flows from operating activities at a constant level of productive capacity. Parkland considers the volume of fuel and propane sales, the volume of convenience store sales, the volume of lubricant sales, agricultural inputs, and the delivery to be productive capacity. The classification of capital as growth or maintenance is subject to judgment, as many of Parkland's capital projects have components of both. A reconciliation of this measure is presented in Section 8 of this MD&A.
Growth capital expenditures attributable to Parkland (including guidance)	Capital expenditure metric for activities that are growth in nature.	Additions to property, plant and equipment and intangible assets that are considered to be growth in nature, including but not limited to: • the new retail site builds under the "new-to-industry" program; • construction of a new building on an existing site; • IT capital expenditures related to the integration of acquired businesses; • acquisition of new real estate; • addition of new trucks and trailers to increase the size of the fleet; • addition of new equipment to increase the size and capacity of a retail site; and • addition of new infrastructure and tanks to support large new customer contracts. However, acquisitions of businesses and intangibles are not included as part of growth capital expenditures. The calculation is adjusted to exclude the portion of additions to maintenance capital expenditures attributable to NCI.	Parkland uses growth capital expenditures to monitor expenditures on property, plant and equipment and intangible assets that increase the current level of economic activity. The classification of capital as growth or maintenance is subject to judgment, as many of Parkland's capital projects have components of both. A reconciliation of this measure is presented in Section 8 of this MD&A.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Additions to property, plant and equipment and intangible assets attributable to Parkland	Capital expenditure metric that includes both maintenance and growth capital expenditures.	Additions to property, plant and equipment and intangible assets.	Parkland uses net additions to property, plant and equipment and intangible assets to monitor additions on property, plant and equipment and intangible assets to sustain the current level of economic activity, provide a growth platform and maintain cash flows from operating activities at a constant level of productive capacity.
Trailing-twelve-months ("TTM") Cash generated from (used in) operating activities	Measure of the amount of cash generated by the company's operations over the last twelve months. Not applicable for annual reporting periods.	Refer to Parkland's Consolidated Statements of Cash Flows for details on the calculation of cash generated from (used in) operating activities.	TTM cash generated from (used in) operating activities indicates whether a company can generate sufficient positive cash flow to maintain and grow its operations.
TTM Cash generated from (used in) operating activities per share	Measure of the amount of cash per share generated by the company's operations over the last twelve months.	Cash generated from (used in) operating activities divided by the weighted average number of common shares for the TTM period.	This measure indicates the company's cash operating performance over the last twelve months, on a per share basis.
TTM Dividends	Measure of the amount of dividends declared by the company over the last twelve months. Not applicable for annual reporting periods.	Refer to Parkland's Consolidated Statements of Changes in Shareholders' Equity for the amount of dividends declared.	This measure indicates the distribution of corporate profits, based upon the number of shares held in Parkland, to shareholders over the last twelve months.
Cash generated from (used in) operating activities per share	Measure represents the amount of cash per share generated from (used in) by the company from operating activities.	Cash generated from (used in) operating activities divided by the weighted average number of common shares for the period.	This measure indicates the company's cash operating performance on a per share basis.
Dividends per share	Measure represents the dividends paid per share for the respective period.	Dividends per share is the sum of the dividends per share declared for the respective period.	This is an important metric to investors because the amount paid out in dividends directly translates to income for the shareholders.
Liquidity available	Measure represents the readily available liquidity in the short term.	The financial measure is the sum of cash and cash equivalents - unrestricted, cash and cash equivalents - restricted, and unused credit facilities.	This measure is used by management to assess Parkland's ability to meet its short-term commitments.
Measures calculated on a cents-per-litre ("cpl") basis	Financial measures calculated on a cpl basis (e.g. Adjusted gross margin) refer to the specific financial metric for a litre of fuel and petroleum product sold in the related segment.	The financial measure (e.g. Adjusted gross margin) is divided by the segment's relevant fuel and petroleum product volume to arrive at the cpl basis.	Cpl metrics are used by management to identify trends in financial measures while removing the impact of volume variability, where appropriate.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Adjusted EBITDA Guidance	Measure represents our forecast of Adjusted EBITDA.	This measure is calculated based on historical data and estimates of future conditions as inputs to make informed forecasts that are predictive in determining the direction of future trends. This measure is a forward-looking measure of which the equivalent historical measure is Adjusted EBITDA. See Section 16A for further detail on the composition of Adjusted EBITDA.	Parkland uses this measure to provide guidance to shareholders, investors and analysts, detailing the Adjusted EBITDA we expect to achieve in the upcoming fiscal year(s).
Leverage Ratio Guidance	Measure represents our forecast of the Leverage Ratio.	This measure is calculated based on historical data and estimates of future conditions as inputs to make informed forecasts that are predictive in determining the direction of future trends. This measure is a forward-looking measure of which the equivalent historical measure is the Leverage Ratio. See Section 16D for further detail on the composition of the Leverage Ratio.	Parkland uses this measure to provide guidance to shareholders, investors and analysts on Parkland's overall financial strength, capital structure flexibility, and ability to service debt and meet future commitments.

D. Capital management measures

Leverage Ratio

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

	September 30, 2022	December 31, 2022	**March 31, 2023**
Leverage Debt	5,642	5,480	**5,454**
Leverage EBITDA	1,596	1,602	**1,644**
Leverage Ratio	3.5	3.4	**3.3**

	September 30, 2022	December 31, 2022	**March 31, 2023**
Long-term debt	6,768	6,972	**6,783**
Less:			
Lease obligations	(812)	(828)	**(883)**
Cash and cash equivalents	(361)	(716)	**(498)**
Add:			
Letters of credit	47	52	**52**
Leverage Debt	5,642	5,480	**5,454**

	Three months ended				Trailing twelve months ended March 31, 2023
	June 30, 2022	**September 30, 2022**	**December 31, 2022**	**March 31, 2023**	
Adjusted EBITDA including NCI	478	340	455	395	**1,668**
Share incentive compensation	5	7	9	8	**29**
Reverse: IFRS 16 impact[1]	(46)	(49)	(58)	(61)	**(214)**
	437	298	406	342	**1,483**
Acquisition pro-forma adjustment[2]					**27**
Other adjustments[3]					**134**
Leverage EBITDA					**1,644**

[1] Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.
[2] Amounts for the trailing twelve months ended March 31, 2023 include pro-forma pre-acquisition EBITDA estimates based on anticipated benefits, costs and synergies of acquisitions.
[3] Relates to adjustments for the normalization of the impact from the turnarounds and other non-recurring events including extreme weather events, mechanical break-downs, and third-party power outages beyond management's control.

	Three months ended				Trailing twelve months ended December 31, 2022
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	
Adjusted EBITDA including NCI	414	478	340	455	1,687
Share incentive compensation	9	5	7	9	30
Reverse: IFRS 16 impact[1]	(44)	(46)	(49)	(58)	(197)
	379	437	298	406	1,520
Acquisition pro-forma adjustment[2]					51
Other adjustments[3]					31
Leverage EBITDA					1,602

[1] Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.
[2] Amounts for the trailing twelve months ended December 31, 2022 include pro-forma pre-acquisition EBITDA estimates based on anticipated benefits, costs and synergies of acquisitions.
[3] Relates to adjustments for the normalization of the impact from turnarounds and other non-recurring events including extreme weather events, mechanical break-downs, and third-party power outages beyond management's control.

	Three months ended				Trailing twelve months ended September 30, 2022
	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	
Adjusted EBITDA including NCI	285	414	478	340	1,517
Share incentive compensation	11	9	5	7	32
Reverse: IFRS 16 impact[1]	(41)	(44)	(46)	(49)	(180)
	255	379	437	298	1,369
Acquisition pro-forma adjustment[2]					101
Other adjustments[3]					126
Leverage EBITDA					1,596

[1] Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.
[2] Amounts for the trailing twelve months ended September 30, 2022 include pro-forma pre-acquisition EBITDA estimates based on anticipated benefits, costs and synergies of acquisitions.
[3] Relates to adjustments for the normalization of the impact from the turnaround and other events including extreme weather events, mechanical break-downs, and third-party power outages beyond management's control.

E. Non-financial measures

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

Non-financial measure	Description	Calculation	Why we use this measure and why it is useful	Comments
Company Volume same-store sales growth ("Company Volume SSSG")	Company Volume SSSG refers to fuel and petroleum product sales growth at active Company sites. The effects of acquisition, opening and closing stores, temporary closures (including closures for On the Run / Marché Express conversions), expansions of stores, renovations of stores, and stores with changes in food service models in the period are excluded.	Company Volume SSSG is derived by comparing the current year volume of active sites to the prior-year volume of comparable sites.	Volume SSSG is a metric commonly used in the retail industry that provides meaningful information to investors in assessing the health and strength of Parkland's brands and retail network, which ultimately impact financial performance.	
Crude utilization	Crude utilization refers to the amount of crude oil that is run through the crude distillation units compared to crude throughput.	The amount of crude oil that is run through the crude distillation units expressed as a percentage of the 55,000 barrels per day crude distillation capacity at the Burnaby Refinery.	Crude utilization provides meaningful information to investors in evaluating the operational performance of the Burnaby Refinery.	A higher utilization generally allows for more efficient operations and lower costs per barrel.
Composite utilization	Composite utilization refers to the amount of crude oil and co-processed bio-feedstock refined through the distillation units and Fluid Catalytic Cracking and Diesel Hydrotreating processing units compared to name-plate crude throughput.	The amount of crude oil and co-processed units expressed as a percentage of the 55,000 barrels per day name-plate distillation capacity at the Burnaby Refinery.	Composite utilization provides meaningful information to investors in evaluating the operational performance of the Burnaby Refinery.	A higher utilization generally allows for more efficient operations and lower costs per barrel.
Crude throughput	Crude throughput refers to the amount of crude oil processed and converted to products in the Burnaby Refinery.	The amount of crude oil that runs through crude distillation units expressed in thousands of barrels per day.	Crude throughput provides meaningful information to investors in evaluating the operational performance.	A higher throughput generally allows for more efficient operations and lower costs per barrel.

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

Glossary of terms

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

17. FORWARD-LOOKING INFORMATION

Caution regarding forward-looking information

This MD&A contains certain forward-looking information. Forward-looking information can generally be identified by words such as "believes", "expects", "expected", "will", "plan", "intends", "target", "would", "seek", "could", "projects", "projected", "anticipates", "estimates", "continues", or similar words. In particular, this MD&A contains forward-looking information including, without limitation, forward-looking statements regarding Parkland's:

- business objectives and strategy, including our strategic pillars and focus on developing the existing business in resilient markets, growing our food, convenience and renewable energy businesses, and helping customers to decarbonize;
- deleveraging strategy and continuing to provide balance sheet strength and financial flexibility;
- capital investment philosophy, including continuing to prudently invest in growth across the organization and fund maintenance expenditures;
- "Drive to Zero" strategy encompassing our goals of achieving zero safety incidents and spills, upholding zero tolerance for racism, discrimination, corruption, bribery and unethical behaviour, and supporting our governments' goals of achieving net-zero emissions by 2050;
- plan to build one of western Canada's largest ultra-fast EV charging networks and the funding and status thereof;
- expansion of Sol Ecolution's state-of-the-art solar photovoltaic systems at retail sites across the Caribbean region;
- commitments with respect to HSE and the impact thereof, including driving long-term sustainable LTIF and TRIF improvements;
- anticipated sources of liquidity to fund maintenance capital expenditures, interest, income taxes, targeted dividends, any share repurchases, any future acquisitions, other committed capital expenditures and debt servicing payments;
- Credit Facility and availability thereunder;
- contractual commitments for the acquisition of property, plant and equipment attributable to Parkland as at March 31, 2023 and expectations relating to such commitments, projects relating thereto, if such projects are completed, and the timing and funding thereof;
- expectations regarding the anticipated benefits, costs and synergies of completed acquisitions and any future acquisitions;
- expectations regarding the effects of seasonality on demand for products offered by the Canada, USA and International business segments;
- expected capital resources and its ability to meet payment obligations as they come due;
- future dividend payments;
- ability to adjust capital spending and to adjust dividends paid to shareholders;
- outlook, including the 2023 Adjusted EBITDA Guidance Range, 2023 Capital Program and the 2023 Leverage Ratio Guidance; and
- portfolio optimization strategy, including management's plan to sell certain assets within the Canada segment in the next 12 months.

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

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

- prevailing and expected market conditions;
- the regulatory framework that governs the operation of Parkland's business;
- customer trends and preferences;
- the effect of COVID-19 on Parkland's business;
- the effects of inflation;
- the effects of global military conflicts on commodity prices and the world economy;
- climate change impacts on Parkland's operations;
- Parkland's ability to adapt its business in a changing regulatory environment;
- Parkland's ability to win new customers in the various markets where it operates;
- Parkland’s ability to identify customers' evolving needs;
- Parkland's ability to successfully integrate completed acquisitions into its operations;

- Parkland's ability to identify and successfully negotiate accretive acquisitions, if applicable;
- Parkland's ability to realize synergies and cost reductions from the implementation of integration initiatives, increased purchasing power, and contract renegotiations, among other items;
- Parkland's ability to reliably source crude and bio-feedstocks for the Burnaby Refinery;
- commodity prices and volumes for gasoline, diesel, propane, lubricants, heating oil and other petroleum products;
- refining crack spreads per barrel;
- financial market conditions, including interest rates, inflation and exchange rates;
- ability of suppliers to meet commitments;
- ability to safely and reliably operate;
- Parkland's ability to retain key management;
- Parkland's future debt levels;
- Parkland's ability to generate sufficient cash flows from operations to meet its current and future obligations;
- future capital expenditures to be made by Parkland;
- access to, and terms of, future sources of funding for Parkland's capital program;
- Parkland's ability to execute its portfolio optimization strategy, including with respect to identifying buyers, completing such dispositions, if any, on terms reasonable to Parkland and in a timely manner; and
- Parkland's ability to continue to compete in a competitive landscape, as well as the additional factors referenced in the Annual Information Form.

In addition, the key material assumptions underlying the 2023 Adjusted EBITDA Guidance Range, which is described in Section 13 of this MD&A, include:

- an increase in the retail fuel and petroleum product volumes by approximately 10% as compared to the year ended December 31, 2022, reflecting the full year contribution of 2022 acquisitions, integration and synergy capture, and organic growth initiatives;
- Food, convenience and other gross margin of approximately 30% of total retail gross margin and approximately 20% of total commercial gross margin;
- Refining adjusted gross margin of approximately $40/bbl. and average Burnaby Refinery utilization of between 75% and 85% based on the Burnaby Refinery's crude processing capacity of 55,000 bpd; and
- an approximate $100 million Adjusted EBITDA impact as a result of 2023 Turnaround and maintenance capital expenditure of approximately $100 million relating thereto.

These forward-looking statements involve numerous assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein subject to certain risks and uncertainties including, without limitation, those described under the heading "Risk Factors" in this MD&A and the Annual Information Form and set forth below:

- general market conditions, including the duration and effect of COVID-19;
- micro and macroeconomic trends and conditions, including increases in interest rates, inflation and commodity prices;
- ability to execute on our business objectives, projects and strategies and realize the benefits therefrom;
- ability to meet our commitments and targets including with respect to our "Drive to Zero" strategy and HSE matters;
- ability to realize the benefits from our core capabilities;
- ability to capture value in each step of the value chain;
- ability to realize the expected benefits, synergies and opportunities from completed acquisitions and, if applicable, those of future acquisitions as well;
- ability to identify future acquisition targets, if applicable;
- ability to secure future capital to support and develop our business, including the issuance of additional common shares;
- ability to secure funding to finance projects and consideration payable for future acquisitions, if any;
- effectiveness of Parkland's management systems and programs;
- effectiveness of Parkland's risk management strategy;
- factors and risks associated with retail pricing, margins and refining crack spreads;
- availability and pricing of petroleum product supply;
- volatility of crude oil and refined product prices;
- competitive environment of our industry in North America and the Caribbean;
- environmental impact;

- risk of changes to environmental and regulatory laws, including the failure of Parkland to obtain or maintain required permits;
- risk of pending or future litigation;
- potential undisclosed liabilities (including environmental) associated with completed acquisitions;
- failure to meet financial, operational and strategic objectives and plans;
- cyber-attacks and data breaches; and
- availability of capital and operating funds.

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

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