PARKLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

Q4 2021

Year ended December 31, 2021

Report to shareholders

Management's Discussion and Analysis Q4 2021

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Basis of presentation

This Management's Discussion and Analysis ("MD&A") for Parkland Corporation ("Parkland", "we", "our" or "us") dated March 3, 2022 should be read in conjunction with our December 31, 2021 consolidated financial statements (the "Annual Consolidated Financial Statements"). The Annual Consolidated Financial Statements are prepared in accordance with 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. The MD&A is presented in millions of Canadian dollars unless otherwise noted. Additional information about Parkland including quarterly and annual reports and the Annual Information Form is available online at www.sedar.com and Parkland's website, www.parkland.ca.

The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure for the year ended December 31, 2021.

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 may not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to Section 15 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 convenience and other non-fuel adjusted gross margin are measures of segment profit as reported in Note 25 of the Annual Consolidated Financial Statements. Refer to Section 15 of this MD&A for more information on these measures of segment profit and other specified financial measures.

Risks and forward-looking information

Parkland's financial and operational performance is potentially affected by a number of factors including, but not limited to, the factors described within the Forward-looking Information section and Risk factors section of this MD&A, and the Annual Information Form. The information within these sections of this MD&A is based on Parkland's current expectations, estimates, projections and assumptions that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein is subject to a number of risks and uncertainties beyond Parkland's control including, without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under Section 10 of this MD&A and the Risk Factors section of the Annual 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 16 of this MD&A for further details.

1. PARKLAND OVERVIEW

Parkland Corporation ("Parkland" or "the Company") is a leading food and convenience store operator, an independent supplier and marketer of fuel and petroleum products and a leader in renewable energy. The Company's operations span 25 countries across the Americas. Parkland serves over one million customers per day through its retail, commercial and wholesale sales channels. Parkland optimizes its fuel supply to each by leveraging a growing portfolio of supply relationships and storage and logistics infrastructure and operating its refinery in Burnaby, British Columbia (the "Burnaby Refinery"). Parkland's common shares are listed on the Toronto Stock Exchange and traded under the symbol PKI. We operate through four operating segments: Canada, International, USA, and Supply.

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

Our purpose: Powering Journeys and Energizing Communities

Parkland's purpose is to Power Journeys and Energize Communities. Through our portfolio of trusted and locally relevant food, convenience, retail, commercial and wholesale brands, we serve over one million customers per day across Canada, the United States, the Caribbean region and Central and South America. In addition to leveraging our supply and storage capabilities to provide the essential fuels that our diverse customers rely on, we are a leader in renewable energy and are building an electric vehicle ("EV") charging network to serve growing demand for convenient charging from EV drivers in select markets and decarbonizing through renewable fuels manufacturing, compliance and carbon offsets marketing and trading.

Parkland's proven strategy is centered around growing organically, realizing a supply advantage, acquiring prudently, and integrating successfully. We are positioned to lead through the energy transition and are focused on developing our existing business in resilient markets, further diversifying our retail business into food, convenience, and renewable energy solutions (including EV charging), and helping our commercial customers decarbonize their operations. Our strategy is enabled and underpinned by our people, as well as our values of safety, integrity, community, and respect, which are deeply embedded across our organization.

1. Grow organically

Parkland is focused on consistently delivering annual Adjusted EBITDA organic growth and increasing cash flows for its marketing operations and related direct supply volumes. The Company invests capital into growth opportunities that strengthen its entire business, optimizes its supply chain to lower product costs, and leverages technology, proprietary data and its brands to continuously enhance its customer value and loyalty propositions. Parkland continuously advances and evolves these capabilities to position itself to provide a differentiated and high-quality customer value proposition in each of its markets.

2. Strong supply advantage

Parkland has built a strong supply advantage across its entire business that is underpinned by a strong asset portfolio, supply flexibility, and logistics and trading capabilities. The Company strives to enhance margins by leveraging its scale and product diversity, and sources the most economic products by leveraging its transportation and storage capacity. Parkland's supply advantage is supported by the safe and reliable operation of the Burnaby Refinery, coupled with purchasing a full suite of products from third-party refiners and suppliers. The Company safely, efficiently and reliably supplies its own retail, commercial and wholesale sales network and drives incremental value through third-party sales.

3. Acquire prudently and integrate

Parkland has a highly disciplined acquisition strategy. The Company has a proven track record of identifying, acquiring and integrating leading regional operators that complement, strengthen and expand its business. Parkland is skilled at effectively integrating acquired companies, including driving operational efficiencies, capturing synergies and creating value with support from its supply advantage and leading marketing platform. The combination of its supply advantage, integration and renewable energy capabilities, strong brands and experience across all fuel marketing channels positions Parkland to be a regional consolidator of an often-fragmented fuel distribution market.

4. Enable our teams to succeed

Parkland's employees are at the heart of its strategy. The Company recruits and develops high-calibre team members and positions them for success by fostering an industry-leading organizational culture and by investing in technology that supports efficiency and productivity. Parkland believes its agile and entrepreneurial culture is a source of competitive advantage. Built on deeply embedded BOLD behaviours, Parkland's employees are fully empowered to Build, Own, Lead and Deliver on their mandates. Parkland's core values of safety, integrity, community and respect underpin everything the Company does.

5. Energy transition

While Parkland's conventional convenience store and fuel-marketing business will have a strong future, these operations also provide an important foundation for us to build and develop our energy transition businesses. We continue to see opportunities to grow our existing business in markets with resilient fuel demand and are leveraging our existing business to capitalize on growth opportunities that enable a lower carbon economy. We are expanding our convenience and food operations and capabilities, building an EV charging network to serve growing demand for convenient charging from EV drivers, and co-processing bio-feedstocks to produce lower-carbon refined products. We are positioned to lead through the energy transition to meet the evolving needs of our customers and are focused on the following:

- **Developing** our existing business, organically and through acquisitions, in resilient markets with strong and long-term conventional fuel demand. We believe conventional fuels have a long and profitable runway and that there is significant consolidation potential, in which our leading supply advantage gives us a competitive edge. A strong conventional customer base and an existing asset base are critical to enabling our energy transition.
- **Diversifying** our retail business into food, convenience, and EV charging, creating a frictionless customer experience that is tied to a digital platform through our trusted JOURNIE™ loyalty program. By growing proprietary brands, improving site productivity, expanding On the Run / Marché Express and EV charging in select markets, significantly enhancing our food offers across our business and accelerating the digital experience, we will continue to help customers make the most of every stop for many decades to come.
- **Decarbonize** the operations of our commercial customers through manufacturing renewable fuels, marketing compliance and carbon offsets, sourcing and transporting renewable products, and installing solar power at commercial customer facilities. Our bio-feedstock co-processing capabilities at the Burnaby Refinery are world class. These operations are highly capital efficient and are lower-cost compared to alternative compliance pathways in the market. We believe regulators will continue to advance clean fuel standards that support our growing renewable blending, infrastructure and marketing businesses.

2. PERFORMANCE OVERVIEW

($ millions, unless otherwise noted)	Three months ended December 31,			Year ended December 31,		
Financial Summary	**2021**	2020	2019	**2021**	2020	2019
Fuel and petroleum product volume (million litres)[1]	**6,398**	5,485	5,850	**23,900**	21,424	22,282
Sales and operating revenue[1]	**6,286**	3,506	4,779	**21,468**	14,011	18,453
Adjusted gross margin[2]	**700**	606	728	**2,843**	2,360	2,832
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")[2]	**260**	247	302	**1,260**	967	1,265
Canada[4]	**117**	112	88	**439**	435	380
International	**78**	72	73	**294**	270	281
USA[5]	**41**	8	15	**136**	72	56
Supply[4][5]	**58**	81	153	**509**	282	660
Corporate	**(34)**	(26)	(27)	**(118)**	(92)	(112)
Net earnings (loss) attributable to Parkland	**23**	53	176	**97**	82	382
Net earnings (loss) per share – basic ($ per share)	**0.15**	0.36	1.19	**0.64**	0.55	2.60
Net earnings (loss) per share – diluted ($ per share)	**0.15**	0.35	1.17	**0.64**	0.54	2.55
Adjusted earnings (loss) attributable to Parkland ("Adjusted earnings")[3]	**55**	43	96	**372**	124	357
Adjusted earnings (loss) per share - basic ($ per share)[3]	**0.36**	0.29	0.65	**2.46**	0.83	2.43
Adjusted earnings (loss) per share - diluted ($ per share)[3]	**0.36**	0.28	0.64	**2.45**	0.82	2.39
TTM Cash generated from (used in) operating activities[6][7]	**904**	1,170	1,102	**904**	1,170	1,102
TTM Distributable cash flow[3][6]	**660**	480	561	**660**	480	561
TTM Distributable cash flow per share[3][6]	**4.34**	3.22	3.82	**4.34**	3.22	3.82
TTM Dividend payout ratio[3][6]	**29 %**	38 %	32 %	**29 %**	38 %	32 %
Dividends	**47**	47	44	**190**	184	177
Dividends per share[7]	**0.3087**	0.3036	0.2985	**1.2314**	1.2110	1.1906
Weighted average number of common shares (million shares)	**153**	149	148	**151**	149	147
Total assets	**11,550**	9,094	9,283	**11,550**	9,094	9,283
Non-current financial liabilities	**6,033**	4,377	4,328	**6,033**	4,377	4,328

(1) Certain amounts within sales and operating revenue and fuel and petroleum product volumes were restated and reclassified to conform to the presentation used in the current period.
(2) Measure of segment profit. See Section 15 of this MD&A.
(3) Non-GAAP financial measure or non-GAAP financial ratio. See Section 15 of this MD&A.
(4) For comparative purposes, information for the year ended December 31, 2019 was restated due to a change in segment presentation. Canada Retail and Canada Commercial, formerly presented separately as individual segments, and the Canadian distribution business, formerly presented in Supply, are now included in Canada, reflecting a change in organizational structure in 2020.
(5) For comparative purposes, information for previous periods was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in 2021.
(6) Amounts presented on a trailing-twelve-month basis ("TTM").
(7) Supplementary financial measure. See Section 15 of this MD&A.

A. Adjusted EBITDA, Net earnings and Adjusted earnings

Parkland achieved an Adjusted EBITDA of $260 million for the fourth quarter of 2021 and $1,260 million for the year ended December 31, 2021, representing an increase of $13 million and $293 million, respectively, as compared to the same periods in 2020, and achieved Adjusted earnings of $55 million for the fourth quarter of 2021 and a record $372 million for the year ended December 31, 2021, representing an increase of $12 million and $248 million for the fourth quarter of 2021 and the year ended December 31, 2021, respectively, as compared to the same periods in 2020. Net earnings attributable to Parkland were $23 million for the fourth quarter of 2021 and $97 million for the year ended December 31, 2021, representing a decrease of $30 million and an increase of $15 million for the fourth quarter of 2021 and the year ended December 31, 2021, respectively, as compared to the same periods in 2020.

Adjusted EBITDA

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

- Canada achieved a $5 million increase in Adjusted EBITDA for the fourth quarter of 2021 and $4 million increase for the year ended December 31, 2021 driven by (i) stronger fuel unit margins attributable to favourable market dynamics and enhanced digital capabilities, (ii) higher fuel volumes from increased domestic and industrial vehicle traffic due to reduced COVID-19 restrictions, (iii) growth from retail initiatives including On the Run ("OTR") conversions and strong commercial lubricants and service performance, and (iv) an increase in convenience store sales from enhanced digital capabilities and margin optimization initiatives. These increases were partially offset by (i) a reduction in the Canada Emergency Wage Subsidy ("CEWS") and normalization of some employee-related costs as economic activity improved, (ii) increased variable costs associated with higher fuel volumes and commodity prices, and (iii) increased marketing and digital costs resulting from a partial return to pre-COVID-19 business activity and growth programs.

- International achieved a $6 million increase in Adjusted EBITDA for the fourth quarter of 2021 and $24 million increase for the year ended December 31, 2021 driven by (i) strong contributions from the International Transactions[1], (ii) higher volumes in the wholesale and aviation businesses, driven by ongoing recovery in primary tourist markets, (iii) cost management initiatives, and (iv) an increase in aviation services in the second half of 2021 due to a rebound in aviation traffic. These increases were partially offset by (i) the strengthening of the Canadian Dollar against the US Dollar, impacting the reported Adjusted EBITDA in Canadian Dollars, (ii) lower third-party freight income resulting from optimization and increased utilization of shipping capacity in the wholesale business, (iii) lower unit margins in the wholesale and Puerto Rico retail business, and (iv) normalization of some employee-related costs as economic activity improved.
- USA achieved a $33 million increase in Adjusted EBITDA for the fourth quarter of 2021 and a $64 million increase for the year ended December 31, 2021, primarily driven by (i) the USA Acquisitions[2], (ii) increased economic activities driven by ongoing COVID-19 recovery, (iii) stronger unit margins due to realization of supply synergies from acquisitions and margin optimization initiatives, (iv) continued focus on organic growth, and (v) higher convenience store sales attributed to increased domestic traffic. These increases were partially offset by (i) the strengthening of the Canadian Dollar against the US Dollar, impacting the reported Adjusted EBITDA in Canadian Dollars, and (ii) higher costs for labour and operations due to inflation and increased base business volumes with improvement in economic activity.
- Supply delivered Adjusted EBITDA of $58 million for the fourth quarter of 2021 and $509 million for the year ended December 31, 2021 representing a decrease of $23 million for the fourth quarter of 2021 and an increase of $227 million for the year ended December 31, 2021. The decrease in the fourth quarter of 2021 was driven by (i) the 2021 minor planned turnaround[3] and (ii) the flooding in British Columbia (the "B.C. flooding"), which caused a temporary shutdown of the Trans Mountain Pipeline (the "Pipeline") and halted the supply of crude to the Burnaby Refinery. The increase for the year ended December 31, 2021 was driven by (i) significantly higher throughput and stronger margins due to rebounding product demand, (ii) the planned shutdown of the Burnaby Refinery for the 2020 Turnaround in the prior year, (iii) lower utilization rates in the prior year following start-up after the 2020 Turnaround to manage the reduced product demand and lower finished product prices driven by COVID-19, (iv) strong margins from the logistics business due to the partial rebound in fuel volumes as COVID-19-related restrictions eased, and (v) carbon credit sourcing and trading. This increase was partially offset by (i) the impact of the 2021 planned minor turnaround and the B.C. flooding in the fourth quarter of 2021, (ii) a reduction in CEWS and normalization of employee-related costs due to increased business activity as the impacts of COVID-19 recede, and (iii) higher variable costs due to increased refinery utilization.
- Corporate Adjusted EBITDA expense increased by $8 million for the fourth quarter of 2021 and $26 million for the year ended December 31, 2021, primarily due to (i) increased administration costs to support the partial return to pre-COVID-19 business activities and growth programs, and (ii) normalization of employee costs after cost reduction initiatives taken in the first half of 2020, including a salary reduction taken by the leadership team.

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

[2] Parkland successfully completed the acquisition of: (i) all of the issued and outstanding equity interests of Kellerstrass Enterprises, LLC as well as equity interests and the assets of certain of its affiliates on February 14, 2020; (ii) certain ConoMart Super Stores on May 13, 2020; (iii) all of the assets of Sevier Valley Oil Company, Inc. on December 7, 2020; and (iv) certain assets of Carter Oil Company, Inc. on December 31, 2020 (collectively, the "2020 USA Acquisitions"). Parkland also completed the acquisition of (i) the assets of Story Distributing Company and its affiliates on February 1, 2021; (ii) the outstanding shares of Conrad & Bischoff Inc. and its related companies on April 7, 2021; (iii) certain assets and liabilities of Red Carpet Carwash ("Red Carpet"), a retail business headquartered in Bismarck, North Dakota, on August 31, 2021, (iv) certain assets and liabilities of Master Petroleum ("Master"), a commercial fuel distributor based in Rifle, Colorado, on August 31, 2021; (v) certain assets and liabilities of Bradenton Fuel Oil ("Bradenton"), a commercial fuel and lubricants distributor in Bradenton, Florida, on September 10, 2021; (vi) substantially all of the assets of Urbieta Oil Co. and certain of its affiliates (collectively, "Urbieta"), a well-established fuel distributor and convenience store operator based in Miami, Florida, on December 10, 2021; and (vii) substantially all of the assets of Lynch Oil and certain of its affiliates (collectively, "Lynch"), a well-established retail, wholesale, and distribution business based in Burley, Idaho, on December 15, 2021, (the "2021 USA Acquisitions", and together with the 2020 USA Acquisitions, the "USA Acquisitions").

[3] The 2021 minor planned turnaround was safely and successfully completed in early November 2021. Parkland maintained uninterrupted fuel supply for customers throughout the duration.

Parkland's Adjusted EBITDA for the year ended December 31, 2021 was within the previously issued Guidance Range of $1,250 million +/- 5 percent.

Net earnings (loss) attributable to Parkland

Net earnings attributable to Parkland were $23 million for the fourth quarter of 2021 and $53 million for the same period in 2020. Net earnings decreased despite the increase in Adjusted EBITDA as discussed above, primarily due to (i) the net change in non-cash valuation losses on redemption options and increased finance costs driven by the one-time redemption of the 6.50% $300 Senior Notes due 2027, which were replaced by new senior notes with a lower interest rate, reducing the future financing costs, (ii) higher depreciation due to an expanding asset base driven by the USA Acquisitions and organic growth initiatives, and (iii) an increase in acquisition costs attributable to the 2021 USA Acquisitions and International Transactions. This was partially offset by (i) tax recoveries due to lower taxable income, and (ii) a decrease in the redemption value of the Sol Put Option.

Net earnings attributable to Parkland were $97 million for the year ended December 31, 2021, representing an increase of $15 million as compared to the same period in 2020. Net earnings attributed to Parkland were impacted by an increase in Adjusted EBITDA as discussed above, and primarily offset by (i) the net change in non-cash valuation losses on redemption options driven by the one-time redemption of the 2021 Redeemed Notes[4] and changes in risk-free rates and credit spreads, (ii) increased finance costs related to the one-time redemption of the 2021 Redeemed Notes, which has reduced future financing costs, and (iii) an increase in the redemption value of the Sol Put Option, driven by strong underlying results of International and continued recovery from COVID-19.

Adjusted earnings

Excluding the impact of costs that are not considered representative of Parkland's underlying core operating performance such as (i) non-cash other gains and losses[5], (ii) finance costs related to debt modification, which reduced future financing costs and acquisition, and (iii) integration and other costs that form part of net earnings as discussed above, Parkland recorded Adjusted earnings of $55 million for the fourth quarter of 2021 and a record $372 million for the year ended December 31, 2021, representing an increase of $12 million and $248 million for the fourth quarter and the year ended December 31, 2021, respectively, as compared to the same periods in 2020, primarily due to increases in Adjusted EBITDA[6] as discussed above, and was partially offset by an increase in depreciation and amortization due to an expanding asset base driven by the USA Acquisitions and organic growth.

B. Cash flows and liquidity

Parkland achieved distributable cash flows[7] of $660 million and cash flows from operating activities of $904 million, respectively, for the year ended December 31, 2021. This cash generation is due to strong operational performance and effective cost control measures.

- The cash flow from Parkland's operations for the year ended December 31, 2021 fully funded its capital expenditures, dividend payments, and payments for interest on leases and long-term debt, providing us with continued balance sheet strength and financial flexibility.
- Parkland amended the existing syndicated facility to expand the available credit and extend the maturity date until 2026, increasing financial flexibility and positioning ourselves to take advantage of potential future growth opportunities.
- Parkland completed the private offering of (i) the 4.375% $600 million Senior Notes, due 2029 on March 25, 2021, (ii) the 4.50% US$800 million Senior Notes, due 2029 on April 13, 2021, (iii) the 3.875% $600 million Senior Notes, due 2026 on June 16, 2021, and (iv) the 4.625% US$800 million Senior Notes due 2030 on November 23, 2021, (collectively, the "2021 Senior Notes Offerings"). The net proceeds from the 2021 Senior Notes Offerings were used to repay (i) the 2021 Redeemed Notes, and (ii) certain amounts outstanding under Parkland's existing syndicated credit facility (the "Credit Facility"). These transactions extend the maturity of Parkland's debt, provide financial flexibility, increase liquidity and reduce financing costs.

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[4] Parkland redeemed the $300 million 5.75% Senior Notes on April 9, 2021, the US$500 million 6.00% Senior Notes on April 14, 2021, the $500 million 5.625% Senior Notes on May 10, 2021, and the $300 million 6.50% Senior Notes on December 8, 2021 (collectively, the "2021 Redeemed Notes").

[5] Other gains and losses include the change in redemption value of the Sol Put Option, redemption options and others. Refer to Note 22 of the Annual Consolidated Financial Statements.

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

[7] Non-GAAP financial measures or non-GAAP financial ratios. See Section 15 of this MD&A.

- Leverage Ratio[8] as at December 31, 2021 was 3.3 (2020 - 2.9) and within management's long-term range. This increase is primarily due to the increase in long-term debt to finance the 2021 USA Acquisitions and International Acquisitions where the impact of the acquisition synergies is not fully materialized.
- Liquidity available as at December 31, 2021 was $1,554 million.

C. Dividends and dividend payout ratio

Dividends of $47 million and $190 million for the fourth quarter of 2021 and the year ended December 31, 2021, respectively, were declared to shareholders. The dividends declared were higher as compared to the respective periods in 2020, primarily due to a $0.0204 per share increase in the annual dividend effective March 20, 2020 and March 22, 2021, and an increase in the number of common shares outstanding driven by shares issued under the dividend reinvestment and stock option plans, the at-the-market ("ATM") equity program, vesting of performance share units and shares issued on certain USA Acquisitions. The average Dividend Reinvestment Plan ("DRIP") participation rate for the year ended December 31, 2021 was 29.4%, which was higher than the participation rate of 24.6% for the year ended December 31, 2020 resulting in decreased in cash dividends paid by $4 million.

- The dividend payout ratio[7] was 29% for the trailing twelve months ended December 31, 2021, as compared to 38% for the same period in 2020. This decrease is primarily attributable to higher distributable cash flows, as a result of an increase in Adjusted EBITDA and lower effective interest on long-term debt driven by the Refinancing Transactions[9].
- In 2021, Parkland increased its per-share annual dividend for the 9th consecutive year. Dividends increased by $0.0204 per share, from $1.2144 to $1.2348, effective with the monthly dividend payable on April 15, 2021.

D. Capital expenditures attributable to Parkland

Parkland maintained a prudent approach to growth and maintenance capital expenditures to sustain financial flexibility and balance sheet strength in the current uncertain economic environment. The increase in capital expenditures during the fourth quarter and the year ended December 31, 2021 as compared to the same periods in 2020 is primarily due to (i) the 2021 planned minor turnaround, (ii) execution of capital projects previously deferred in the first nine months of 2021 due to continued COVID-19-related restrictions, (iii) focus on certain growth and maintenance projects, and (iv) the reduction in the capital expenditures in the prior year to maintain operational flexibility during COVID-19. This increase was partially offset by higher spending in the prior year as a result of the 2020 Turnaround. Parkland optimized the 2021 USA Acquisitions with the timing of certain capital projects that were deferred due to COVID-19-related restrictions and safety measures in place.

- Growth capital expenditures attributable to Parkland[10] were $95 million for the fourth quarter of 2021 and $164 million for the year ended December 31, 2021, primarily focused on (i) construction and acquisition of new-to-industry sites, (ii) retail station upgrades and refreshes including On the Run / Marché Express site conversions in Canada and USA, (iii) select network and infrastructure development across our areas of operation, (iv) certain low-carbon manufacturing growth initiatives at the Burnaby Refinery, (v) marketing and data analytics projects to enhance our digital capability, and (vi) improving customer value proposition across our business.
- Maintenance capital expenditures attributable to Parkland[10] were $112 million for the fourth quarter of 2021 and $217 million for the year ended December 31, 2021, primarily related to (i) selected infrastructure and IT maintenance, (ii) the 2021 planned minor turnaround, (iii) equipment maintenance and upgrades across our areas of operation, and (iv) fleet replacements.

Parkland's capital expenditures for the year ended December 31, 2021 were within the guidance metrics for capital expenditures attributable to Parkland.

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[8] Capital management measure. See Section 15 of this MD&A.
[9] The "Refinancing Transactions" refer to the refinancing of senior notes from the collective redemption of the 2021 Redeemed Notes and the issuance of the 2021 Senior Notes Offering throughout 2021.
[10] Supplementary financial measure. See Section 15 of this MD&A.

3. SUSTAINABILITY

Parkland's environmental, social and governance ("ESG") practices are deeply embedded across our business, as we continue to develop an enterprise-wide sustainability strategy that is grounded in meaningful ESG targets, ongoing transparency and regular performance reporting while building on our accomplishments and low-carbon leadership. The Company's philosophy and aspirations are focused on five strategic areas including: (i) Climate Change, (ii) Safety and Emergency Preparedness, (iii) Product Transportation and Storage, (iv) Diversity and Inclusion, and (v) Governance and Ethics. The following are the key updates for the year ended December 31, 2021 as we continue to advance in our sustainability journey:

- In November 2021, Parkland published its second annual Sustainability Report, "Drive to Zero". In this report, we detailed our enterprise-wide Sustainability Strategy, which builds on the foundation of our Key Strategic ESG issues and introduces meaningful and measurable targets under our pillars of: People, Environment, Partners, and Responsible Growth. Key commitments in our Drive to Zero program include: (i) reducing our Scope 1 and 2 greenhouse gas ("GHG") emissions intensity in our marketing and refining businesses by 40 percent and 15 percent by 2030 (based on 2019 Emissions Baseline[11]), respectively, (ii) reducing our customers' GHG emissions by up to 1MT a year by 2026 through increased production of low-carbon fuels, blending of renewables and selling carbon offsets, (iii) commitment to reduce safety incidents and injuries, (iv) reducing our spill volume per litre sold, and (v) incorporating additional ESG measures into executive compensation and conducting sustainability assessments as part of our due diligence for acquisitions.
- In recognition for our commitment to sustainability, Parkland is proud to have received an AA ESG Rating from Morgan Stanley Capital International ("MSCI"), representing the top 17% of the index constituents. An MSCI ESG Rating is designed to measure a company's resilience to long-term, industry-material ESG risks. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).
- We became a signatory of the United Nations Global Compact, a voluntary initiative based on commitments to implement universal sustainability principles, to support the United Nations' Sustainable Development Goals, which are a collection of 17 interlinked global goals designed to achieve a better and more sustainable future for all.
- We achieved record volumes of co-processed bio-feedstocks, over 86 million litres during 2021, which were the equivalent of taking over 70,000 cars off the road. This was a milestone achievement given the significant supply chain disruptions that occurred in late 2021 as a result of extreme weather and flooding in B.C. Since 2019, we have more than doubled our production of co-processed fuels year-over-year. Bio-feedstocks, such as tallow and canola, are considered carbon neutral feedstocks for the Burnaby Refinery and produce lower-carbon refined products. This increase in co-processing is underpinned by the work completed during the 2020 Turnaround.
- We continue to grow our carbon offset and renewable fuel business, which plays an integral role in our Sustainability strategy and in helping our customers meet their environmental commitments. With global demand for voluntary offsets increasing, we delivered significant growth through 2021 and transacted carbon offset credits across various North American registries. We expect continued growth in this business.
- We announced plans to launch the largest network (by site count) of Electric Vehicle ultra-fast chargers in British Columbia as a natural extension to our energy transition activities. Strategically located on major highways and in key cities and towns across our extensive retail portfolio, this network of approximately 25 high-quality sites will stretch from Vancouver Island to Calgary and is expected to open to customers in 2022.
- Further to our commitment to lower-carbon leadership, on March 1, 2021, we launched a "carbon offset" reward option as part of our JOURNIE™ Rewards program to help customers meet their environmental commitments. These carbon offsets will be directed toward a landfill gas capture and utilization project in Niagara, Ontario.
- We amplified our commitment to diversity at all levels of the organization. The Board of Directors adopted a written diversity policy that sets a target for women to occupy at least 30 percent of Board seats and executive officer positions by 2023 and 2025, respectively. Women currently occupy 27 percent of Board seats and 20 percent of executive officer positions.
- We continued to celebrate and embed Diversity and Inclusion ("D&I"), with our Senior Leadership Team completing 88 hours and employees completing over 1,000 hours of D&I training. In July 2021, we also launched a four-hour Inclusive Leadership training program to a selection of our Vice Presidents, Directors and Managers across all regions completing over 500 hours of additional training. We also hosted Pride Month events, Black History Month events, Hispanic Heritage month events and additional events by our Women's network. Further, we are committed to

[11] The 2019 Emissions Baseline was established based on consultations with business units across the enterprise and in-depth data gathering and analysis with third-party experts.

maintaining a minimum 10 percent representation of Black, Indigenous, People of Colour and LGBTQ[12] community on our Board and for executive officer positions.

- Effective August 5, 2021, and consistent with our commitment to Board renewal, we appointed Board members with extensive global experience in supply, low-carbon technologies, and value creation across the entire downstream value chain. We expect the Company, and our shareholders, will benefit greatly from their contributions.
- Throughout September, employees in all our operating geographies came together to recognize Canada's National Day for Truth and Reconciliation. This included a virtual event hosted by senior leadership and attended by approximately 800 employees that featured a former-elected chief, and residential school survivor and author. The event was designed to educate our employees on the history of Canadian Indigenous people.
- We are supporting the Royal Alexandra Hospital Foundation's Indigenous Cultural Partnership ("ICP") at the Lois Hole Hospital for Women and have recently provided $150,000 towards this important initiative. The ICP advocates for and seeks to establish equal representation and prioritization of Indigenous health and wellness knowledge systems and practices.

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

Parkland is committed to ensuring a safe working environment that protects our employees, customers and the environment. During this period of uncertainty as a result of COVID-19, Parkland continues to focus on the health and safety of our employees, customers and partners while continuing to provide essential services to the communities in which it operates.

Parkland is committed to reducing injuries and incidents across all our operations, actively involving our workforce in enhancing, tracking and measuring our performance, and training our workers to ensure they have the knowledge and skills necessary to perform their work safely. Parkland has an overarching Operational Excellence Management System (POEMS), which sets the standard for safe, reliable and consistent operations. One of the programs contained within POEMS is our hazard assessment program "Stop. Think. Act.", which encourages employees to identify hazards and protect themselves, their co-workers, and the communities we operate in. "Drive to Zero" is another program demonstrating Parkland's commitment aimed at reducing any at-risk behaviours by never accepting unsafe conditions or behaviours. Finally, our "8 Life Saving Rules" are a set of crystal clear standards that help to mitigate risks and reduce incidents by providing non-negotiable rules.

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

	December 31, 2021	December 31, 2020
TTM LTIF[(1)]	**0.15**	0.21
TTM TRIF[(1)]	**1.14**	1.12

[(1)] Non-financial measure. See Section 15 of this MD&A.

[12]Lesbian, gay, bisexual, transgender, and questioning

4. SEGMENT OVERVIEW, HIGHLIGHTS AND RESULTS

Refer to Note 14 of this MD&A for a description of Parkland's segments.

A. Canada

	Three months ended December 31,				Year ended December 31,			
($ millions, unless otherwise noted)	**2021**	2020	Change	%	**2021**	2020	Change	%
Fuel and petroleum product volume[1] (million litres)	**2,293**	2,220	73	3%	**8,916**	8,717	199	2%
Fuel and petroleum product adjusted gross margin[2][5]	**217**	195	22	11%	**793**	751	42	6%
Convenience and other non-fuel adjusted gross margin[2]	**52**	46	6	13%	**204**	187	17	9%
Total adjusted gross margin[2]	**269**	241	28	12%	**997**	938	59	6%
Operating Costs	**122**	107	15	14%	**453**	423	30	7%
Marketing, General and Administrative	**30**	22	8	36%	**106**	81	25	31%
Other adjusting items	**–**	—	—	—%	**(1)**	(1)	—	—%
Adjusted EBITDA[2]	**117**	112	5	4%	**439**	435	4	1%
Key performance measures:								
Company Volume SSSG[3]	**4.6%**	(14.3)%	18.9p.p		**0.2%**	(15.0)%	15.2p.p	
Company C-Store SSSG[4]	**(3.2)%**	7.8%	(11.0)p.p		**(1.8)%**	8.1%	(9.9)p.p	
Company C-Store SSSG (excluding cigarettes)[4]	**4.7%**	8.7%	(4.0)p.p		**5.8%**	7.3%	(1.5)p.p	
C-store gross margin percentage[4]	**29.3%**	28.2%	1.1p.p		**29.1%**	26.9%	2.2p.p	

(1) Includes gasoline, diesel and propane volumes.
(2) Measure of segment profit. See Section 15 for additional information and breakdown of convenience store and other non-fuel 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 15 of this MD&A.
(4) Non-GAAP financial ratio. See Section 15 of this MD&A.
(5) Fuel and petroleum product adjusted gross margin (cpl) was 9.46 for the fourth quarter of 2021 (2020 - 8.78) and 8.89 for the year ended December 31, 2021 (2020 - 8.62). See Section 15 of this MD&A for a description of supplementary financial measures.

Q4 and Q4 YTD Performance - 2021 vs. 2020

Canada delivered Adjusted EBITDA of $117 million for the fourth quarter of 2021 and $439 million for the year ended December 31, 2021, representing increases of $5 million and $4 million, respectively, as compared to the same periods in 2020. The increase in Adjusted EBITDA is primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased $22 million for the fourth quarter of 2021 and $42 million for the year ended December 31, 2021. Stronger fuel unit margins during 2021 were attributable to favourable market dynamics and enhanced digital and analytics capabilities. We also benefited from higher fuel volumes as reduced COVID-19 restrictions resulted in increased domestic and industrial vehicle traffic and economic activity.
- Convenience and other non-fuel adjusted gross margin increased by $6 million for the fourth quarter of 2021 and $17 million for the year ended December 31, 2021, with our retail initiatives continuing to drive growth along with strong commercial lubricants and service performance. The increase in convenience store sales was driven by sales uplift across several categories, including alcohol, beverages and centre of store, along with new digital, analytics and execution capabilities, and margin optimization initiatives. The strong performance demonstrates the resilience of the convenience channel and is reflected in Company C-Store SSSG (excluding cigarettes) of 4.7% in the fourth quarter of 2021 and 5.8% in the year ended December 31, 2021. Including cigarettes, Company C-Store SSSG was (3.2)% for the fourth quarter of 2021 and (1.8)% for the year ended December 31, 2021, due to temporary COVID-19-related impacts and changes in consumer behaviour, which strengthened the prior year comparative figure. The C-Store gross margin percentage also improved from 28.2% to 29.3% for the fourth quarter of 2021and 26.9% to 29.1% for the year ended December 31, 2021 as compared to the same periods in 2020, demonstrating the strength of our digital and analytics capabilities and success of our margin optimization initiatives.
- Operating costs increased $15 million for the fourth quarter of 2021 and $30 million for the year ended December 31, 2021 primarily due to (i) a reduction in CEWS and the normalization of some employee-related costs as economic activity improved, and (ii) higher retailer commissions and credit card fees resulting from increased fuel demand and commodity prices, respectively.

- Marketing, General and Administrative expenses increased $8 million for the fourth quarter of 2021 and $25 million for the year ended December 31, 2021, primarily due to (i) a reduction in CEWS and the normalization of some employee-related costs as economic activity improved, and (ii) increased marketing and digital costs resulting from the partial return to pre-COVID-19 business activity and growth programs.

B. International

	Three months ended December 31,				Year ended December 31,			
($ millions, unless otherwise noted)	**2021**	2020	Change	%	**2021**	2020	Change	%
Fuel and petroleum product volume[1] (million litres)	**1,541**	1,244	297	24%	**5,296**	4,974	322	6%
Fuel and petroleum product adjusted gross margin[1][2][3]	**132**	131	1	1%	**506**	493	13	3%
Convenience and other non-fuel adjusted gross margin[1][2]	**23**	23	—	—%	**86**	96	(10)	(10)%
Adjusted gross margin[1][2]	**155**	154	1	1%	**592**	589	3	1%
Operating Costs[1]	**40**	43	(3)	(7)%	**146**	160	(14)	(9)%
Marketing, General and Administrative[1]	**24**	19	5	26%	**83**	82	1	1%
Share of (earnings) loss of associates and joint ventures	**(5)**	(1)	(4)	400%	**(16)**	(8)	(8)	100%
Other adjusting items to Adjusted EBITDA[4]	**(7)**	(3)	(4)	133%	**(13)**	(5)	(8)	160%
Adjusted EBITDA including NCI[1][5]	**103**	96	7	7%	**392**	360	32	9%
Less: Adjusted EBITDA attributable to NCI	**25**	24	1	4%	**98**	90	8	9%
Adjusted EBITDA[2]	**78**	72	6	8%	**294**	270	24	9%

(1) At 100% Sol interest.
(2) Measure of segment profit. See Section 15 of this MD&A.
(3) Fuel and petroleum product adjusted gross margin (cpl) was 8.57 for the fourth quarter of 2021 (2020 - 10.53) and 9.55 for the year ended December 31, 2021 (2020 - 9.91). See Section 15 of this MD&A for a description of supplementary financial measures.
(4) Includes other income and adjustments to share of (earnings) loss of associates and joint ventures.
(5) Refer to Section 9 of this MD&A for the reconciliation of Adjusted EBITDA to net earnings (loss).

Q4 and Q4 YTD Performance - 2021 vs. 2020

International delivered Adjusted EBITDA of $78 million for the fourth quarter of 2021 and $294 million for the year ended December 31, 2021, representing increases of $6 million and $24 million compared to the same periods in 2020. The reported growth in Canadian Dollar Adjusted EBITDA was negatively impacted by the strengthening of the Canadian Dollar against the U.S Dollar[13], which also impacted the translation of the other financial metrics into Canadian Dollars. The increase in Adjusted EBITDA is primarily due to the following:

- Fuel and petroleum product adjusted gross margin remained relatively flat for the fourth quarter of 2021 and increased by $13 million for the year ended December 31, 2021. The increase in the year ended December 31, 2021 was primarily due to volume growth in the wholesale and aviation businesses respectively, driven by the ongoing recovery in primary tourist markets (including Dominican Republic, Bahamas, and St. Maarten) and the contribution from the St. Maarten Transaction. Above increases were partially offset by lower margins in the wholesale business and lower margins in the Puerto Rico retail business during the first nine months of 2021. The growth in wholesale volumes drove absolute value through higher utilization of existing infrastructure, despite a decrease in the overall unit margins.
- Convenience and other non-fuel adjusted gross margin remained flat for the fourth quarter of 2021. Convenience and other non-fuel adjusted gross margin decreased by $10 million for the year ended December 31, 2021, as an increase in non-fuel aviation service fees driven by the rebound in aviation traffic in the second half of 2021 was more than offset by (i) reduced third-party freight income resulting from optimization and increased utilization of shipping capacity in the wholesale business, and (ii) lower retail contribution due to COVID-related restrictions.
- Operating Costs decreased by $3 million for the fourth quarter of 2021 and $14 million for the year ended December 31, 2021, primarily as a result of cost management initiatives implemented in response to the COVID-19 pandemic.
- Marketing, General and Administrative expenses increased by $5 million for the fourth quarter of 2021 and remained flat for the year ended December 31, 2021 primarily due to the normalization of some employee-related costs as business activity continued to increase, which were partially offset by the continued impact of cost management initiatives implemented in response to the COVID-19 pandemic.

13 The Canadian Dollar strengthened against the U.S. Dollar by 3% for the fourth quarter of 2021 and 7% for the year ended December 31, 2021 as compared to the same periods in 2020.

- Share of (earnings) loss of associates and joint ventures and other adjusting items increased by $8 million in the fourth quarter of 2021 and $16 million for the year ended December 31, 2021, primarily reflecting Parkland's share of the strong Adjusted EBITDA resulting from the Isla Transaction.

C. USA

	Three months ended December 31,				Year ended December 31,			
($ millions, unless otherwise noted)	**2021**	2020	Change	%	**2021**	2020	Change	%
Fuel and petroleum product volume[1] (million litres)	**1,394**	814	580	71%	**5,151**	3,057	2,094	68%
Fuel and petroleum product adjusted gross margin[2][3]	**81**	28	53	189%	**254**	136	118	87%
Convenience and other non-fuel adjusted gross margin[2]	**47**	30	17	57%	**169**	125	44	35%
Total adjusted gross margin[2]	**128**	58	70	121%	**423**	261	162	62%
Operating Costs	**64**	38	26	68%	**223**	142	81	57%
Marketing, General and Administrative	**23**	12	11	92%	**64**	47	17	36%
Adjusted EBITDA[2]	**41**	8	33	413%	**136**	72	64	89%

(1) Includes gasoline, diesel and propane volumes.
(2) Measure of segment profit. See Section 15 of this MD&A.
(3) Fuel and petroleum product adjusted gross margin (cpl) was 5.81 for the fourth quarter of 2021 (2020 - 3.44) and 4.93 for the year ended December 31, 2021 (2020 - 4.45). Refer to Section 15 of this MD&A for a description of supplementary financial measures.

Q4 and Q4 YTD Performance - 2021 vs. 2020

USA delivered Adjusted EBITDA of $41 million for the fourth quarter of 2021 and $136 million for the year ended December 31, 2021, representing increases of $33 million and $64 million, respectively, as compared to the same periods in 2020. The reported Canadian Dollar Adjusted EBITDA was negatively impacted by the strengthening of the Canadian Dollar against the US Dollar[14], which also impacted the translation of the other financial metrics into Canadian Dollars. The increase in Adjusted EBITDA is primarily due to the following:

- Fuel and petroleum product adjusted gross margin increased $53 million for the fourth quarter of 2021 and $118 million for the year ended December 31, 2021, primarily due to the USA Acquisitions and organic growth initiatives. The Southeast ROC saw an increase in domestic marine fuel demand in the fourth quarter of 2021 due to a gradual return on cruise ship sailing whereas the overall marine fuel demand remained soft for the year ended December 31, 2021. Unit margins increased in the fourth quarter of 2021, primarily due to realization of supply synergies from USA acquisitions and the impact of increasing margins to offset higher inflation-driven costs. For the year ended December 31, 2021, unit margins also increased due to the same reasons noted above.
- Convenience and other non-fuel adjusted gross margin increased $17 million for the fourth quarter of 2021 and $44 million for the year ended December 31, 2021, driven by USA Acquisitions, strong results from lubricant unit margin optimization initiatives, and higher C-Store sales attributed to increased domestic traffic.
- Operating Costs increased $26 million and $81 million for the fourth quarter of 2021 and for the year ended December 31, 2021, respectively, primarily due to the USA Acquisitions, increased fuel volumes in the base business with improvement in economic activity, and the impact of higher costs for labour and other operating costs due to inflation. Marketing, General and Administrative expenses also increased $11 million for the fourth quarter of 2021 and $17 million for the year ended December 31, 2021, mainly due to the USA Acquisitions and the impact of inflation.

[14] The Canadian Dollar strengthened against the US Dollar by 3% for the fourth quarter of 2021 and 7% for the year ended December 31, 2021 as compared to the same periods in 2020.

D. Supply

($ millions, unless otherwise noted)	Three months ended December 31, 2021	2020	Change	%	Year ended December 31, 2021	2020	Change	%
Fuel and petroleum product volume(1) (million litres)	**1,170**	1,207	(37)	(3)%	**4,537**	4,676	(139)	(3)%
Fuel and petroleum product adjusted gross margin(2)	**142**	149	(7)	(5)%	**818**	564	254	45%
Non-fuel adjusted gross margin(2)	**6**	5	1	20%	**9**	9	—	—%
Total adjusted gross margin(2)	**148**	154	(6)	(4)%	**827**	573	254	44%
Operating Costs	**82**	68	14	21%	**287**	267	20	7%
Marketing, General and Administrative	**8**	5	3	60%	**31**	24	7	29%
Adjusted EBITDA(2)	**58**	81	(23)	(28)%	**509**	282	227	80%
Key performance measures:								
Crude utilization(3)	**46.8 %**	89.7 %	(42.9)p.p		**81.3 %**	68.9 %	12.4p.p	
Composite utilization(3)	**47.2 %**	91.8 %	(44.6)p.p		**84.0 %**	70.2 %	13.8p.p	
Crude throughput(3) (000's bpd)	**25.7**	49.4	(23.7)	(48)%	**44.7**	37.9	6.8	18%
Bio-feedstock throughput(3) (000's bpd)	**0.2**	1.1	(0.9)	(82)%	**1.5**	0.7	0.8	114%

(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. See Section 15 of this MD&A.
(3) Non-financial measure. See Section 15 of this MD&A.

Q4 and Q4 YTD Performance - 2021 vs. 2020

Supply delivered Adjusted EBITDA of $58 million for the fourth quarter of 2021 and $509 million for the year ended December 31, 2021, representing a decrease of $23 million and an increase of $227 million, respectively, as compared to the same periods in 2020. The changes in Adjusted EBITDA are primarily due to the following:

- Adjusted gross margin decreased $6 million for the fourth quarter of 2021 and was impacted by two significant events including (i) the 2021 minor planned turnaround of the Burnaby Refinery, and (ii) the B.C. flooding, which caused a temporary shutdown of the Pipeline and halted the supply of crude to the Burnaby Refinery. The 2021 minor planned turnaround was safely and successfully completed in early November 2021. Parkland maintained uninterrupted fuel supply for customers throughout the duration. After the 2021 minor planned turnaround, the Burnaby Refinery was significantly impacted due to the B.C. flooding, causing Parkland to temporarily pause refining operations for approximately a month until the Pipeline could be restarted and crude inventories rebuilt. Processing, terminal and supply operations remained available and operational. Parkland's Supply team played a critical role in providing uninterrupted fuel supply to our customers by importing essential fuels to our terminals in British Columbia for storage and distribution to customers. We estimate an approximately $35 million[15] negative impact on fuel and petroleum adjusted gross margins as a result of the Pipeline shutdown. As a result of the 2021 minor planned turnaround and the temporary shutdown of the Pipeline, the composite refinery utilization for the fourth quarter of 2021 was 47.2% as compared to 91.8% in 2020.
- Adjusted gross margin increased $254 million for the year ended December 31, 2021. This was driven by significantly higher crude throughput and stronger margins as a result of rebounding product demand, which was partially offset by the impact of the 2021 planned minor turnaround and the B.C. flooding in the fourth quarter of 2021 as discussed above. The increase for the year ended December 31, 2021 was also due to the planned 2020 Turnaround from early February 2020 to late April 2020, and lower Refinery utilization rates following the 2020 Turnaround to manage reduced product demand and lower finished product prices driven by COVID-19. The increase in Refinery production during the year ended December 31, 2021 resulted in a corresponding increase in compliance costs[16]. These compliance costs were optimized through a significant year-over-year increase in throughput of bio-feedstocks, co-processing an average of 1,500 bpd of bio-feedstocks through its Fluid Catalytic Cracking ("FCC") and Diesel Hydrotreating ("DHT") as compared to 700 bpd in 2020. Parkland was on track to process 100 million litres of bio-feedstock, however, refining and co-processing operations were paused by the temporary shutdown of the Pipeline, resulting in over 86 million litres of bio-feedstock being processed in 2021. The composite utilization for the year ended

[15] Estimated based on lost crude throughput and refining margins during the temporary pause in refining operations from November 22 to December 11, 2021.
[16] The compliance costs are incurred to meet the Low Carbon Fuel Requirements ("LCFR") in British Columbia to reduce the combined fuels' carbon intensity, which can be met through various pathways from blending Hydrogenation-Derived Renewable Diesel ("HDRD") being the least economic to blending ethanol and bio-diesel and co-processing, which are more economic.

December 31, 2021 was 84.0% as compared to 70.2% in 2020 and was in line with the previously issued guidance of 85%.

- Supply also continued to realize strong margins in its integrated logistics and marketing business driven by the partial rebound in Canadian fuel volumes as COVID-19-related restrictions were eased. Parkland's logistics and marketing business is involved in a carbon offset and renewable fuel trading business as well. For the year ended December 31, 2021, carbon trading generated a gross profit of $26 million as compared to a $4 million loss during the same period in 2020 as Parkland expands its low-carbon activities to better serve our commercial customers.
- Operating Costs increased $14 million for the fourth quarter of 2021, due to higher maintenance costs associated with the 2021 minor turnaround[17]. Operating costs increased $20 million for the year ended December 31, 2021 due to higher variable costs associated with the increased refinery utilization, higher labour costs due to reduced CEWS benefits and increased business activity, an increase in the B.C. carbon tax rates, and global increase in commercial insurance rates. The increase for the year ended December 31, 2021 was partially offset by higher labour and other costs associated with the 2020 Turnaround in the first six months of 2020.
- Marketing, General and Administrative expenses increased $3 million for the fourth quarter of 2021 and $7 million for the year ended December 31, 2021 primarily due to higher employee-related costs as Supply increased its staff to support the ramp-up in product demand and bio-feedstock processing.

E. Corporate

	Three months ended December 31,				**Year ended December 31,**			
($ millions, unless otherwise noted)	**2021**	2020	Change	%	**2021**	2020	Change	%
(Gain) loss on foreign exchange - realized	**–**	(2)	2	(100)%	**(3)**	1	(4)	(400)%
Other adjusting items[(1)]	**–**	3	(3)	(100)%	**(1)**	—	(1)	—%
Marketing, General and Administrative	**34**	25	9	36%	**122**	91	31	34%
Adjusted EBITDA[(2)] expense	**34**	26	8	31%	**118**	92	26	28%

(1) Includes realized foreign exchange (gain) loss on cash pooling arrangements.
(2) Measure of segment profit. See Section 15 of this MD&A.

Corporate Adjusted EBITDA expense increased by $8 million for the fourth quarter of 2021 and $26 million for the year ended December 31, 2021 as compared to the same periods in 2020, primarily due to the following:

- Marketing, General and Administrative expenses increased $9 million for the fourth quarter of 2021 and $31 million for the year ended December 31, 2021 primarily due to (i) a reduction in CEWS, (ii) increased marketing and administration costs to support the partial return to pre-COVID-19 business activity and growth programs, and (iii) the normalization of employee costs after the cost reduction initiatives, including a salary reduction taken by the leadership team in 2020. This led Corporate's Marketing, General and Administrative expenses as a percentage of Parkland's Adjusted gross margin (see Section 15 of this MD&A) to increase from 4.1% to 4.9% for the fourth quarter of 2021 and from 3.9% to 4.3% for the year ended December 31, 2021.

[17] The turnaround commenced in early October and was completed by early November 2021.

5. QUARTERLY FINANCIAL DATA

($ millions, unless otherwise noted)	2021				2020			
For the three months ended	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Financial Summary								
Sales and operating revenue[4][5]	**6,286**	5,982	4,974	4,226	3,506	3,498	2,691	4,316
Adjusted gross margin[1]	**700**	779	699	665	606	674	487	593
Adjusted EBITDA[1]	**260**	364	322	314	247	338	191	191
Canada	**117**	105	101	116	112	128	93	102
International	**78**	83	66	67	72	77	54	67
USA[3]	**41**	44	31	20	8	21	27	16
Supply[3]	**58**	161	154	136	81	124	35	42
Corporate	**(34)**	(29)	(30)	(25)	(26)	(12)	(18)	(36)
Net earnings (loss) attributable to Parkland[4]	**23**	109	(64)	29	53	76	32	(79)
Net earnings (loss) per share – basic ($ per share)	**0.15**	0.72	(0.42)	0.19	0.36	0.51	0.22	(0.53)
Net earnings (loss) per share – diluted ($ per share)	**0.15**	0.71	(0.42)	0.19	0.35	0.50	0.21	(0.53)
Adjusted earnings (loss)[2]	**55**	129	96	92	43	93	(10)	(2)
Adjusted earnings (loss) per share – basic ($ per share)[2]	**0.36**	0.85	0.64	0.61	0.29	0.62	(0.07)	(0.02)
Adjusted earnings (loss) per share – diluted ($ per share)[2]	**0.36**	0.84	0.64	0.61	0.28	0.62	(0.07)	(0.02)

[1] Measure of segment profit. See Section 15 of this MD&A.
[2] Non-GAAP financial measure. See Section 15 of this MD&A.
[3] For comparative purposes, information for previous periods was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in 2021.
[4] Certain amounts within sales and operating revenue were restated and reclassified to conform to the presentation used in the current period.
[5] Certain amounts were restated for the impact of hyperinflation on the respective prior periods in 2021.

Over the last eight quarters, Parkland's quarterly results were primarily impacted by COVID-19, the 2020 Turnaround, the USA Acquisitions, and the 2021 minor planned turnaround and B.C. flooding. In particular:

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

6. CASH FLOWS AND DIVIDENDS

A. Cash flows

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

	Three months ended December 31,		Year ended December 31,	
($ millions)	**2021**	2020	**2021**	2020
Cash generated from (used in) operating activities[1]	**118**	(40)	**904**	1,170
Cash generated from (used in) financing activities[1]	**567**	159	**655**	(603)
Cash generated from (used in) investing activities	**(642)**	(183)	**(1,513)**	(515)
Increase (decrease) in net cash	**43**	(64)	**46**	52
Impact of foreign currency translation on cash	**(2)**	(18)	**(16)**	(13)
Net cash, beginning of period	**285**	378	**296**	257
Net cash, end of period	**326**	296	**326**	296

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

Operating activities

Q4 2021 vs. Q4 2020

Parkland generated $118 million cash in operating activities for the fourth quarter of 2021, despite the impact from the minor turnaround and B.C. flooding as discussed above. This was primarily attributable to Adjusted EBITDA including NCI of $285 million and was offset by: (i) the change in net non-cash working capital outflow of $148 million, largely attributable to higher receivables and inventories balances due to higher product prices and increased business activity, and (ii) $24 million in acquisition, integration and other costs related to the 2021 USA Acquisitions and International Transactions.

In comparison, operating activities used $40 million of cash for fourth quarter of 2020, primarily attributable to Adjusted EBITDA including NCI of $271 million, which was more than offset by (i) net non-cash working capital outflow of $288 million, largely attributable to higher inventories and receivable balances due to an increase in commodity prices, and lower accounts payable due to the payment of certain government duties and taxes that were previously deferred as a result of COVID-19, (ii) $14 million in acquisition, integration and other costs primarily in connection with the 2020 USA Acquisitions, and (iii) $13 million in current income tax expense.

2021 vs. 2020

Parkland generated $904 million cash in operating activities for the year ended December 31, 2021, primarily attributable to Adjusted EBITDA including NCI of $1,358 million. This was offset by: (i) the change in net non-cash working capital outflow of $342 million, largely attributable to higher inventories and receivables balances, partially offset by higher accounts payable, due to an increase in commodity prices, higher activity levels as COVID-19 restrictions ease, and the 2021 USA Acquisitions, (ii) $52 million in acquisition, integration and other costs primarily driven by the 2021 USA Acquisitions and the International Transactions, and (iii) current income taxes of $43 million.

In comparison, Parkland generated $1,170 million cash in operating activities for the year ended December 31, 2020, primarily attributable to Adjusted EBITDA including NCI of $1,057 million and the net non-cash working capital inflow of $183 million, largely attributable to lower inventories and accounts receivable as a result of lower product demand and prices, and focused efforts on collection of receivables, respectively, offset by a decrease in accounts payable as a result of lower prices and activity levels due to COVID-19. This was partially offset by: (i) $52 million in acquisition, integration and other costs primarily related to restructuring costs incurred as a response to COVID-19 and the 2020 USA Acquisitions, and (ii) current income taxes of $32 million.

Financing activities

Q4 2021 vs. Q4 2020

During the fourth quarter of 2021, Parkland paid a monthly dividend of $0.1029 per share (2020 - $0.1012 per share). The cash dividends paid to shareholders and the DRIP participation rate for the fourth quarter of 2021 remained relatively flat as compared to the same period in 2020.

During the fourth quarter of 2021, financing activities generated $567 million of cash, primarily attributable to $1,009 million of net proceeds from the 4.625% US$800 Senior Notes due 2030 on November 23, 2021. These were partially offset by (i) $303 million of payments primarily related to the one-time redemption of the $300 million 6.5% Senior Notes, (ii) $63 million of payments for interest on leases and long-term debt, (iii) $38 million of payments made on principal amount on leases under IFRS 16, (iv) $32 million in cash dividends paid to shareholders, and (v) $16 million related to the premiums paid on the one-time redemption of the 6.50% $300 Senior Notes.

In comparison, financing activities generated $159 million of cash for fourth quarter of 2020, primarily attributable to $278 million of net proceeds from the Credit Facility, offset by (i) $61 million of payments for interest on leases and long-term debt, (ii) $35 million of payments made on the principal amount of leases under IFRS 16, and (iii) $33 million in cash dividends paid to shareholders.

2021 vs. 2020

During the year ended December 31, 2021, Parkland paid a monthly dividend ranging from $0.1012 per share to $0.1029 per share (2020 - $0.0995 per share to $0.1012 per share). However, despite the increase in dividend per share, the cash dividends paid to shareholders for the year ended December 31, 2021 decreased by $4 million to $132 million as compared to the same period in 2020, due to the increase in DRIP participation rate from 24.6% for the year ended December 31, 2020, to 29.4% for the year ended December 31, 2021.

During the year ended December 31, 2021, financing activities generated $655 million of cash, primarily attributable to (i) net proceeds of $3,183 million from the issuance of the 2021 Senior Notes Offerings, and (ii) $22 million of cash generated from the common shares issued under the ATM equity program between the months of May and July. These were partially offset by (i) $1,733 million of payments primarily related to the one-time redemption of the 2021 Redeemed Notes, (ii) $227 million of payments for interest on leases and long-term debt, (iii) $194 million of payments related to the settlement of the Intermediation Facility, (iv) $142 million of payments made on principal amount on leases under IFRS 16, (v) $132 million and $6 million in cash dividends paid to shareholders and non-controlling interest, respectively, (vi) $67 million related to the premiums paid on the 2021 Redeemed Notes, and (vii) $49 million of net repayments of the Credit Facility.

In comparison, financing activities used $603 million of cash during the year ended December 31, 2020, primarily attributable to (i) $425 million of long-term debt repayments, (ii) $236 million of payments for interest on leases and long-term debt, (iii) $149 million of payments made on principal amounts on leases under IFRS 16, (iv) $136 million and $23 million in cash dividends paid to shareholders and non-controlling interest, respectively, and (v) $114 million in repayments to the intermediation facility, These were partially offset by net proceeds of $396 million from the issuance of new senior notes and $84 million from net proceeds from the Credit Facility.

Investing activities

Q4 2021 vs. Q4 2020

Parkland invested $642 million in the fourth quarter of 2021, including (i) $440 million related to the Urbieta and Lynch Acquisitions, (ii) $213 million of growth and maintenance capital expenditures primarily related to the construction and acquisition of new-to-industry retail sites, upgrades and refreshes for retail station and rebranding in Canada and USA, development on select network and infrastructure across our areas of operation, the 2021 minor planned turnaround at the Burnaby Refinery, and equipment maintenance and upgrades.

In comparison, Parkland invested $183 million in the fourth quarter of 2020, including (i) $124 related to the Sevier Valley Oil Acquisition and Carter Oil Acquisition, as well as other acquisitions in Canada, (ii) $92 million of growth and maintenance capital expenditures, primarily related to select network development, certain low-carbon manufacturing growth projects at the Burnaby Refinery, and selected infrastructure, IT maintenance and upgrades across our areas of operation. This was partially offset by $33 million related to net change in non-cash working capital related to capital expenditure, change in long-term receivables and proceeds on the disposal of certain assets.

2021 vs. 2020

Parkland invested $1,513 million in the year ended December 31, 2021, including (i) $1,043 million primarily attributable to the 2021 USA Acquisitions and the St. Maarten Transaction, (ii) $396 million of growth and maintenance capital expenditures primarily related to the construction and acquisition of new-to-industry retail sites, upgrades and refreshes for retail station rebranding in Canada and USA, development on select network and infrastructure across our areas of operation, the 2021 minor planned turnaround at the Burnaby Refinery, and infrastructure, equipment and IT maintenance and upgrades across our areas of operations, and (iv) $92 million primarily related to the Isla Transaction. This was partially offset by $14 million in dividends from the investments in associates and joint ventures.

In comparison, Parkland invested $515 million in the year ended December 31, 2020, primarily attributable to (i) $353 million of capital expenditures focused on network development, certain low-carbon manufacturing growth projects and other capital projects at the Burnaby Refinery, and maintenance capital expenditures primarily focused on the 2020 Turnaround including selected infrastructure and IT maintenance projects and other ongoing maintenance projects at the Burnaby Refinery, and (ii) $209 million related to the 2020 USA Acquisitions. This was partially offset by (i) $29 million related to proceeds on the disposal of certain assets and change in long-term receivables, and (ii) $10 million dividends from the investments in associates.

B. Dividends, distributable cash flow and dividend payout ratio

	Trailing twelve months ended December 31,	
($ millions, unless otherwise noted)	**2021**	2020
Cash generated from (used in) operating activities[2][5]	**904**	1,170
Exclude: Adjusted EBITDA attributable to NCI, net of tax	**(92)**	(79)
	812	1,091
Reverse: Change in other liabilities and other assets	**(11)**	15
Reverse: Net change in non-cash working capital	**342**	(183)
Include: Maintenance capital expenditures attributable to Parkland[2]	**(217)**	(225)
Exclude: Turnaround maintenance capital expenditures	**11**	74
Include: Proceeds on asset disposals	**14**	16
Reverse: Acquisition, integration and other costs	**52**	52
Include: Interest on leases and long-term debt	**(223)**	(233)
Exclude: Interest on leases and long-term debt attributable to NCI	**4**	2
Include: Payments of principal amount on leases	**(142)**	(149)
Exclude: Payments of principal amount on leases attributable to NCI	**18**	20
Distributable cash flow[1][3]	**660**	480
Distributable cash flow per share[1][3][4]	**4.34**	3.22
Dividends[2]	**190**	184
Dividend payout ratio[1][3]	**29 %**	38 %
Dividends paid to shareholders, net of dividend reinvestment plan ("DRIP")[2]	**132**	136

(1) Non-GAAP financial measure or non-GAAP financial ratio. See Section 15 of this MD&A.
(2) Supplementary financial measure. See Section 15 of this MD&A.
(3) Prior to March 31, 2021, distributable cash flow and the dividend payout ratio were referred to as adjusted distributable cash flow and adjusted dividend payout ratio, respectively.
(4) Calculated using the weighted average number of common shares.
(5) For comparative purposes, information for previous periods was restated due to a change in presentation of cash flows from (used in) operating and financing activities. Interest paid on long-term debt and leases, formerly included in "Cash generated from (used in) operating activities", is now included in "Cash generated from (used in) financing activities", reflecting a more relevant presentation of finance costs payments.

Dividends to shareholders increased by $6 million for the trailing twelve months ended December 31, 2021, primarily due to a $0.0204 increase in the annual dividend to $1.2144 per share effective March 20, 2020, and a $0.0204 increase in the annual dividend to $1.2348 per share effective March 22, 2021. Furthermore, there was an increase in the number of common shares outstanding, driven by shares issued under the dividend reinvestment and stock option plans, the ATM equity program, vesting of performance share units and shares issued on certain USA Acquisitions. The average DRIP participation rate for the trailing twelve months ended December 31, 2021, was 29.4%, which was higher than the participation rate of 24.6% for the trailing twelve months ended December 31, 2020.

The dividend payout ratio decreased by 9 p.p. for the trailing twelve months ended December 31, 2021 as compared to the same period in 2020. This decrease is primarily attributable to (i) a lower distributable cash flow in the comparative period, driven by lower Adjusted EBITDA for the year ended December 31, 2020 due to the economic impacts of COVID-19 and the 2020 Turnaround at the Burnaby Refinery, (ii) lower maintenance capital expenditures for the year ended December 31, 2021, due to deferral of certain projects as a result of COVID-19-related delays, and (iii) lower interest on long-term debt due to the 2021 Refinancing Transactions. In comparison, cash flow generated from operating activities for the trailing twelve months ended December 31, 2021 decreased by $266 million as compared to the same period in 2020. This decrease is primarily due to the change in net non-cash working capital outflow due to increased product prices and higher activity levels as COVID-19 restrictions eased.

7. LIQUIDITY AND COMMITMENTS

A. Capital management

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

The Leverage Ratio of 3.3 for the trailing-twelve months ended December 31, 2021, increased from 2.9 for the same period in 2020, primarily due to the increase in long-term debt to finance the 2021 USA Acquisitions and International Acquisitions where the impact for the acquisition synergies is not fully materialized.

	December 31, 2021	December 31, 2020
Leverage Debt	**4,653**	3,246
Leverage EBITDA	**1,394**	1,115
Leverage ratio[1]	**3.3**	2.9

[1]Refer to Section 15 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 year ended December 31, 2021.

B. Available sources of liquidity

Parkland's sources of liquidity as at December 31, 2021 are cash and cash equivalents as well as available funds under its Credit Facility. While it is typical for Parkland's cash flows to have seasonal fluctuations, such fluctuations do not materially impact Parkland's liquidity, and management believes cash flows from operations will be adequate to fund maintenance capital expenditures, interest, income taxes, and dividends. Any future acquisitions will be funded by available cash flows from operations, debt and equity offerings if needed, and available borrowing capacity under the Credit Facility.

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

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

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

($ millions)	**December 31, 2021**	December 31, 2020
Cash and cash equivalents	**284**	262
Unused credit facilities	**1,270**	1,005
	1,554	1,267

C. Contractual commitments

Parkland has contracted obligations under various debt agreements, leases, capital expenditures and other contractual commitments with maturities from less than a year to over five years. Parkland's commitments increased from $7,168 million as at December 31, 2020, to $10,745 million as at December 31, 2021. This increase is primarily due to (i) an increase in long-term debt due to the 2021 Senior Notes Offerings, after repayments of the 2021 Redeemed Notes, partially offset by the final settlement of the intermediation facility, (ii) higher accounts payable due to an increase in product prices and higher activity levels, (iii) a new pipeline transportation commitment, (iv) an increase in redemption value of Sol Put Option driven by strong underlying results of International and continued recovery from COVID-19, and (v) an increase in contractual commitments for property, plant and equipment due to the construction of new and upgrading of existing retail service stations. See Note 14 of the Annual Consolidated Financial Statements for details on contractual commitments.

Fuel and petroleum products and other purchase commitments

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

D. Off-balance sheet arrangements

In the normal course of business, Parkland is obligated to make future payments, including contractual obligations and guarantees. Parkland 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 December 31, 2021, Parkland provided $3,108 million (December 31, 2020 - $2,601 million) of unsecured guarantees to counterparties of commodities swaps and purchase and supply agreements of crude oil, fuel and other petroleum products.

Letters of credit and surety bonds

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

8. CAPITAL EXPENDITURES

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

($ millions)	Three months ended December 31, 2021	2020	Year ended December 31, 2021	2020
Growth capital expenditures				
Canada	**61**	27	**87**	53
International	**12**	10	**28**	24
USA[2]	**11**	2	**19**	7
Supply[2]	**12**	3	**24**	15
Corporate	**2**	6	**13**	17
Growth capital expenditures including NCI	**98**	48	**171**	116
Attributable to NCI	**3**	3	**7**	6
Growth capital expenditures attributable to Parkland[1]	**95**	45	**164**	110
Maintenance capital expenditures				
Canada	**54**	14	**90**	32
International	**11**	18	**32**	46
USA[2]	**16**	2	**32**	7
Supply[2]	**31**	9	**63**	149
Corporate	**3**	1	**8**	3
Maintenance capital expenditures including NCI	**115**	44	**225**	237
Attributable to NCI	**3**	5	**8**	12
Maintenance capital expenditures attributable to Parkland[1]	**112**	39	**217**	225
Additions to property, plant and equipment and intangible assets	**213**	92	**396**	353
Attributable to NCI	**6**	8	**15**	18
Additions to property, plant and equipment and intangible assets attributable to Parkland[3]	**207**	84	**381**	335

[1] Supplementary financial measure. See Section 15 of this MD&A.
[2] For comparative purposes, information for the three and twelve months ended December 31, 2020 was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure for the year ended December 31, 2021.
[3] Refer to Note 25 of the Annual Consolidated Financial Statements.

Parkland's combined growth and maintenance capital expenditures increased $123 million for the fourth quarter of 2021 and increased $46 million for the year ended December 31, 2021 as compared to the same periods in 2020.

Growth capital expenditures increased $50 million for the fourth quarter of 2021 and $54 million for the year ended December 31, 2021 as compared to the same periods in 2020. Growth capital expenditures during the fourth quarter and the year ended December 31, 2021 were focused on (i) the construction and acquisition of new-to-industry retail sites, (ii) upgrades and refreshes for retail stations, including On the Run / Marché Express site conversions and rebranding in Canada and USA, (iii) development of select network and infrastructure across our areas of operation, (iv) low-carbon manufacturing growth initiatives, and other upgrade projects at the Burnaby Refinery, and (v) marketing and data analytics projects for our digital capability enhancement.

Maintenance capital expenditures increased by $73 million for the fourth quarter of 2021 as compared to the same period in 2020. Maintenance capital expenditures during the fourth quarter of 2021 were focused on (i) selected infrastructure and IT maintenance, (ii) the 2021 minor planned turnaround project at the Burnaby Refinery, (iii) equipment maintenance and upgrades across our areas of operation, and (iv) fleet replacements.

Maintenance capital expenditures decreased $8 million for the year ended December 31, 2021 as compared to the same periods in 2020. Maintenance capital expenditures during the year ended December 31, 2021 were mainly driven by (i) infrastructure, equipment and IT maintenance and upgrades across our areas of operations, (ii) minor planned turnaround and other ongoing maintenance projects at the Burnaby Refinery, and (iii) fleet replacements.

Parkland's capital expenditures for the year ended December 31, 2021 were within the guidance metrics for growth capital expenditures attributable to Parkland of $150 - $250 million and maintenance capital expenditures attributable to Parkland of $200 - $250 million.

Committed capital expenditures

Contractual commitments for the acquisition of property, plant and equipment attributable to Parkland as at December 31, 2021 are $132 million (December 31, 2020 - $81 million). These contractual commitments are expected to be incurred primarily over the next 12 months and relate mainly to (i) the construction of new-to-industry retail sites and upgrading of existing retail service stations, including projects to retrofit and rebrand to the On the Run / Marché Express brand and, (ii) the growth capital plan, ongoing maintenance projects, and other technical projects at the Burnaby Refinery. Parkland plans to use cash and cash equivalents, cash flows from operations, and available borrowing capacity under the Credit Facility to fund these commitments.

9. REVENUE AND NET EARNINGS

A. Revenue

($ millions)	Canada		International		USA[1]		Supply[1] [2]		Consolidated	
Three months ended December 31,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Fuel and petroleum product revenue[1]	**2,310**	1,483	**1,510**	858	**1,242**	418	**880**	463	**5,942**	3,222
Convenience and other non-fuel revenue[1]	**133**	131	**32**	31	**172**	116	**7**	6	**344**	284
Sales and operating revenue[3]	**2,443**	1,614	**1,542**	889	**1,414**	534	**887**	469	**6,286**	3,506

($ millions)	Canada		International		USA[1]		Supply[1] [2]		Consolidated	
Year ended December 31,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Fuel and petroleum product revenue[1]	**8,190**	5,885	**4,745**	3,479	**4,172**	1,621	**3,058**	1,841	**20,165**	12,826
Convenience and other non-fuel revenue[1]	**528**	548	**125**	140	**639**	488	**11**	9	**1,303**	1,185
Sales and operating revenue[3]	**8,718**	6,433	**4,870**	3,619	**4,811**	2,109	**3,069**	1,850	**21,468**	14,011

[1] For comparative purposes, information for the three months and year ended December 31, 2020 was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure for the year ended December 31, 2021. Additionally, certain amounts within sales and operating revenue were restated and reclassified to conform to the presentation used in the current period.

[2] Includes revenues from the Burnaby Refinery of $122 million for three months ended December 31, 2021 (2020 - $85 million) and $563 million for the year ended December 31, 2021 (2020 - $301 million).

[3] Refer to Note 25 of the Annual Consolidated Financial Statements for additional information on Parkland's segments.

Sales and operating revenue for the three months and year ended 2021 increased by $2,780 million and $7,457 million, respectively, as compared to the same periods in 2020. Overall, the period-over-period variances for sales and operating revenue are as follows:

- Sales and operating revenue for Canada increased $829 million for the fourth quarter of 2021 and $2,285 million for the year ended December 31, 2021 due to (i) higher fuel and petroleum product commodity prices, and (ii) higher fuel volumes driven by increased domestic vehicle traffic and economic activity as a result of continued COVID-19 recovery during 2021.
- Sales and operating revenue for International increased $653 million for the fourth quarter of 2021, and $1,251 million for the year ended December 31, 2021 primarily due to (i) higher fuel and petroleum product commodity prices, (ii) higher fuel volumes driven by the emerging tourism recovery in the region, and (iii) the contribution from the St. Maarten Transaction, partially offset by the strengthening of the Canadian Dollar against the US Dollar.
- Sales and operating revenue for USA increased by $880 million for the fourth quarter of 2021 and $2,702 million for the year ended December 31, 2021, primarily due to (i) the USA Acquisitions, (ii) higher fuel and petroleum product commodity prices, (iii) increased economic activities as a result of continued COVID-19 recovery, and (iv) our continued focus on organic growth, partially offset by the strengthening of the Canadian Dollar against the US Dollar.
- Sales and operating revenue for Supply increased $418 million for the fourth quarter of 2021 and $1,219 million for the year ended December 31, 2021 due to (i) higher fuel and petroleum product commodity prices, (ii) increased wholesale volumes achieved through strategic pricing, and (iii) a partial rebound in volumes in the second and third quarters of 2021 due to the easing of COVID-19 restrictions.

B. Net earnings

The following table outlines items other than Adjusted EBITDA that impacted net earnings (loss) for the fourth quarter of 2021 and the year ended December 31, 2021.

($ millions)	Three months ended December 31, 2021	2020	Year ended December 31, 2021	2020
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**260**	247	**1,260**	967
Add: Attributable to NCI	**25**	24	**98**	90
Adjusted EBITDA including NCI	**285**	271	**1,358**	1,057
Less:				
Acquisition, integration and other costs	**24**	14	**52**	52
Depreciation and amortization	**156**	144	**616**	609
Finance costs	**86**	58	**323**	250
(Gain) loss on foreign exchange – unrealized	**6**	—	**(7)**	(2)
(Gain) loss on asset disposals	**(5)**	1	**(13)**	2
(Gain) loss on risk management and other – unrealized	**(11)**	(11)	**10**	(10)
Other (gains) and losses[1]	**20**	(29)	**203**	(4)
Other adjusting items[2]	**4**	—	**12**	6
Income tax expense (recovery)	**(22)**	30	**36**	42
Net earnings (loss)	**27**	64	**126**	112
Net earnings (loss) attributable to Parkland	**23**	53	**97**	82
Net earnings (loss) attributable to NCI	**4**	11	**29**	30

[1] Other (gains) and losses for the three months ended December 31, 2021 include the following: (i) $25 million gain (2020 - $34 million loss) due to the change in redemption value of Sol Put Option; (ii) $34 million loss (2020 - $72 million gain) due to the change in fair value of redemption options; and (iii) $11 million loss (2020 - $9 million loss) in Other items. Other (gains) and losses for the year ended December 31, 2021 include the following: (i) $87 million loss (2020 - $23 million loss) due to change in redemption value of Sol Put Option; (ii) $86 million loss (2020 - $34 million gain) due to change in fair value of redemption options; and (iii) $30 million loss (2020 - $7 million loss) in Other items. Refer to Note 22 of the Annual Consolidated Financial Statements.

[2] Other Adjusting Items for the three months ended December 31, 2021 include the share of depreciation and income taxes for the Isla joint venture of $4 million (2020 - nil). Other Adjusting Items for the year ended December 31, 2021 include the following: (i) $1 million loss (2020 - $5 million loss) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) an unrealized gain of nil (2020 - $9 million loss) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases; and (iii) share of depreciation and income taxes for the Isla joint venture of $7 million (2020 - nil).

Q4 2021 vs. Q4 2020

Parkland achieved net earnings of $27 million for the fourth quarter of 2021 as compared to $64 million for the same period in 2020. The change is primarily due to (i) the net changes in non-cash valuation gains and losses within other (gains) and losses of $49 million due to change in fair value of redemption options offset by reduction in loss due to change in redemption value of Sol Put Option, (ii) an increase in finance cost of $28 million primarily due to premium paid on redemption of long-term debt, (iii) an increase in depreciation and amortization by $12 million due to 2021 USA Acquisitions, (iv) an increase in acquisition, integration and other costs by $10 million primarily due to higher acquisition costs as a result of increased acquisition activity in USA and International, and (v) an increase in unrealized loss on foreign exchange by $6 million, primarily related to the translation impact on US-Dollar denominated receivables driven by the exchange rate fluctuations during the quarter. These were offset by an increase in income tax recovery by $52 million driven by lower taxable net earnings and the increase in Adjusted EBITDA including NCI by $14 million as discussed in Section 2 above.

Q4 2021 YTD vs. Q4 2020 YTD

Parkland achieved net earnings of $126 million for the year ended December 31, 2021, representing an increase of $14 million as compared to the same period in 2020. The increase was primarily due to: (i) an increase in Adjusted EBITDA including NCI by $301 million as discussed in Section 2 above; (ii) an increase in gains on asset disposals by $15 million driven by the Isla Transaction and certain asset sales in USA; and (iii) decrease in income tax expense by $6 million driven by lower taxable net earnings. These were offset by; (i) the net changes in non-cash valuation gains and losses within other (gains) and losses of $207 million related to the one-time exercise of redemption options on the 2021 Redeemed Notes, an increase in the redemption value of the Sol Put Option, driven by strong underlying results of International and continued recovery from COVID-19, and loss on hyperinflation in Suriname; (ii) an increase in finance costs by $73 million driven by the one-time redemption of the 2021 Redeemed Notes and the increase in long-term borrowings to partially finance the 2021 USA Acquisitions, offset by the impact of lower interest rates on the long-term debt; (iii) an increase in unrealized loss on risk management and other by $20 million as a result of rising commodity prices; and (iv) an increase in depreciation and amortization by $7 million due the Acquisitions.

10. RISK FACTORS

Key business risks

Parkland is exposed to a number of risk factors through the pursuit of our strategic objectives and the nature of our operations. We use a proactive approach for Enterprise Risk Management to enable effective decision-making through the consistent identification of risks inherent to our activities.

Parkland performs an annual company-wide risk assessment using a systematic approach that includes significant engagement from Parkland's Senior Leadership Team, Senior Management Team and individuals across the business. Current and emerging risks are assessed using Parkland's company-wide risk framework considering controls and mitigating factors to determine residual risk rankings. There are determined levels of accountability, responsibility and ownership for each risk. Key residual risk exposures are reassessed regularly by cross-functional teams. Reporting to the Board of Directors on identified risks and management action plans is done on a quarterly basis. In 2021, Parkland conducted a comprehensive enterprise risk management assessment, which included the Board's views on key risks to which Parkland is exposed. Throughout 2021, management and the Board continued to assess key risks and incorporate any additional risks identified.

Parkland's key risk themes are summarized as follows:

Risk Matrix	Low	LIKELIHOOD			High	Legend
High						Acceptable risks that are appropriately mitigated through management systems.
IMPACT		1,2				Risks that require oversight by senior management to monitor the continued effectiveness of management systems.
		4, 5	3			Higher impact risks that require oversight by senior management to monitor the continued effectiveness of management systems.
		6,7,8				Exceeds Parkland's risk threshold and requires immediate action to reduce the risk or discontinue the applicable business operation to avoid the risk.
Low		9,10				

Current investors and prospective purchasers of Parkland's securities should consider carefully the following risk factors, as well as the other information contained in documents filed by Parkland pursuant to applicable securities laws, including our Annual Information Form. If any event arising from these risks occurs, our business, prospects, financial condition, results of operations or cash flows, the value and trading price of Parkland's securities and its ability to pay dividends could be materially and adversely affected.

Security holders and prospective security holders of Parkland should carefully review and consider the risk factors set out below, as well as all other information contained and incorporated by reference in this MD&A before making a decision on investment and should consult their own experts where necessary.

(1) Balance sheet resiliency

Parkland has incurred additional borrowings in connection with its ongoing growth and acquisition strategy, which involves significant interest expense and debt service obligations, and may have a negative effect on our results of operations. We have implemented enhanced cash and covenant management processes to manage the risk. Parkland's leverage could have other important consequences for purchasers, including the following:

- it may limit Parkland's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- it may limit Parkland's ability to declare dividends on its common shares;
- certain of Parkland's borrowings are at variable rates of interest and expose Parkland to the risk of increased interest rates;
- it may limit Parkland's ability to adjust to changing market conditions and place Parkland at a competitive disadvantage compared to competitors that have less leverage;
- Parkland may be vulnerable in a downturn in general economic conditions; and
- Parkland may be unable to make capital expenditures that are important to its growth and strategies.

(2) Economic conditions and geopolitical instability

Parkland's business is subject to a number of general economic factors, many of which are out of Parkland's control, which may materially and adversely affect Parkland's business, prospects, results of operations, and/or financial condition. These include recessionary economic cycles and downturns in the business cycles of the industries in which our customers conduct business, as well as downturns in the principal regional economies where operations are located. More specifically, Parkland's sales and operating revenue, Adjusted EBITDA and net earnings may be negatively influenced by changes in international, national, regional or local economic variables and consumer confidence.

External factors that affect economic variables and consumer confidence over which Parkland exercises no influence include global trade tensions, unemployment rates, levels of personal disposable income, regional or economic conditions and any restrictions and associated disruptions due to war related activities. Changes in economic conditions could adversely affect consumer spending patterns, travel and tourism in certain of Parkland's market areas. Some of Parkland's sites are located in markets that are more severely affected by weak economic conditions.

Russia Ukraine Conflict

On February 24, 2022, Russian military forces launched a full-scale military invasion of Ukraine. In response, Ukrainian military personal and civilians are actively resisting the invasion. Many countries throughout the world have provided aid to the Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the Russian invasion. The North Atlantic Treaty Organization ("NATO") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. The outcome of the conflict is uncertain and is likely to have wide-ranging consequences on the peace and stability of the region and the world economy. Certain countries including Canada and the United States, have imposed strict financial and trade sanctions against Russia and such sanctions may have far reaching effects on the global economy. In addition, the German government paused the certification process for the 1,200 km Nord Stream 2 natural gas pipeline that was built to carry natural gas from Russia to Germany. As Russia is a major exporter of oil and natural gas, the disruption of supplies of oil and natural gas from Russia could cause a significant worldwide supply shortage of oil and natural gas and significantly impact pricing of oil and gas worldwide. A lack of supply and high prices of oil and natural gas could have a significant adverse impact on the world economy. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain.

Jurisdictional risk

The economic and political systems of certain jurisdictions in which Parkland operates are less predictable than others, resulting in an increased risk of sudden and unforeseen regulatory changes or governmental or administrative action that could have a material and adverse effect on Parkland's future cash flows, earnings, results of operations and/or financial condition. Certain of the businesses operated by Parkland are subject to the risks normally associated with any business conducted in emerging markets or developing countries including political or social unrest, changes in laws and regulations, changes in the tax regimes, uncertainty regarding the enforceability of contractual, property, and other legal rights in local courts, unpredictable government actions, and delays in obtaining or the inability to obtain necessary governmental permits or the reimbursement of refundable tax from fiscal authorities.

Moreover, some of these jurisdictions where Parkland operates present an increased risk of incidents of bribery, collusion, kickbacks, theft, improper commissions, facilitation payments, conflicts of interest and related-party transactions, and may require additional compliance procedures with applicable anti-corruption legislation including the US Foreign Corrupt Practices Act and the Canadian Corruption of Foreign Public Officials Act (see "Regulatory Risk" for additional information). These risks may negatively impact operations and revenues.

COVID-19 risk

The Company's business, financial condition and results of operation could be materially and adversely affected by the outbreak of epidemics, pandemics and other health crises in geographic regions in which the Company has operations, suppliers, customers or employees, including the outbreak of COVID-19. The COVID-19 pandemic, and actions that have been, or may be, taken by governmental authorities in response thereto, have resulted in, and may continue to result in, among other things: increased volatility in financial markets, commodity prices and foreign currency exchange rates; disruptions to global supply chains; labour shortages; reductions in trade volumes; operational restrictions, quarantine orders, business closures and travel bans and restrictions imposed or recommended by governmental authorities; overall slowdown in the global economy; political and economic instability; and civil unrest. The COVID-19 pandemic, and responses thereto by governmental authorities, have affected, and may continue to affect, the industries in which the Company operates. Such effects include but are not limited to: reductions in demand from our commercial customers, including the cruise ship and aviation industries; temporary and permanent site closures; reduced operational hours; human resource challenges, including labour disruptions; supply chain constraints and disruptions; restrictions and delays relating to construction, licensing, permitting and authorization processes; and increased cybersecurity risks associated with working remotely.

The COVID-19 pandemic continues to evolve and the extent to which it may impact Parkland's business, financial condition and results of operation, as well as the macroeconomic conditions in general, depend on future developments, including: the geographic spread of COVID-19; the duration and extent of the pandemic; variations or mutations of COVID-19; actions taken by governmental authorities in response thereto; and the effectiveness of actions taken to contain and treat COVID-19.

(3) Sustainability and climate change risk

Climate change and extreme weather

The Company's sales volume and profitability are subject to weather influences, particularly winter temperatures, forest fires and flooding in Canada and the northern United States and hurricanes and other tropical weather events in the southeastern United States and Caribbean. Climate change may increase the frequency or severity of severe weather conditions. The Company's sale volumes and profitability can experience increased volatility due to abnormal weather patterns. The Company's heating oil and propane sales are greatest in the winter months but can decline if winter temperatures are warmer year over year. The Company has propane and heating oil operations in Atlantic Canada, Ontario, Quebec, Alberta, British Columbia and the Yukon Territory, which all experience different weather patterns that can mitigate the impacts of regional winter temperature differences. Additionally, winter conditions can affect the efficiency of the Company's product deliveries.

Parkland's assets in the Caribbean and southeastern United States are also subject to the risks associated with severe tropical storms, hurricanes, earthquakes, and volcanoes, which may cause downed telephone lines, flooded facilities, power outages, fuel shortages, damaged or destroyed property and equipment and work interruptions. Any of the foregoing may damage the Company's assets, disrupt its supply channels, interrupt the Company's ability to deliver goods and services and decrease demand for its products. It is possible that any of these events could occur and have a material adverse effect on the Company's business, financial condition, ability to realize the anticipated growth opportunities and synergies and future prospects.

ESG focus and targets

Parkland's ESG target depends significantly on our ability to execute our business strategy, related milestones and schedules, each of which can be impacted by the numerous risks and uncertainties associated with the business and industry in which we operate. We recognize that our ability to adapt to and succeed in a lower-carbon economy will be compared against our peers. Investors and stakeholders increasingly compare companies based on ESG-related performance, including climate-related performance. Failure to achieve our ESG targets, or a perception among key stakeholders that our ESG targets are insufficient, could adversely affect our reputation and our ability to attract capital.

There is also a risk that some or all of the expected benefits and opportunities of achieving the various ESG targets may fail to materialize, may cost more to achieve or may not occur within the expected time periods. In addition, there are risks that actions taken by Parkland in implementing targets and ambitions relating to ESG focus areas may have a negative impact on our existing business and operations and increase capital expenditures, which could have a negative impact on our future operating and financial results.

(4) Information technology, security breach, and privacy

IT continuity

At the operational level, Parkland relies on electronic systems for recording of sales and accumulation of financial data and analytical information. A major failure of computer systems would disrupt the flow of information and could cause loss of data records or corruption of data, which could impact the accuracy of financial reporting and management information and Parkland's ability to operate its business. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches and computer viruses, which could result in a loss of sensitive business information, systems interruption or the disruption of Parkland's business operations.

Technological developments and digital transformation

There is significant change, disruption and growth in technology in the current environment. In such an environment, Parkland may not be able to, among other things: clearly define and prioritize technology requirements and infrastructure design; effectively implement new technologies; effectively operate and maintain existing infrastructure; innovate new digital solutions and scalable data infrastructure for digital offering at the same pace as the larger market solutions based on digital design and advanced analytics; or establish organic growth platforms to better understand, target and engage our customers. Failure to do so could materially adversely affect Parkland's operations and its ability to compete in the market.

IT cyber security

In the normal course of business, Parkland obtains large amounts of data, including personal data such as financial information from our customers. This data is stored on both internal and external systems. Parkland continues to monitor and maintain protection of our IT systems and security controls over individually identifiable customer, employee and vendor data provided to us. However, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur. With respect to data stored externally, Parkland may not fully control the response and recovery plans maintained by the third-party provider.

Cyber-attacks are rapidly evolving and becoming increasingly sophisticated. Parkland may not be able to rapidly recover backup files to appropriately capture and retain data, resulting in a material loss of data or inability to operate. A successful cyber-attack resulting in the loss of sensitive customer, employee or vendor data could adversely affect our reputation, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. Parkland may be under increased risk of cyber-attacks and data breaches because of its increased size, prominence and financial strength, as well as its expansion of consumer data obtained through the JOURNIE™ Rewards program, all of which increases Parkland's profile for more serious cyber criminals.

(5) Regulatory risk

Regulatory risk

Parkland's business and operations are subject to numerous federal, provincial, state, territorial and local laws and regulations. Parkland has incurred and expects to continue to incur significant expenses to comply with these laws and regulations. Parkland has established reserves for the future cost of known compliance obligations, such as remediation of identified environmental impacts. However, these reserves may prove inadequate to meet its actual liability. Moreover, future amendments and new requirements, more stringent interpretation of existing requirements or the discovery of currently unknown compliance issues may require Parkland to incur material expenditures or subject it to liabilities that it currently does not anticipate.

In addition, various federal, provincial, state, territorial and local agencies have the authority to prescribe product quality specifications to the sale of commodities. Changes in product quality specifications, such as reduced sulfur content in refined petroleum products, or other more stringent requirements for fuels, could affect Parkland's ability to procure product, reduce its sales volume, require Parkland to incur additional handling costs or expend capital. If Parkland is unable to procure product or recover these costs through increased sales, its ability to meet its financial obligations could be adversely affected. Failure to comply with these regulations could result in substantial penalties. Any changes in the laws or regulations that are adverse to us or our properties could affect our operating and financial performance.

Climate change regulation

Federal, provincial, state and territorial legislation, regulations and initiatives designed to reduce GHG emissions may adversely affect Parkland's operations and financial position, in particular with respect to the Burnaby Refinery. Parkland operates in several jurisdictions that regulate or have proposed to regulate air pollutants, including GHG emissions. Some of these regulations are in effect, while others remain in various phases of review, discussion or implementation. Uncertainties exist relating to the timing and effects of these emerging regulations, other contemplated legislation, including how they may be harmonized, making it difficult to accurately determine the cost impacts and effects on Parkland. Additional changes to climate change legislation may adversely affect Parkland's business, financial condition, results of operations and cash flows.

The ultimate effects of climate change legislation, regulations, and initiatives on the operations of Parkland, and the timing of these effects, will depend on several factors. Such factors include, among others, the GHG emission reductions required for industrial sectors, the extent to which Parkland can adapt its fuel offerings or take advantage of incentive programs including by purchasing compliance instruments on the open market or through auctions, the price and availability of credits, the extent to which Parkland is able to recover the costs incurred through the pricing of Parkland's products in the competitive marketplace, and the increasing penetration of electric vehicles. Additionally, government efforts to steer the public toward non-petroleum-based fuel dependent modes of transportation may foster a negative perception toward motor fuel or increase costs for our product, thus affecting the public's attitude toward petroleum-based fuel, and affect our ability to market and sell such product. Any changes to climate change laws, regulations, and initiatives could materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Existing and proposed environmental legislation and regulations that do, or will, require lower-carbon-intensity fuels have and will result in increased compliance costs to Parkland. These regulations may negatively affect the marketing of refined petroleum products and may require us to alter our products or adapt operations to allow us to sell in such jurisdictions. The cost of such credits may not be able to be passed along to consumers, resulting in lower gross margin to Parkland on the sale of its products.

Environmental regulations

Parkland's business and properties are subject to extensive local, provincial, territorial, state and federal laws and regulations across Canada, the United States and numerous Caribbean and South American jurisdictions, including, but not limited to, those relating to emissions to the air, discharges into water, releases of hazardous and toxic substances and remediation of contaminated sites (collectively, "Applicable Environmental Laws"). Applicable Environmental Laws require that Parkland's operations, and certain properties associated with Parkland's retail and storage operations be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such Applicable Environmental Laws may require significant expenditures by Parkland, including capital costs to maintain and upgrade equipment and facilities and expenditures to ensure compliance with new Applicable Environmental Laws. Failure to comply with such Applicable Environmental Laws may result in penalties and costs that could adversely affect our business and our operating results. Any changes to the Applicable Environmental Laws that are adverse to Parkland or our properties could affect our operating and financial performance. In addition, new regulations and laws are proposed from time to time that if adopted, could have a material adverse effect on our operating results and financial condition.

Competition regulations

Parkland is increasingly subject to scrutiny from government authorities as a result of ongoing acquisitions and its growing size. As Parkland grows and acquires businesses, it becomes increasingly challenging and complex to monitor compliance with the Competition Act (Canada), U.S. antitrust legislation and competition legislation in the jurisdictions in the Caribbean and the northern coast of South America (collectively, "Competition Legislation"). This includes monitoring the dissemination of competitively sensitive information and managing channel conflict within Parkland. Furthermore, failure to comply with Competition Legislation could result in the imposition of significant fines or penalties, require Parkland to divest certain Parkland assets or result in Parkland being subject to other remedies, such as margin controls in certain markets. Such remedies could have a material adverse effect on our operating results and financial condition.

In Canada, under the Competition Act, all mergers and proposed mergers are subject to examination by the Commissioner of Competition (the "Commissioner") to determine whether they have resulted, or will likely result, in a substantial lessening or prevention of competition in a definable market. In the event the Commissioner determines that a merger is likely to adversely affect competition, the Commissioner may apply to the Competition Tribunal for an order to prevent, dissolve or alter the merger.

The antitrust laws in the United States are generally forward-looking and are designed to prevent anticompetitive mergers or acquisitions. In the United States, under the Hart-Scott-Rodino Act, parties to certain large mergers and acquisitions must file premerger notification with the Federal Trade Commission and the Department of Justice for review, after which the agency may allow the merger or acquisition to proceed, enter into settlement with the companies involved or commence legal action to block a deal that would substantially lessen competition.

(6) Risks relating to acquisitions and integration

Significant acquisition and related costs

Parkland has incurred a number of costs associated with acquisitions and expects to incur additional costs related thereto. The majority of such costs will be non-recurring expenses related to acquisitions consisting of transaction costs, facilities and systems consolidation costs, and employment-related costs. In addition, Parkland may incur substantial transaction costs in relation to transactions that are not completed. Additional unanticipated costs may be incurred in the integration of the associated assets, operations and businesses, which may negatively impact Parkland's results of operations.

Failure to realize the anticipated benefits of acquisitions

Achieving the full benefits of any acquisition includes, but is not limited to: timely and efficient consolidation of functions; integration of operations, procedures and personnel; and the ability to realize the anticipated growth opportunities, synergies and operating expense reductions.

The integration of newly acquired assets is supported by the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and other operational matters. Notwithstanding Parkland's commitment to providing the labour and resources required to support the integration of newly acquired assets, there is a risk that the anticipated benefits of any given acquisition may not be fully realized if Parkland is unable to fully address and mitigate the risks of the integration process, including the loss of key employees and the disruption of ongoing business, supplier, customer and employee relationships.

Potential undisclosed liabilities associated with acquisitions

In pursuing acquisitions, Parkland conducts due diligence on the businesses or assets being acquired and seeks detailed representations and warranties with respect to these businesses or assets. Despite such efforts, there can be no assurance that Parkland will not become subject to undisclosed liabilities or litigation as a result of acquisitions, including, but not limited to, undisclosed and unknown liabilities related to acquisitions. In addition, liabilities may exist which were not discovered during the due diligence process prior to completing an acquisition. This failure to discover potential liabilities may be due to various factors, such as failure to accurately assess all of the pre-existing liabilities of the operations acquired or vendors failing to comply with applicable laws. If this occurs, Parkland may be responsible for such liabilities, which could materially and adversely affect its business, prospects, results of operations and/or financial condition.

Acquisition strategy risk

Parkland's growth and diversification strategy will continue to depend, in part, on acquiring other fuel distributors or food and retail businesses. The success of this acquisition strategy will depend on Parkland's ability to (i) identify suitable acquisition targets in line with Parkland's strategies, (ii) negotiate the purchase of those businesses on acceptable terms, (iii) complete the transactions within the expected timeframe, (iv) fund the transactions, (v) obtain the necessary approvals from the governmental agencies within the expected time frame, (vi) improve the results of the businesses acquired and integrate them successfully, (vii) achieve the anticipated synergies in the acquired businesses, (viii) retain key employees, customers and suppliers of the acquired businesses and (ix) effectively identify and address any regulatory requirements in connection with these acquisitions.

Parkland may fail to properly complete all or any of these steps and may also experience other impediments to its strategy. Parkland may not be able to find appropriate acquisition targets or, if appropriate targets are found, Parkland may not be able to close such transactions or integrate the acquired businesses effectively or profitably.

If Parkland is unsuccessful in implementing its acquisition strategy, its financial condition and results of operations could be materially affected. Even if Parkland is able to make acquisitions on advantageous terms and is able to integrate the acquired business successfully, some acquisitions may not fulfil Parkland's strategy in a given market due to factors that Parkland cannot control, such as market position or customer base. As a result, potential benefits or synergies associated with any acquisition could be negatively impacted.

IT systems

Parkland's large-scale acquisitions require the integration of one or more systems into Parkland's overall information technology platform. The integration of different IT systems is a technical process requiring the coordination of specialized employees and technical resources, often across multiple jurisdictions. Unanticipated costs, delays, and unforeseen technical issues and limitations may arise in connection with Parkland's integration of its IT systems and could disrupt the flow of information, cause loss of data records, or delay Parkland's ability to realize the anticipated benefits of an acquisition. As Parkland's IT systems become increasingly integrated, there is an increased risk that a failure in one system could affect another system in the infrastructure.

(7) Operational resiliency

Refinery operations

There are risks inherent to the operations and activities of a refinery, including risks related to incidents, availability of crude oil and other feedstocks used at the Burnaby Refinery, failure to adequately contract with third parties for offtake of products from the Burnaby Refinery or interruptions in offtake, labour and material shortages, direct and indirect risks related to legislative and regulatory requirements, including without limitation, the discharges to air, the discharge and management of storm water and processed water, and risks related to local opposition. A major or catastrophic accident could cause significant damage and result in operational interruptions. Parkland does not have full control over the supply of power, natural gas or water to the Burnaby Refinery and, as such, a key operational risk for the Burnaby Refinery is the availability of sufficient power, natural gas, and water supplies to support refinery operations. Large amounts of power, heat by way of natural gas and large volumes of water are used to refine crude oil, and even a temporary interruption of power, natural gas or water could adversely affect operations.

The Burnaby Refinery consists of several processing units, each of which is to undergo scheduled maintenance events every five to ten years on a rotational basis and turnarounds every other year. One or more of the units may require additional unscheduled downtime for unanticipated maintenance or repairs. Scheduled and unscheduled maintenance reduces Parkland's revenue and increases operating and capital costs during the period of time that the processing units are not operating and, among other things, could reduce our ability to make distributions or pay debt obligations. Furthermore, material unanticipated costs and delays may be incurred in scheduled and unscheduled maintenance, which may negatively impact our results of operations.

Refinery supply

Parkland contracts with third parties for the supply of crude oil and other feedstocks to the Burnaby Refinery and for the offtake of refined products from the Burnaby Refinery. Adequate supply and offtake arrangements are key operational risks of the Burnaby Refinery. An inability to conclude contracts for supply of crude oil or other feedstocks or for the offtake of any stream of refined products from the Burnaby Refinery, or any scheduled or unscheduled interruption in contracted supply or offtake, could have a material adverse effect on Parkland's business, financial condition or results of operations.

Substantially all of the crude oil sourced by the Burnaby Refinery is delivered from Alberta by the TMPL, as regulated by the Canadian Energy Regulator ("CER") and operates under a published tariff. Under various market conditions, the Burnaby Refinery could see variability in its crude deliveries from the Pipeline as the capacity fluctuates from time to time based on operating conditions and planned and/or unplanned maintenance.

Delays on the construction of the the Pipeline expansion project may limit Parkland's ability to procure crude sourced from the Pipeline.

In January 2019, the Government of Alberta enacted rules for the temporary curtailment of the production of crude oil and crude bitumen in Alberta (the "Curtailment Rules"). The Curtailment Rules were in effect from January 1, 2019 until December 31, 2021, However, no monthly production limits were in effect since December 2020. Any future curtailments imposed by the government may negatively affect Parkland's ability to supply feedstock for the Burnaby Refinery, which may in turn have a material adverse effect on Parkland's revenue, profitability and ability to service debt and pay dividends.

Petroleum products
Parkland's business depends, to a large extent, on a small number of crude oil and other Burnaby Refinery feedstock suppliers, as well as refined fuel suppliers, a number of which are parties to long-term supply agreements with Parkland. An interruption or reduction in the supply of crude oil or petroleum products and services by such suppliers could adversely affect Parkland's financial condition. Furthermore, if any of the supply agreements are terminated or expire without being renewed, Parkland may experience disruptions in its ability to supply customers with products until a new source of supply can be secured. Such a disruption may have a material negative impact on Parkland's financial condition and its reputation. Additionally, Parkland cannot ensure that it will be able to renew such agreements or negotiate new agreements on similar terms that are favourable to Parkland.

Fuel storage and disruption
Operating fuel storage and distribution terminals and transporting fuel products involve inherent risks, including oil spills, fires, collisions, injuries and loss of life, severe damage to and destruction of property, plant and equipment, and loss of product and business interruption.

Damage arising from such occurrences may result in fines and material third-party claims. We generally maintain insurance to mitigate these types of loss, but there can be no assurance that our insurance would be sufficient to cover the liabilities we might suffer from the occurrence of one or more of the risks described above.

A significant environmental incident involving a release of crude oil, liquid petroleum products, chemicals or other hazardous substances into marine or other environments could result in losses in excess of the insurance coverage currently maintained by Parkland and could have a material adverse impact on Parkland's business, financial condition, reputation and results of operations.

Transportation
Parkland's products and the feedstock are transported and supplied using a variety of methods, including by truck, rail and ship. Parkland may be subject to interruptions or restrictions that may limit its ability to deliver products and could have a material adverse effect on the Corporation's business, results of operations or prospects. In addition, the delivery of Parkland's products by railcar may be impacted by service delays, inclement weather or technical malfunctions.

Parkland's products delivered by railcars may be involved in a derailment or incident, which may expose Parkland to the risk of legal liability and reputational harm. Further, the introduction of new laws or regulations related to the transportation of products by rail may also adversely affect Parkland's ability to deliver its products by rail or the economics associated with rail transportation.

In addition, Parkland's operations in the Caribbean, northern South America and the southeast United States involve transportation of petroleum products by marine vessels. The reliability of marine transportation may be affected by inclement weather, including hurricanes. Additionally, an incident involving the release of petroleum products into a marine environment may expose Parkland to the risk of legal liability and reputational harm.

(8) Health, safety and environment
Parkland is subject to hazards and risks inherent in its operations and the industries that we service. Such risks include, but are not limited to, equipment failures, vehicle accidents, human error, accidental release of harmful substances including through transportation of petroleum products by road, rail, barge or other marine vessels and pipeline, proximity to marine environments, explosions, fires and natural disasters. Commodity storage, refining and transportation activities involve numerous risks that may result in environmental damage or otherwise adversely affect the operations of Parkland's business. Environmental risks inherent in the storage, refining and transportation of crude oil and other petroleum products include, but are not limited to, accidental spills or releases of crude oil, liquid petroleum products, chemicals or other hazardous substances, including without limitation, storm water and processed water. The Burnaby Refinery is subject to hazards of transporting and processing hydrocarbons including, but not limited to: blowouts; fires; explosions; railcar incidents including, without limitation, derailment; marine vessel incidents including, without limitation, sinking; gaseous leaks; migration of harmful substances; oil spills; corrosion; acts of vandalism and terrorism; and other accidents or hazards that may occur at or during transport to or from commercial or industrial sites. Any of these hazards can interrupt operations, impact Parkland's reputation, cause loss of life or personal injury, result in loss of or damage to equipment, property, IT systems, related data and control systems, and cause environmental damage that may include polluting water, land or air. These could expose Parkland to: potential liability for personal injury, loss

of life or debilitating injury; business interruption; property damage or destruction; curtailment of offshore shipping activity; modifications to or revocation of existing regulatory approvals; fines and other environmental damages under applicable federal, provincial, territorial, state and municipal safety and environmental laws and regulations.

The consequences of an accidental spill or release at or near any marine terminal used in connection with Parkland's operations could be significant, given the complexities of addressing releases occurring in marine environments or along populated coastlines. Although Parkland does not own or operate the vessels used to transport crude oil, liquid petroleum products, chemicals or other hazardous substances to and from such marine terminals, releases or other incidents involving such vessels could result in significant disruptions to offshore shipping activities and impede Parkland's ability to operate in any affected areas.

Parkland has obtained insurance in accordance with industry practice in an effort to address and mitigate such risks, established operational and emergency response procedures, and adopted safety and environmental programs to reduce potential loss exposure. Although Parkland has a comprehensive insurance program in effect, there can be no assurance that the potential liabilities will not exceed the applicable coverage limits under its insurance policies. Consistent with industry practice, not all hazards and risks are covered by insurance and no assurance can be given that insurance will be consistently available or will be consistently available on an economically feasible basis. Parkland maintains insurance coverage for most environmental risk areas, excluding underground tanks at service stations. Although not insured, these risks are managed through ongoing monitoring, inventory reconciliations and tank replacement programs. Liability for uninsured risks could significantly increase expenses and the occurrence of a significant event for which Parkland is not fully insured could materially and adversely affect Parkland's business, prospects, results of operations or financial condition.

(9) Commodity price and pricing pressure

Petroleum, crude oil and natural gas liquid markets display significant volatility. The prices for these commodities can be influenced by global and regional supply and demand factors, which are outside of Parkland's control. Parkland is susceptible to changes in relative market pricing, including degradation of supply discounts for crude oil and natural gas liquids that drive customer demand. Volatility in fuel and petroleum product supply and costs could result in significant changes in (i) the retail price of petroleum products, (ii) fuel gross margins per litre, and (iii) refining gross margins.

Retail pricing

Retail pricing for motor fuels is very competitive and influenced by a market consisting of major oil companies, international convenience operators, national grocery chains, and independent fuel retailers. From time to time, factors such as intensified price competition, seasonal oversupply, and lack of responsiveness of retail pricing to changes in refined product costs may lead to margin pressure in Parkland's business. These pressures are normally restricted to relatively short, seasonal time periods and isolated market areas, but could occur more extensively across Parkland's network. Parkland partially mitigates this risk through the continued development of an international network, where geographic diversification helps offset any short-term pricing pressures in any individual market.

Economic crude supply

Refining gross margins are primarily driven by commodity prices and are a function of the difference between the costs of feedstock (primarily crude oil) and market prices for the marketing of finished products (such as gasoline, diesel, jet fuel, lubricants, fuel oil, fuel and lubricant additives). Prices for commodities are determined by global and regional marketplaces and influenced by many factors, including supply/demand balances, inventory levels, industry refinery operations, currency fluctuations, seasonal demand, political climate, disruptions at the Burnaby Refinery resulting from unplanned outages due to severe weather, power failures, fires or other operational events, and plant capacity utilization

Hedging

Parkland uses derivative financial and physical instruments related to the future price of crude oil and fuel products and their relationship with each other, with the intent of reducing volatility in our cash flows due to fluctuations in commodity prices and spreads. Such hedging activities may not be effective in reducing the volatility of our cash flows and may reduce our earnings, profitability and cash flows. Furthermore, Parkland may not be able to enter into derivative financial or physical instruments to reduce the volatility of the prices of special products it sells if there is no established derivative market for such products. In addition, a portion of Parkland's hedging activities are subject to the risks that a counterparty may not perform its obligations under the applicable derivative instrument, or if the terms of the derivative instruments are imperfect.

(10) Competition

Parkland competes with major national and international integrated oil companies, independent marketers, branded and unbranded independent wholesalers, independent retail stations, dealers who purchase fuel from Parkland, other commercial fuel and propane marketers, convenience store chains, independent convenience stores, large and small food retailers. Parkland also competes with several non-traditional retailers that have entered the retail fuel business in recent years, including major grocery chains, supermarkets, club stores and mass merchants, which have obtained a significant share of the motor fuel market and are significant retail competitors. Further, the petroleum industry also competes with other industries in supplying energy, fuel, and other related products to industrial, commercial, and retail consumers. In some of Parkland's markets, competitors have been in existence longer and have greater financial, marketing and other resources than Parkland. Parkland may not be able to compete successfully against current and future competitors, and competitive pressures faced by Parkland could materially and adversely affect Parkland's business, prospects, results of operations or financial condition.

Financial instruments and financial risks

Financial instruments recorded at fair value through profit or loss

Parkland's financial instruments recorded at fair value through profit or loss include commodities swaps, forwards and futures contracts, currency forward exchange contracts, Intermediation Facility Derivatives, emission credits and allowances forward and option contracts, Redemption Options, the Sol Put Option and other investments.

Commodities swaps, forwards and futures contracts, emission credits and allowances forward and option contracts, and currency forward exchange contracts

On the consolidated balance sheets, commodities swaps, forwards and futures contracts, emission credits and allowances forward and option contracts, and US dollar forward contracts are recorded within risk management and other. Parkland periodically enters into derivative contracts that are believed to be economically effective at managing exposure to movements in commodity prices and foreign exchange rates.

Redemption Options

The Senior Notes contain Redemption Options that allow Parkland to redeem the notes prior to maturity at a premium. The Redemption Options are accounted for as an embedded derivative financial instrument. For more information on Parkland's financial instruments and related financial risk factors, see Note 14 of the Annual Consolidated Financial Statements.

Sol Put Option

The Sol Put Option is classified as a non-derivative financial liability at fair value through profit or loss, with changes in redemption value recorded within other (gains) and losses on the consolidated statements of income (loss). The proportionate redemption value of the Sol Put Option is calculated by discounting Sol's contractually defined trailing-twelve-month adjusted EBITDA, multiplied by 8.5, and including other adjustments as defined in the Sol Business Combination Agreement ("Sol Agreement").

Intermediation Facility Derivatives

In 2017, Parkland entered into an International Swaps and Derivatives Association ("ISDA") intermediation agreement with a financial institution (the "Intermediation Facility") to fund a portion of the working capital requirements of the Burnaby Refinery that includes a daily settlement feature, which is accounted for as a derivative financial instrument carried at fair value (the "Intermediation Facility Derivatives"). On December 14, 2019, the Intermediation Facility was amended to extend the expiry to December 31, 2021. On February 26, 2021, the Intermediation facility was terminated and fully repaid.

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 13 of the Annual Consolidated Financial Statements for further details on the Net Investment Hedge.

Fair value measurement

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

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

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

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

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

For the purpose of fair value disclosures, Parkland has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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

	Year ended December 31,	
($ millions)	**2021**	2020
Gain (loss) on risk management and other - realized[1]	**(114)**	31
Gain (loss) on risk management and other - unrealized[1]	**(10)**	10
Gain (loss) on risk management and other	**(124)**	41
Change in fair value of Redemption Options[2]	**(86)**	34
Change in redemption value of Sol Put Option[2]	**(87)**	(23)
Gain (loss) on Intermediation Facility Derivatives - realized[3]	**(16)**	20
Gain (loss) on Intermediation Facility Derivatives - unrealized[3]	**–**	9
Impact on consolidated statements of income (loss)	**(313)**	81

[1] Gains and losses on risk management and other are primarily driven by commodities swaps, forward and futures contracts, and emission credits and allowances forward and option contracts.
[2] Recognized in other (gains) and losses. See above for a description of the Redemption Options and the Sol Put Option.
[3] Recognized in cost of purchases. On February 26, 2021, Parkland terminated and fully repaid the Intermediation Facility.

Credit risk

Parkland is exposed to credit risk from operating activities and certain financing activities. Parkland's exposure to concentrations of significant credit risk to any individual customer is limited. Credit risk is minimized by Parkland's broad and geographically diverse customer base, spread across several countries and currencies. Parkland manages its exposure to credit risk through a variety of means, including, but not limited to: (i) rigorous credit granting procedures, including review of each new customer's credit history before extending credit, and imposing short payment terms or security interests where applicable; (ii) ongoing customer credit evaluations, including review of customer financial conditions and credit performance; (iii) ongoing close monitoring of outstanding amounts; and (iv) use of standby and commercial letters of credit for certain customers, where applicable. Parkland's allowances for receivables are maintained at levels considered adequate to provide for future credit losses.

Counterparties for all risk management and other derivatives transacted by Parkland are major financial institutions or counterparties with investment grade credit ratings.

Foreign currency risk

Parkland is exposed to foreign currency risk primarily due to fluctuations in the US dollar to Canadian dollar ("USD/CAD") exchange rate relating to Parkland's operating activities, such as purchasing and selling certain products and services in US dollars, Credit Facility and Senior Notes. Parkland may mitigate foreign currency risk through a variety of means, including entering into currency forward contracts or foreign currency options, as appropriate. For the year ended December 31, 2021, a $0.10 increase in the USD/CAD exchange rate on financial instruments denominated in US dollars, with all other variables held constant, would have caused a $19 million decrease in net earnings (loss) (2020 - $6 million decrease) and a $166 million decrease in other comprehensive income (loss) (2020 - $93 million decrease). The impact on Parkland's net earnings (loss) is driven by the impact of changes in foreign exchange rates on the carrying values of monetary assets and liabilities, including the USD-denominated debt, and is offset by the impact on Parkland's other comprehensive income (loss) as a result of designation of certain USD-denominated debt as a net investment hedge to mitigate foreign exchange risk related to foreign operations.

Interest rate risk

Interest rate risk arises from the impact of fluctuating interest rates on net earnings (loss), cash flows and valuations. Parkland is exposed to market risk from changes in the Canadian and US prime interest rates, bankers' acceptance rate and LIBOR rate, which can impact its borrowing costs. Parkland monitors and analyzes interest rate risk on a regular basis and mitigates interest rate risk by considering refinancing, credit line renewals, hedging options and issuing long-term debt at a fixed rate, as appropriate. As at December 31, 2021, a 100-basis point change in these interest rates, with all other variables held constant, would have caused an increase or decrease to net earnings of approximately $6 million (2020 - $7 million).

Liquidity risk

Liquidity risk is the risk that Parkland will not be able to meet its financial obligations as they become due. Parkland's process for managing liquidity risk includes forecasting spending and cash flow requirements, considering seasonality of working capital needs and ensuring, to the extent possible, that it has access to multiple sources of capital including cash and cash equivalents, cash from operating activities, undrawn credit facilities, access to various credit products at competitive rates, and the market offering of common shares, preferred shares, subscription receipts, warrants, debentures, notes and convertible securities.

Parkland is committed to retaining positive credit ratings to support access to capital markets. Parkland currently has the following credit ratings:

	Standard & Poor's	Dominion Bond Rating Service	Moody's	Fitch
Corporate	**BB**	**BB**	**Ba2**	**BB**
3.875% $600 Senior Notes, due 2026	**BB**	**BB**	Not rated	**BB**
5.875% US$500 Senior Notes, due 2027	**BB**	**BB**	**Ba3**	**BB**
6.00% $400 Senior Notes, due 2028	**BB**	**BB**	Not rated	**BB**
4.375% $600 Senior Notes, due 2029	**BB**	**BB**	Not rated	**BB**
4.50% US$800 Senior Notes, due 2029	**BB**	**BB**	**Ba3**	**BB**
4.625% US$800 Senior Notes, due 2030	**BB**	**BB**	**Ba3**	**BB**

Commodity price risk

Commodity price risk is the risk that Parkland is exposed to unfavourable commodity price movements that will result in an impact on net earnings and cash flows, including impact from movements in crude oil, heavy oil, liquid petroleum gas ("LPG") and refined products. Parkland enters into derivative instruments including the Intermediation Facility derivatives, the commodities swaps, forwards and futures contracts to mitigate commodity price risk volatility as part of its risk management strategy. These financial instruments are subject to financial controls, risk management and monitoring procedures.

Other risks

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

11. OUTLOOK

Highlights of Parkland's 2022 guidance metrics include:

- Adjusted EBITDA attributable to Parkland of $1,500 million +/- 5 percent, an increase from our previously disclosed guidance of $1,450 +/- 5 percent (the "2022 Guidance Range"); and
- Growth capital attributable to Parkland of $250 million to $300 million and maintenance capital expenditures attributable to Parkland of $225 million to $275 million (the "2022 Capital Program").

The 2022 Guidance Range reflects the key assumptions for refining, fuel and non-fuel margin forecasts based on our view of future market condition. Additionally, the low end of our 2022 Guidance Range accounts for potential adverse market conditions or interruptions to our operations as well as the potential for lower margins than currently observable, while the high end of our 2022 Guidance Range accounts for greater-than-expected contributions from acquisition synergies, organic growth, and higher margins than currently observable.

The 2022 Capital Program supports our Adjusted EBITDA growth targets in the current economic environment and is focused on targeted network development, expanding digital capabilities to further improve customer value proposition, enhancing our supply and logistics capability and investing in our low-carbon advantage, together with some other ongoing maintenance projects. Growth capital expenditures include construction and acquisition of new-to-industry retail sites, On The Run / Marché Express conversions and site upgrades, supply infrastructure commercial bulk fuel propane expansion and low-carbon initiatives at the Burnaby Refinery. Parkland will continue to exercise financial discipline when evaluating organic growth initiatives, including improved Canada C-Store site productivity, and depending on market conditions, will continue to have significant flexibility in the level and timing of investments. Maintenance capital expenditures include retail and commercial site upgrades, fleet maintenance, infrastructure improvements, and projects to maintain operational excellence at the Burnaby Refinery.

Other than as disclosed above, the factors and assumptions that contribute to Parkland's assessment of the 2022 Guidance Range are consistent with existing Parkland disclosure, and such range is subject to risks and uncertainties inherent in Parkland's business. Readers are directed to Section 10 of this MD&A and Parkland's Annual Information Form for a description of such factors, assumptions, risks and uncertainties. Refer to Parkland's press release issued on March 3, 2022 at www.sedar.com for more information.

12. OTHER

A. Controls environment

Internal controls over financial reporting

Based on the evaluation of Parkland's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as defined in National Instrument ("NI") 52-109, the Chief Executive Officer and Chief Financial Officer have concluded that Parkland's DC&P and ICFR were designed and operating effectively as at December 31, 2021.

In accordance with the provisions of NI 52-109, Parkland has limited the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of businesses acquired not more than 365 days before December 31, 2021. This scope limitation is primarily due to the time required for Parkland's management to assess DC&P and ICFR in a manner consistent with Parkland's other operations.

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

($ millions)	As at December 31, 2021
Current assets	**64**
Non-current assets	**394**
Current liabilities	**108**
Non-current liabilities	**12**

($ millions)	Year ended December 31, 2021
Sales and operating revenue	**588**
Net earnings (loss)	**5**

Changes in internal controls over financial reporting

There were no changes in Parkland's ICFR during the year ended December 31, 2021 that materially affected, or are reasonably likely to materially affect, Parkland's ICFR. Internal control systems, no matter how well designed, have inherent limitations.

Therefore, even those systems that are determined to be effective can provide only reasonable, but not absolute assurance that financial information is accurate and complete. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

B. Shares outstanding

As at December 31, 2021, Parkland had approximately 154.2 million common shares, 3.8 million share options, 1.7 million performance share units, and 0.3 million deferred share units outstanding. The share options consist of approximately 2.7 million share options that are currently exercisable into common shares.

C. Fuel and petroleum product volume

(million litres)	Canada		International		USA		Supply		Consolidated	
For the three months ended December 31,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Retail[1]	**1,555**	1,494	**396**	421	**172**	64	**–**	—	**2,123**	1,979
Commercial, wholesale, and supply[1]	**738**	726	**1,145**	823	**1,222**	750	**1,170**	1,207	**4,275**	3,506
Fuel and petroleum product volume	**2,293**	2,220	**1,541**	1,244	**1,394**	814	**1,170**	1,207	**6,398**	5,485

[1] Includes gasoline, diesel and propane volumes.

(million litres)	Canada		International		USA		Supply		Consolidated	
For the year ended December 31,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Retail[1]	**6,070**	5,970	**1,613**	1,545	**547**	255	**–**	—	**8,230**	7,770
Commercial, wholesale, and supply[1]	**2,846**	2,747	**3,683**	3,429	**4,604**	2,802	**4,537**	4,676	**15,670**	13,654
Fuel and petroleum product volume	**8,916**	8,717	**5,296**	4,974	**5,151**	3,057	**4,537**	4,676	**23,900**	21,424

[1] Includes gasoline, diesel and propane volumes.

D. Related parties

See Note 24 of the Annual Consolidated Financial Statements for details on related party relationships and transactions.

E. Subsequent events and other transactions

As part of its growth strategy, Parkland has entered into agreements to acquire certain businesses, which were not completed before December 31, 2021 as follows:

- On July 6, 2021, Parkland entered into an agreement to acquire Pétroles Crevier Inc. ("Crevier") a well-established retail and wholesale business based in Montréal, Canada and successfully completed the acquisition on February 1, 2022. Crevier's operations extend across Quebec, serving customers through a portfolio of 30 company-owned retail locations and 143 retail dealer locations. In addition, Crevier's large wholesale business and significant unbranded volume enhance Parkland's supply advantage and import optionality. This transaction is expected to add annual fuel and petroleum product volume of approximately 700 million litres, of which 70 percent is attributable to wholesale. The total consideration for this transaction is approximately $115 million.
- On November 30, 2021, Parkland entered into an agreement to acquire approximately 156 retail locations from Cenovus Energy Inc. This acquisition would expand Parkland's existing Canadian convenience retail network in Greater Vancouver, Vancouver Island, Calgary, and the Greater Toronto area, and offsets a portion of Parkland's planned organic growth capital. This acquisition includes 109 company owned sites and 47 dealer locations and is expected to add annual fuel volumes of approximately 400 million litres to Parkland's network. The total cash consideration for this transaction is approximately $156 million. Subject to approval under the Competition Act (Canada) and other closing conditions, the transaction is expected to close in mid-2022.
- On January 18, 2022, Parkland entered into an agreement to acquire M&M Food Market, a premium, restaurant-quality frozen food retailer, and successfully completed the acquisition on February 18, 2022. This acquisition represents one of many steps Parkland is taking in its retail diversification strategy to expand its proprietary food offer, customer reach and innovation pipeline. The acquisition includes over 300 well-located standalone franchise and corporate owned stores, over 2,000 M&M Express locations, and a well-established rewards program with approximately two million

active members. The total consideration for this transaction is approximately $322 million, which will be funded out of existing credit facility capacity.

See Note 27 of the Annual Consolidated Financial Statements for details on subsequent events.

13. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

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

Significant accounting estimates, assumptions and judgments

The preparation of Parkland's consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of revenue, expenses, assets, liabilities, accompanying disclosures and the disclosure of contingent liabilities. These estimates and judgments are subject to change based on experience and new information. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affecting future periods. Estimates and judgments are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. The financial statement areas that require significant estimates and judgments are as follows:

Asset retirement and other obligations

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

Contingencies and legal matters

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

Business combinations

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

Asset impairment

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

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

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

Depreciation and amortization

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

Fair value of financial instruments

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

Income taxes

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

Judgments and estimates made in assessing the impact of climate change

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

Amended standards adopted by Parkland

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

In response to the interest rate benchmark ("IBOR") reform (Phase 2), effective January 1, 2021, Parkland has adopted the new guidance issued by the IASB that provides the use of a practical expedient to account for the change in the basis for determining the contractual cash flows as a result of the cessation of the LIBOR benchmark. Some of the components of Parkland's existing Credit Facility are based on the LIBOR interest rate benchmark, which will be discontinued by June 30, 2023 as per the most recent decision by the UK Financial Conduct Authority. As at December 31, 2021, Parkland has not yet transitioned to a different benchmark as the LIBOR benchmark is still being published. Parkland is working to establish the IBOR transition plan with its lenders. Parkland will continue to monitor the situation and apply new guidance to assess the impact of adopting a new interest rate benchmark.

Recently announced accounting pronouncements

The standards, amendments and interpretations that are issued, but not yet effective up to the date of authorization of the Company's consolidated financial statements, and that may have an impact on the disclosures and financial position of the

Company are disclosed below. Parkland intends to adopt these standards, amendments and interpretations when they become effective.

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

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

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

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

14. SEGMENT DESCRIPTIONS

Canada

Overview

Canada operates, supports and distributes to a coast-to-coast network of 1,812[18] convenience and fuel stores, 162 cardlock sites, bulk fuel, propane, heating oil, lubricants, and other related services to commercial, industrial, and residential customers. Canada operates under five key retail fuel brands: Ultramar, Esso, Fas Gas Plus, Chevron, and Pioneer and operates a leading convenience store brand, On the Run / Marché Express. Parkland's multi-brand strategy provides a robust offering to satisfy many fuel market segments. Canada Retail's food and convenience store offerings include private label brands 59th Street Food Co.™ and Cargo™, as well as Food Delivery Services, Amazon Hub Lockers and M&M Frozen Foods introduced at specific locations. Canada also serves its commercial customer base through a family of brands including Ultramar, Bluewave Energy, Pipeline Commercial, Chevron, Columbia Fuels, and Sparlings Propane.

Business models

Canada operates and generates profit from the following two main channels:

- **Retail** - Canada's retail operations are carried out under two main business models:
  - **Company**
    The Company business model includes sites that are owned or leased by Parkland and are operated and managed by either Parkland or independent retailers on its behalf. Parkland owns the fuel inventory and maintains control of the retail selling price at the pumps. Convenience store inventory may be owned by the retailer or Parkland. If the site is operated by a retailer, Parkland pays the retailer a commission on fuel sales and collects from the retailer percentage rent on the convenience store sales or unit margins. Sites operating under industry models such as "company-owned, retailer-operated" ("CORO") and "company-owned, company-operated" ("COCO") are included under the Company business model.

  - **Dealer**
    The Dealer business model includes sites owned or leased by an independent dealer or Parkland, and are operated and managed by the independent dealer. Parkland secures long-term fuel supply contracts with the dealer, usually between 5 and 20 years in length, and supplies fuel to the dealer based on independently published rack prices. The dealer owns the fuel inventory and maintains control of the retail price selling at the pumps, unless the inventory was sold to the dealer by Parkland on consignment, in which case Parkland owns the fuel inventory and maintains control of the retail price selling at the pumps. Convenience store inventory is owned by the dealer. Sites operating under industry models such as "dealer-owned, dealer-operated" ("DODO"), "company-owned, dealer-operated" ("CODO"), or consignment dealer-operated fall under the Dealer business model.

[18] Includes 659 company retail sites and 1,153 dealer retail sites.

- **Commercial** - Canada's commercial operations deliver bulk fuel, bulk and cylinder exchange propane, heating oil, lubricants and other related products and services to commercial, industrial and residential customers across Canada through an extensive delivery network. In addition, commercial operations include an extensive cardlock network across the country. Parkland uses a variety of regionally relevant trade names, service marks and trademarks in the businesses that are considered important and valuable in marketing its products.

Seasonality

Generally, results of Canada's retail operations fluctuate based on seasonality and experience higher volumes and Adjusted EBITDA in the second and third quarters of the year during the summer driving season. In contrast, Canada's commercial operations generally experience higher volumes and Adjusted EBITDA in the first and fourth quarters of the year as a result of higher demand for diesel, propane and heating oil in the winter. The results of the commercial operations also fluctuate based on seasonality, degree days in its residential home heat business and local gross domestic product.

International

Overview

International, which trades as Sol, is the largest independent fuel marketer in the Caribbean and has sales and operations in 23 countries and territories. International has an integrated supply chain backed by an extensive distribution network, a premier brand portfolio and an exceptional team. International's businesses and assets are predominantly located in the Caribbean and northern coast of South America and consist of: (i) retail businesses, which include 330[19] company-owned or company-leased sites and 327[20] dealer-owned and dealer-operated sites under the Esso, Shell and Sol brands; (ii) supply and distribution operations, comprised of owned or leased infrastructure assets, including import terminals, storage facilities, pipelines, marine berths and charter ships; (iii) commercial and industrial businesses, which supply gasoline, diesel, fuel oil, propane and lubricants; (iv) aviation fuel operations at 14 airports in the region; and (v) Sol Ecolution, International's renewable energy business, which provides commercial solar and other renewable energy solutions. International extends Parkland's supply reach internationally and builds on Parkland's supply advantage strategy, providing Parkland with a strategic growth platform and access to key markets and comprehensive supply infrastructure in the Caribbean and northern coast of South America.

Business model

International operates and generates profit from the following two main channels:

- **Commercial** - International's commercial business delivers and supplies gasoline, diesel, fuel oil, propane and lubricants to customers in various geographies and sectors, including power, oil and gas, mining companies and hospitality. In addition, International's aviation business operates at 14 airports in the region, supplying aviation fuel and services to airlines.

- **Retail** - International's retail business operates under the Esso, Shell and Sol brands. International is also the owner of the Sol Shop convenience store brand. The new Sol convenience stores take advantage of the newest technology to minimize the time from order to serve and have proprietary food and drink offers, including made-to-order hot food, bakery, cold food, and hot and chilled beverages. International's retail business operates under one of the two main business models:
    - **Company-owned or company-leased sites** - Sites are owned or leased by International and operated by a dealer or employees of the International segment. Sites operating under industry models such as "company-owned, dealer-operated" ("CODO"), "company-leased, dealer-operated" ("CLDO") and "company-owned, company-operated" ("COCO") are included in this model. In CODO and CLDO sites, the dealer owns the convenience store and fuel inventory. In COCO sites, International owns the convenience store and fuel inventory.
    - **Dealer-owned and dealer-operated sites** - Also known as "DODO", these sites are owned, managed and operated by the dealer. International secures long-term fuel supply contracts with the dealer and supplies fuel to the dealer. The dealer owns the fuel inventory. Convenience store inventory is usually owned by the dealer. Other operating model variants where the site is not owned or leased by International are also included in this category.

[19] 105 of the company-owned or company-leased sites are under the Isla joint venture.
[20] 131 of the dealer-owned and dealer-operated sites are under the Isla joint venture.

International has sales and operations in 23 countries and territories in the Caribbean. International also maintains offices in 21 countries and territories, which are organized into five Region Operating Centres as follows:

Eastern Caribbean	Western Caribbean	Spanish Caribbean	French Caribbean	South America
Anguilla Barbados British Virgin Islands Dominica Grenada St. Kitts & Nevis St. Lucia St. Maarten St. Vincent & Grenadines	Bahamas Bermuda Cayman Islands Jamaica	Belize Dominican Republic Puerto Rico	French Guiana Guadeloupe Martinique	Guyana Suriname

International key performance measures and metrics are not comparable to other Parkland segments as they include margins earned by supply and distribution as well as results from retail, commercial and wholesale channels. As a result, this segment has increased fuel and petroleum product unit margins compared to other Parkland segments. Additionally, the geographical environments in which the businesses operate are substantively different from operations in Canada and the United States.

Seasonality

International results are influenced by a variety of inherent business factors. The volumes and Adjusted EBITDA of the Eastern, Western, Spanish and French Caribbean are expected to be higher in the first and fourth quarters of the year during tourism high season as compared to the second and third quarters of the year during tourism low season. South America's volumes and Adjusted EBITDA are expected to be influenced by volume of activity in the oil and gas, and mining industries. In addition to the regional variations, International's Adjusted EBITDA is also influenced by fluctuations in quantity and timing of volumes related to third-party wholesale spot sales as well as the crude supply to the Société Anonyme de la Raffinerie des Antilles ("SARA Refinery").

USA

Overview

Parkland USA ("USA"), Parkland's fastest-growing segment, delivers fuel, lubricants and other related products and services to customers, with a network of 632[21] retail fuel and convenience stores and 49 cardlock sites under various brands throughout the United States. USA operates a wide variety of terminals, storage facilities and trucks, and contracts pipeline, storage facilities and third-party carriers to support its network. Through its acquisition and consolidation strategy, USA is a platform for growth in the United States and provides Parkland with export opportunities for products from western Canada as well as synergies with International.

Business model

USA operates and generates profits from the following two main channels:

- **Commercial and Wholesale** - USA's commercial business delivers gasoline, diesel, marine fuel oil, propane, lubricants, and ancillary products to customers in various geographies and sectors, including commercial, industrial, retail, agricultural, construction, mining, and marine customers. Fuel is primarily delivered to customers by truck. USA is a supplier of ExxonMobil lubricants and a supplier of Ridgeline, Parkland’s private label offering for lubricants and other ancillary products. USA's commercial business also operates a network of cardlocks across the country that are compatible with major fuelling networks. USA's commercial business trades under various brands including Rhinehart Oil, Farstad Oil, Conrad & Bishoff, Tropic Oil, NFN National Fuel Network, and other brands. USA's wholesale business supplies gasoline, diesel and other fuels to wholesale customers across the United States. Fuel is primarily delivered to customers by truck, railcar, pipeline, or third-party rack facilities. USA's whole business primarily trades under Parkland (U.S.) Supply Co. entity. Further, USA's commercial business supplies independent retail sites under the Dealer model, which include multi-site dealer chains and branded and unbranded relationships. Refer to the "Canada" heading above for a description of the Dealer model.

[21] Includes 212 company retail sites and 420 dealer retail sites.

- **Retail** - USA's retail fuel business operates under various brands including On the Run, Arco, Cenex, Chevron, Conoco, Exxon, Marathon, Mobil, Mr. Gas, Texaco, Phillips 66, Shell, U-Gas, 76 and other brands. USA's convenience business operates under various brands including On the Run, KJ's, Harts, KB Express, Casey's Corner, Mr. Gas, U Shop, and other brands. USA offers a diverse product mix at its convenience stores, including food and drink offers.

Seasonality

USA results fluctuate based on seasonality. The demand for fuel and petroleum products increases during the second and third quarters because of the agriculture, construction and mining seasons and increased consumer travel. In the first and the fourth quarters, marine fuel demand increases due to active cruise ship operations and the cold weather conditions improve propane sales. As a result, USA Adjusted EBITDA is generally higher in the second and third quarters.

Supply

Overview

Supply serves the Canada and USA segments as well as external customers. Supply consists of logistics, marketing, supply, distribution and a refinery located in Burnaby, British Columbia. This segment manufactures transportation fuels, procures feedstocks and fuels from third parties, transports (via ship, rail, truck and pipeline), stores and markets fuels, crude oil and LPG to serve a wide range of customers across North America and the Caribbean, and manufactures and sells aviation fuel to airlines operating out of the Vancouver International Airport. Major sales categories are:

- gasoline and diesel;
- LPG, which includes propane and butane; and
- other fuel and petroleum products, which include crude oil, aviation fuel, asphalt, fuel oils, gas oils, ethanol and biodiesel.

Business model

Supply operates and generates profits from the following channels:

- **Contracts** - Supply maintains fuel supply contracts with multiple oil refiners, and wholesale and trading suppliers. This diversity of supply contracts, combined with strategic storage and logistics infrastructure, allows Parkland to obtain fuel at competitive prices and enhances fuel supply security for Parkland-owned sites and for all Parkland customers.
- **Purchases** - Supply sources fuel from third-party suppliers and sells, at an arm's length transfer price, to Parkland's Canada and USA segments as well as external customers. Supply also provides transportation services to Parkland segments. Parkland utilizes its leased rail car fleet and leverages its network of North American relationships with a view to match purchase and sales contracts and execute on a strategy of geographic arbitrage.
- **Infrastructure** - Supply uses its supply network to access selective terminal infrastructure investments that are uniquely situated across North America to enable Parkland's supply optionality and competitive advantage.

Burnaby Refinery

Parkland owns and operates a 55,000-bpd light / sweet crude refinery in Burnaby, British Columbia, which is ideally located to serve the British Columbia market with pipeline access to Canadian light crude. It is the only refinery in the Vancouver area and the largest of only two refineries in the province. Additionally, the Burnaby Refinery is highly integrated with the Canada and Supply wholesale businesses, as the majority of its production is sold to these operating segments.

Corporate

The Corporate segment includes centralized administrative services and expenses incurred to support operations. Due to the nature of these activities, these costs are not specifically allocated to Parkland's operating segments. Parkland's objective is to manage corporate expenses tightly so that they increase at a slower pace than Parkland's Adjusted gross margin.

15. 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) Totals 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 and Totals of segment measures

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and Adjusted gross margin, including fuel and petroleum product adjusted gross margin and convenience and other non-fuel adjusted gross margin, are measures of segment profit (and their aggregates are "Totals of segment measures") used by the chief operating decision maker to make decisions about resource allocation to the segment and to assess its performance. In accordance with IFRS, adjustments and eliminations made in preparing an entity's financial statements and allocations of revenue, expenses, and gains or losses shall be included in determining reported segment profit or loss only if they are included in the measure of the segment's profit or loss that is used by the chief operating decision maker. As such, these measures are unlikely to be comparable to measures of segment profit and loss presented by other issuers, who may calculate these measures differently. Refer to Note 25 of the Annual Consolidated Financial Statements for a reconciliation of Adjusted EBITDA and Adjusted gross margin for Parkland and for each operating segment.

Adjusted EBITDA

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

($ millions)	Three months ended December 31, 2021	2020	Year ended December 31, 2021	2020
Net earnings (loss)	**27**	64	**126**	112
Add:				
Acquisition, integration and other costs	**24**	14	**52**	52
Depreciation and amortization	**156**	144	**616**	609
Finance costs	**86**	58	**323**	250
(Gain) loss on foreign exchange – unrealized	**6**	—	**(7)**	(2)
(Gain) loss on asset disposals	**(5)**	1	**(13)**	2
(Gain) loss on risk management and other – unrealized	**(11)**	(11)	**10**	(10)
Other (gains) and losses[1]	**20**	(29)	**203**	(4)
Other adjusting items[2]	**4**	—	**12**	6
Income tax expense (recovery)	**(22)**	30	**36**	42
Adjusted EBITDA including NCI[3]	**285**	271	**1,358**	1,057
Less: Attributable to NCI	**25**	24	**98**	90
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**260**	247	**1,260**	967

[1] Other (gains) and losses for the three months ended December 31, 2021 include the following: (i) $25 million gain (2020 - $34 million loss) due to the change in redemption value of Sol Put Option; (ii) $34 million loss (2020 - $72 million gain) due to the change in fair value of redemption options; and (iii) $11 million loss (2020 - $9 million loss) in Other items. Other (gains) and losses for the year ended December 31, 2021 include the following: (i) $87 million loss (2020 - $23 million loss) due to change in redemption value of Sol Put Option; (ii) $86 million loss (2020 - $34 million gain) due to change in fair value of redemption options; and (iii) $30 million loss (2020 - $7 million loss) in Other items. Refer to Note 22 of the Annual Consolidated Financial Statements.

[2] Other Adjusting Items for the three months ended December 31, 2021 include the share of depreciation and income taxes for the Isla joint venture of $4 million (2020 - nil). Other Adjusting Items for the year ended December 31, 2021 include the following: (i) $1 million loss (2020 - $5 million loss) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) an unrealized gain of nil (2020 - $9 million loss) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases; (iii) share of depreciation and income taxes from the Isla joint venture of $7 million (2020 - nil).

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

Adjusted gross margin

Parkland uses Adjusted gross margin as a measure of segment profit and loss to analyze the performance of sale and purchase transactions and performance on margin. Adjusted gross margin excludes the effects of significant items of income and expenditure that are not considered representative of Parkland's underlying core margin performance and may have an impact on the quality of margins, such as unrealized gains and losses on foreign exchange and risk management and other and non-recurring discounts to customers. Adjusted gross margin is calculated and reconciled as follows:

($ millions)	Three months ended December 31, 2021	2020	Year ended December 31, 2021	2020
Sales and operating revenue	**6,286**	3,506	**21,468**	14,011
Cost of purchases	**(5,557)**	(2,890)	**(18,512)**	(11,675)
Gain (loss) on risk management and other - realized	**(28)**	(12)	**(114)**	31
Gain (loss) on foreign exchange - realized	**2**	5	**3**	(7)
Other adjusting items to Adjusted gross margin	**(3)**	(3)	**(2)**	—
Adjusted gross margin	**700**	606	**2,843**	2,360
Fuel and petroleum product adjusted gross margin	**572**	502	**2,375**	1,943
Convenience and other non-fuel adjusted gross margin	**128**	104	**468**	417
Adjusted gross margin	**700**	606	**2,843**	2,360

Convenience and other non-fuel adjusted gross margin

($ millions)	Canada		International		USA[3]		Supply[3]		Consolidated	
For the three months ended December 31,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Convenience store[1]	**38**	35	**3**	3	**21**	9	**–**	—	**62**	47
Lubricants and other[2][3]	**14**	11	**20**	20	**26**	21	**6**	5	**66**	57
Convenience and other non-fuel adjusted gross margin	**52**	46	**23**	23	**47**	30	**6**	5	**128**	104

($ millions)	Canada		International		USA[3]		Supply[3]		Consolidated	
For the year ended December 31,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Convenience store[1]	**156**	142	**10**	11	**62**	36	**–**	—	**228**	189
Lubricants and other[2][3]	**48**	45	**76**	85	**107**	89	**9**	9	**240**	228
Convenience and other non-fuel adjusted gross margin	**204**	187	**86**	96	**169**	125	**9**	9	**468**	417

(1) Convenience store revenue generated from Canada, International, and USA depends on the business model operated by each segment and includes sale of merchandise, suppliers' rebates and rental income from retailers in the form of a percentage rent on convenience store sales.
(2) Lubricants and other include lubricants, equipment and facilities rentals, freight, tanks and parts installation, cylinder exchanges, royalties, emission allowances and other products and services.
(3) For comparative purposes, information for the three months and year ended December 31, 2020 was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure for the year ended December 31, 2021. Additionally, certain amounts within sales and operating revenue were restated and reclassified to conform to the presentation used in the current period.

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 foreign exchange, risk management derivatives, and other derivatives, (vi) realized foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (vii) realized foreign exchange gains and losses on accrued financing costs in foreign currency and the offsetting realized risk management gains and losses on the related foreign exchange risk management instruments, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains, (x) impairments of non-current assets, (xi) loss on modification of long-term debt, (xii) earnings impact from hyperinflation accounting and (xiii) other adjusting items. Parkland's Adjusted earnings (loss) and Adjusted earnings (loss) per share are also adjusted to include Parkland's proportionate share of its joint-venture investees' Adjusted earnings (loss). These adjustments are considered to result in a more comparable economic representation.

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

	Three months ended December 31,		Year ended December 31,	
($ millions, unless otherwise stated)	**2021**	2020	**2021**	2020
Net earnings (loss)	**27**	64	**126**	112
Add:				
Acquisition, integration and other costs	**24**	14	**52**	52
Loss on modification of long-term debt	**18**	—	**77**	3
(Gain) loss on foreign exchange – unrealized	**6**	—	**(7)**	(2)
(Gain) loss on asset disposals	**(5)**	1	**(13)**	2
(Gain) loss on risk management and other – unrealized	**(11)**	(11)	**10**	(10)
Other (gains) and losses[4]	**20**	(29)	**203**	(4)
Other adjusting items[1]	**4**	—	**12**	6
Tax normalization[2]	**(13)**	15	**(42)**	(3)
Adjusted earnings (loss) including NCI	**70**	54	**418**	156
Less: Adjusted earnings (loss) attributable to NCI	**15**	11	**46**	32
Adjusted earnings (loss)	**55**	43	**372**	124
Weighted average number of common shares (million shares)[3]	**153**	149	**151**	149
Weighted average number of common shares adjusted for the effects of dilution (million shares)[3]	**153**	151	**152**	151
Adjusted earnings (loss) per share ($ per share)				
Basic	**0.36**	0.29	**2.46**	0.83
Diluted	**0.36**	0.28	**2.45**	0.82

(1) Other Adjusting Items for the three months ended December 31, 2021 include the share of depreciation and income taxes for the Isla joint venture of $4 million (2020 - nil). Other Adjusting Items for the year ended December 31, 2021 include the following: (i) $1 million loss (2020 - $5 million loss) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) an unrealized gain of nil (2020 - $9 million loss) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases; (iii) share of depreciation and income taxes from the Isla joint venture of $7 million (2020 - nil).

(2) The tax normalization adjustment was applied to net earnings (loss) adjusting items that were considered temporary differences, such as gains and losses on asset disposals, acquisition, integration and other costs, unrealized foreign exchange gains and losses, gains and losses on risk management and other, changes in fair value of redemption options, changes in estimates of environmental provisions, and debt modifications. The tax impact was estimated using the effective tax rates applicable to jurisdictions where the related items occur.

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

(4) Other (gains) and losses for the three months ended December 31, 2021, include the following: (i) $25 million gain (2020 - $34 million loss) due to the change in redemption value of Sol Put Option; (ii) $34 million loss (2020 - $72 million gain) due to the change in fair value of redemption options; (iii) $11 million loss (2020 - $9 million loss) in Other items. Other (gains) and losses for the year ended December 31, 2021, include the following: (i) $87 million loss (2020 - $23 million loss) due to change in redemption value of Sol Put Option; (ii) $86 million loss (2020 - $34 million gain) due to change in fair value of redemption options; (iii) $30 million loss (2020 - $7 million loss) in Other items. Refer to Note 22 of the Annual Consolidated Financial Statements.

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

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

The dividend payout ratio is a ratio of dividends distributed to distributable cash flow. We use this non-GAAP financial ratio as an indicator of Parkland's ability to generate cash flows to sustain monthly dividends, including those issued under the dividend reinvestment plan. Please see below for a reconciliation of distributable cash flow to cash generated from (used in) operating activities and calculation of the dividend payout ratio.

($ millions, unless otherwise noted)	Three months ended March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	Trailing twelve months ended December 31, 2021
Cash generated from (used in) operating activities[(2)(4)]	**264**	**322**	**200**	**118**	**904**
Exclude: Adjusted EBITDA attributable to NCI, net of tax	**(23)**	**(21)**	**(26)**	**(22)**	**(92)**
	241	**301**	**174**	**96**	**812**
Reverse: Change in other liabilities and other assets[(3)]	**(14)**	**(9)**	**4**	**8**	**(11)**
Reverse: Net change in non-cash working capital[(3)]	**53**	**22**	**119**	**148**	**342**
Include: Maintenance capital expenditures attributable to Parkland	**(20)**	**(45)**	**(40)**	**(112)**	**(217)**
Exclude: Turnaround maintenance capital expenditures	**–**	**–**	**3**	**8**	**11**
Include: Proceeds on asset disposals	**5**	**1**	**4**	**4**	**14**
Reverse: Acquisition, integration and other costs	**5**	**11**	**12**	**24**	**52**
Include: Interest on leases and long-term debt	**(54)**	**(54)**	**(56)**	**(59)**	**(223)**
Exclude: Interest on leases and long-term debt attributable to NCI	**1**	**1**	**1**	**1**	**4**
Include: Payments on principal amount on leases	**(35)**	**(33)**	**(36)**	**(38)**	**(142)**
Exclude: Payments on principal amount on leases attributable to NCI	**4**	**4**	**5**	**5**	**18**
Distributable cash flow[(1)]	**186**	**199**	**190**	**85**	**660**
Weighted average number of common shares (million shares)					**152**
Distributable cash flow per share					**4.34**
Dividends[(4)]	**47**	**48**	**48**	**47**	**190**
Dividend payout ratio					**29 %**

(1) Prior to March 31, 2021, distributable cash flow and the dividend payout ratio were referred to as adjusted distributable cash flow and adjusted dividend payout ratio, respectively. The previous measures were consolidated to a single primary measure representing Parkland's ability to generate cash flows.
(2) For comparative purposes, information for previous periods was restated due to a change in presentation of cash flows from (used in) operating and financing activities. Interest paid on long-term debt and leases, formerly included in "Cash generated from (used in) operating activities", is now included in "Cash generated from (used in) financing activities", reflecting a more relevant presentation of finance costs payments.
(3) For comparative purposes, information for the quarter ended September 30, 2021 was restated due to a change in presentation for certain emission credits and allowances held for trading which were formerly included in "Risk management and other" and are now included in "Inventories".
(4) Supplementary financial measure. Refer to Section 15C of this MD&A.

($ millions, unless otherwise noted)	Three months ended March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	Trailing twelve months ended December 31, 2020
Cash generated from (used in) operating activities[2][4]	328	629	253	(40)	1,170
Exclude: Adjusted EBITDA attributable to NCI, net of tax	(20)	(15)	(24)	(20)	(79)
	308	614	229	(60)	1,091
Reverse: Change in other liabilities, other assets and other instruments	(21)	(3)	27	12	15
Reverse: Net change in non-cash working capital	(135)	(425)	89	288	(183)
Include: Maintenance capital expenditures attributable to Parkland	(118)	(50)	(18)	(39)	(225)
Exclude: Turnaround maintenance capital expenditures	55	16	1	2	74
Include: Proceeds on asset disposals	3	5	2	6	16
Reverse: Acquisition, integration and other costs	21	8	9	14	52
Include: Interest on leases and long-term debt	(59)	(59)	(59)	(56)	(233)
Exclude: Interest on leases and long-term debt attributable to NCI[3]	—	—	1	1	2
Include: Payments on principal amount on leases	(39)	(35)	(40)	(35)	(149)
Exclude: Payments on principal amount on leases attributable to NCI	5	5	6	4	20
Distributable cash flow[1]	20	76	247	137	480
Weighted average number of common shares (million shares)					149
Distributable cash flow per share					3.22
Dividends[4]	45	45	47	47	184
Dividend payout ratio					38 %

[1] Prior to March 31, 2021, distributable cash flow and the dividend payout ratio were referred to as adjusted distributable cash flow and adjusted dividend payout ratio, respectively. The previous measures were consolidated to a single primary measure representing Parkland's ability to generate cash flows.
[2] For comparative purposes, information for previous periods was restated due to a change in presentation of cash flows from (used in) operating and financing activities. Interest paid on long-term debt and leases, formerly included in "Cash generated from (used in) operating activities", is now included in "Cash generated from (used in) financing activities", reflecting a more relevant presentation of finance costs payments.
[3] Beginning September 30, 2020, interest on leases and long-term debt attributable to NCI is excluded from distributable cash flow.
[4] Supplementary financial measure. Refer to Section 15C of this MD&A.

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

Company C-Store SSSG refers to the period-over-period sales growth generated by retail 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 (C-Store revenue) of the Canada segment with the C-Store same store sales ("SSS") and calculation of the Company C-Store SSSG.

($ millions)	**Three months ended December 31, 2021**	2020	%[5]	**Year ended December 31, 2021**	2020	%[5]
C-store revenue	**93**	95		**390**	406	
Add:						
Point-of-sale ("POS") value of goods and services sold at C-stores operated by retailers[3]	**141**	143		**590**	582	
Less:						
Rental income from retailers and others[1][2]	**(26)**	(23)		**(105)**	(99)	
Same Store revenue adjustments[4] (excluding cigarettes)	**(9)**	(9)		**(30)**	(28)	
Same Store C-store Sales	**199**	206	(3.2)%	**845**	861	(1.8)%
Less:						
Same Store revenue adjustments[4] (cigarettes)	**(102)**	(114)		**(441)**	(479)	
Same Store C-Store sales (excluding cigarettes)	**97**	92	4.7%	**404**	382	5.8%

($ millions)	Three months ended December 31, **2020**	2019	%[5]	Year ended December 31, **2020**	2019	%[5]
C-store revenue	95	91		406	400	
Add:						
Point-of-sale ("POS") value of goods and services sold at C-stores operated by retailers: [3]	143	131		581	532	
Less:						
Rental income from retailers and others[1][2]	(23)	(25)		(97)	(125)	
Same Store revenue adjustments[4] (excluding cigarettes)	(6)	(4)		(58)	(38)	
Same Store C-Store Sales	209	193	7.8%	832	769	8.1%
Less:						
Same Store revenue adjustments[4] (cigarettes)	(115)	(107)		(465)	(427)	
Same Store C-Store Sales (excluding cigarettes)	94	86	8.7%	367	342	7.3%

[1] Includes rental income from retailers in the form of a percentage rent on convenience store sales.
[2] Other excluded revenues include automated teller machine and POS system licensing fees.
[3] POS values used to calculate Company C-Store SSSG are not a Parkland financial measure and do not form part of Parkland's consolidated financial statements.
[4] This adjustment excludes 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, to derive a comparable same-store metric.
[5] Percentages are calculated based on actual amounts and are impacted by rounding.

C-Store gross margin percentage

Parkland's Canada segment uses C-Store gross margin to analyze the performance of its convenience and servicing operations at its backcourt. C-Store gross margin includes the margin on goods and services sold at C-Stores operated by retailers 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 C-Store gross margin.

	Three months ended December 31, **2021**	2020	Year ended December 31, **2021**	2020
Adjusted C-Store revenue	**208**	216	**877**	892
Adjusted C-Store cost of sales	**(147)**	(155)	**(622)**	(652)
Adjusted C-store gross margin	**61**	61	**255**	240
C-store gross margin percentage	**29.3 %**	28.2 %	**29.1 %**	26.9 %
C-store revenue	**93**	95	**390**	406
Add:				
POS value of goods and services sold at C-stores operated by retailers[1]	**141**	143	**590**	582
Less:				
Rental income from retailers and others[2]	**(26)**	(22)	**(103)**	(96)
Adjusted C-store revenue	**208**	216	**877**	892
C-store cost of sales	**55**	60	**234**	264
Add:				
Cost of goods and services sold at C-stores operated by retailers[1]	**92**	95	**388**	388
Adjusted C-store cost of sales	**147**	155	**622**	652

[1] POS value of goods and services sold at C-Stores operated by retailers 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, 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 the Acquisitions and other related initiatives. This estimate is stated as a comparison of the acquisitions' performance before and after acquisition, presented as a forecasted annualized run-rate measure. This forward-looking estimate is based on comparative analysis of organizational structures, level of spending, and contract structures, as well as synergies expectations and cost reductions from implementing integration initiatives, increased purchasing power, and contract renegotiations, among other items.

Changes to these assumptions, market conditions, commodity prices, and timing of implementation of initiatives can significantly impact Annual Synergies. See Section 16 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.

	Three months ended December 31,		**Year ended December 31,**	
($ millions)	**2021**	2020	**2021**	2020
Corporate Marketing, General and Administrative expenses	**34**	25	**122**	91
Parkland's gross margin	**700**	606	**2,843**	2,360
Corporate Marketing, General and Administrative expenses as a % of Parkland's gross margin	**4.9 %**	4.1 %	**4.3 %**	3.9 %

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	Capital expenditure metric for activities that are maintenance in nature.	Additions to property, plant and equipment and intangible assets that are considered to be maintenance in nature, including but not limited to: • turnaround and other maintenance projects at the Burnaby Refinery; • upgrades of service stations, including primarily aesthetic major renovations (also known as "refreshes") of retail service stations; • rebrand or refresh of service stations, including securing a supply agreement with a new independent retailer; • replacement of existing concrete structures, paving, roofing, furniture and equipment; • upgrade or replacement of trucking fleets; and • upgrade of software systems or point-of-sale systems. The calculation is adjusted to exclude the portion of additions to maintenance capital expenditures attributable to NCI.	Parkland uses maintenance capital expenditures as a 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.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
Growth capital expenditures attributable to Parkland	Capital expenditure metric for activities that are growth in nature.	Additions to property, plant and equipment and intangible assets that are considered to be growth in nature, including but not limited to: • the new retail site builds under the "new-to-industry" program; • construction of a new building on an existing site; • IT capital expenditures related to the integration of acquired businesses; • acquisition of new real estate; • addition of new trucks and trailers to increase the size of the fleet; • addition of new equipment to increase the size and capacity of a retail fuel service station; and • addition of new infrastructure and tanks to support large new customer contracts. However, acquisitions of businesses and intangibles are not included as part of growth capital expenditures. The calculation is adjusted to exclude the portion of additions to maintenance capital expenditures attributable to NCI.	Parkland uses growth capital expenditures to monitor expenditures on property, plant and equipment and intangible assets that increase the current level of economic activity. The classification of capital as growth or maintenance is subject to judgment, as many of Parkland's capital projects have components of both. A reconciliation of this measure is presented in Section 8 of this MD&A.
Additions to property, plant and equipment and intangible assets attributable to Parkland	Capital expenditure metric that includes both maintenance and growth capital expenditures.	Additions to property, plant and equipment and intangible assets	Parkland uses net additions to property, plant and equipment and intangible assets to monitor additions on property, plant and equipment and intangible assets to sustain the current level of economic activity, provide a growth platform and maintain cash flows from operating activities at a constant level of productive capacity.
Trailing-twelve-months ("TTM") Cash generated from (used in) operating activities	Measure of the amount of cash generated by the company's operations over the last twelve months.	Refer to Parkland's Consolidated Statements of Cash Flows for details on the calculation of cash generated from (used in) operating activities.	TTM cash generated from (used in) operating activities indicates whether a company can generate sufficient positive cash flow to maintain and grow its operations.
TTM Dividends	Measure of the amount of dividends declared by the company over the last twelve months.	Refer to Parkland's Consolidated Statements of Changes in Shareholders' Equity for the amount of dividends declared.	This measure indicates the distribution of corporate profits, based upon the number of shares held in Parkland, to shareholders over the last twelve months.

Supplementary financial measure	Description	Calculation	Why we use the measure and why it is useful
TTM Dividends paid to shareholders, net of dividend reinvestment plan ("DRIP")	Measure of the amount of cash dividends paid by the company over the last twelve months based on dividends declared and excluding the reinvestment of cash dividends into Parkland's enhanced Dividend Reinvestment Plan.	This financial measure is based on dividends declared minus amounts reinvested into DRIP.	This measure indicates the distribution in cash of corporate profits, based upon the number of shares held in Parkland, to shareholders over the last twelve months.
Dividends per share	Measure represents the dividends paid per share for the respective period.	Dividends per share is the sum of the monthly dividends per share declared for the respective period.	This is an important metric to investors because the amount paid out in dividends directly translates to income for the shareholders.
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.

D. Capital management measures

Leverage Ratio

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

	December 31, 2021	December 31, 2020
Leverage Debt	**4,653**	3,246
Leverage EBITDA	**1,394**	1,115
Leverage Ratio	**3.3**	2.9

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

	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	Trailing twelve months ended December 31, 2021
Adjusted EBITDA including NCI	**337**	**344**	**392**	**285**	**1,358**
Share incentive compensation	**6**	**6**	**5**	**11**	**28**
Reverse: IFRS 16 impact[3]	**(42)**	**(39)**	**(42)**	**(41)**	**(164)**
	301	**311**	**355**	**255**	**1,222**
Acquisition pro-forma adjustment[1]					**75**
Other adjustments[2]					**97**
Leverage EBITDA					**1,394**

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

	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	Trailing twelve months ended December 31, 2020
Adjusted EBITDA including NCI	214	208	364	271	1,057
Share incentive compensation	9	4	5	8	26
Reverse: IFRS 16 impact[3]	(45)	(44)	(46)	(46)	(181)
	178	168	323	233	902
Acquisition pro-forma adjustment[1]					20
Other adjustments[2]					193
Leverage EBITDA					1,115

[1] Amounts for the year ended December 31, 2020 include pro-forma pre-acquisition EBITDA estimates as if the acquisitions during the year ended December 31, 2020 occurred on January 1, 2020.
[2] Relates to adjustments for the normalization of the impact from the turnaround, which were estimated based on the lost earnings during the period of Refinery shutdown and other non-recurring costs related to COVID-19.
[3] Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.

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 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 refinery.	A higher utilization generally allows for more efficient operations and lower costs per barrel.
Composite utilization	Composite utilization refers to the amount of crude oil and co-processed bio-feedstock refined through the distillation units and Fluid Catalytic Cracking and Diesel Hydrotreating processing units compared to name-plate crude throughput.	The amount of crude oil and co-processed units expressed as a percentage of the 55,000 barrels per day name-plate distillation capacity at the Burnaby Refinery.	Composite utilization provides meaningful information to investors in evaluating the operational performance of the refinery.	A higher utilization generally allows for more efficient operations and lower costs per barrel.
Crude throughput	Crude throughput refers to the amount of crude oil processed and converted to products in the refinery.	The amount of crude oil that runs through crude distillation units expressed in thousands of barrels per day.	Crude throughput provides meaningful information to investors in evaluating the operational performance of the refinery.	A higher throughput generally allows for more efficient operations and lower costs per barrel.
Bio-feedstock throughput	Bio-feedstock throughput refers to the amount of bio-feedstock such as canola oil and oil derived from animal fats (tallow) co-processed in the refinery using existing infrastructure and equipment.	The amount of co-processed feedstock expressed in thousands of barrels per day.	Bio-feedstock throughput provides meaningful information to investors in evaluating our success and capabilities in delivering low-carbon-intensity fuels.	A higher throughput indicates increased co-processing and our continued development and advancement in lower-carbon-intensity fuels and technologies.
Lost time injury frequency ("LTIF") and total recordable injury frequency ("TRIF")	LTIF and TRIF are industry measures of health and safety that provide the number of lost time incidents and total recordable incidents, respectively, that occurred within a given period relative to a standardized number of hours worked.	LTIF and TRIF are calculated by multiplying the number of incidents by 200,000, divided by the total number of employee hours worked.	Among other important indicators, LTIF and TRIF provide normalized and meaningful information on safety performance. This allows us to help drive improvements and accurately compare ourselves with peers and industry.	A lost time incident is one where an employee sustained a job-related injury or illness and was not able to work their next full shift. Recordable incidents include all instances where medical attention from a medical professional is required, even if the employee is able to work their next shift.

Glossary of terms

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

16. FORWARD-LOOKING INFORMATION

Caution regarding forward-looking information

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

- business objectives and strategy;
- expectations regarding the 2022 Guidance Range, the 2022 Capital Program, the expected 2022 utilization rates at the Burnaby Refinery, and the business outlook contained in this MD&A;
- commitment to drive consistent organic growth annually by investing in growth opportunities, innovatively pursuing opportunities to increase Adjusted gross margin and lower costs, and continuously enhancing customer value and loyalty propositions;
- enterprise-wide sustainability strategy, including Parkland's commitments and ESG goals relating thereto with respect to climate change, safety and emergency preparedness, public transportation and storage, diversity and inclusion and governance and ethic;
- goal to deliver a supply advantage by leveraging our growing scale, product diversity and capital light infrastructure to enhance margins;
- construction of an electric vehicle ultra-fast charging network in British Columbia and the timing thereof;
- commitment to make strategic decisions and innovative investments that contribute to a lower-carbon future;
- expected exercise of the Sol Put Option or the Sol Call Option to acquire the remaining outstanding shares of Sol Investments SEZC and the terms thereof;
- expectations regarding the anticipated benefits, costs and synergies of completed and future acquisitions, including the timing of the synergies, transaction multiples, success and implementation of the systems integration and its additions to Parkland's fuel sales, Adjusted EBITDA and distributable cash flow;
- business and growth strategies, including Parkland's strategic pillars and plans to develop, diversify and decarbonize its operations and the manner in which such strategies will be implemented;
- platform for growth in North America and the Caribbean;

- ability to add incremental value by effectively integrating acquisitions to create synergies and capitalize on consolidation opportunities in the geographies in which we operate;
- ability to safely and reliably operate;
- ability to deliver competitive returns to shareholders;
- expectations regarding the effects of seasonality on demand for products offered by the Canada, USA and International business segments;
- expected capital resources and its ability to meet payment obligations as they come due;
- capital investment philosophy;
- future dividend payments;
- anticipated sources of liquidity to fund maintenance capital, interest, income taxes, targeted dividends and other committed capital expenditures;
- expected sources for growth capital expenditures, future acquisitions and debt servicing payments;
- ability to adjust capital spending and to adjust dividends paid to shareholders; and
- expectations regarding the benefits of Parkland's completed, pending and future acquisitions.

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

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

- prevailing and expected market conditions;
- the regulatory framework that governs the operation of Parkland's business;
- customer trends and preferences;
- the effect of COVID-19 on Parkland's business;
- Parkland's ability to successfully integrate completed acquisitions into its operations;
- Parkland's ability to identify and successfully negotiate accretive acquisitions;
- Parkland's ability to realize synergies and cost reductions from the implementation of integration initiatives, increased purchasing power, and contract renegotiations, among other items;
- 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 high-quality petroleum products;
- refining crack spreads per barrel;
- financial market conditions, including interest rates and US-Dollar and other foreign exchange rates;
- ability of suppliers to meet commitments;
- ability to retain key management;
- Parkland's future debt levels;
- Parkland's ability to generate sufficient cash flows from operations to meet its current and future obligations;
- future capital expenditures to be made by Parkland;
- access to, and terms of, future sources of funding for Parkland's capital program; and
- Parkland's ability to continue to compete in a competitive landscape, as well as the additional factors referenced in the Annual Information Form.

These forward-looking statements involve numerous assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein is based upon Parkland's current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties including, without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under the heading "Risk Factors" in the Annual Information Form. More specifically, certain material factors and assumptions that could cause actual results to vary materially from those anticipated include, without limitation:

- general market conditions, including the duration and effect of COVID-19;
- ability to execute on our business and growth strategy and realize the benefits therefrom;
- ability to meet environmental, social and governance and low-carbon targets;
- ability to realize the benefits from our core capabilities;
- ability to capture value in each step of the value chain;

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

17. FOURTH QUARTER SEGMENT INFORMATION

Segment information	Canada		International		USA[4]		Supply[4]		Corporate		Consolidated	
Three months ended December 31,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Fuel and petroleum product volume (million litres)[1]	**2,293**	2,220	**1,541**	1,244	**1,394**	814	**1,170**	1,207	**–**	—	**6,398**	5,485
Sales and operating revenue[2]	**2,443**	1,614	**1,542**	889	**1,414**	534	**887**	469	**–**	—	**6,286**	3,506
Cost of purchases	**2,175**	1,372	**1,368**	726	**1,280**	478	**734**	314	**–**	—	**5,557**	2,890
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	**216**	196	**151**	140	**87**	26	**147**	150	**–**	—	**601**	512
Gain (loss) on risk management and other - realized	**1**	—	**(17)**	(9)	**(6)**	2	**(6)**	(5)	**–**	—	**(28)**	(12)
Gain (loss) on foreign exchange - realized	**–**	(1)	**1**	—	**–**	—	**1**	4	**–**	2	**2**	5
Other adjusting items to adjusted gross margin	**–**	—	**(3)**	—	**–**	—	**–**	—	**–**	(3)	**(3)**	(3)
Fuel and petroleum product adjusted gross margin	**217**	195	**132**	131	**81**	28	**142**	149	**–**	(1)	**572**	502
Convenience and other non-fuel adjusted gross margin	**52**	46	**23**	23	**47**	30	**6**	5	**–**	—	**128**	104
Total adjusted gross margin	**269**	241	**155**	154	**128**	58	**148**	154	**–**	(1)	**700**	606
Operating costs[3]	**122**	107	**40**	43	**64**	38	**82**	68	**–**	—	**308**	256
Marketing, general and administrative[3]	**30**	22	**24**	19	**23**	12	**8**	5	**34**	25	**119**	83
Share in (earnings) loss of associates and joint ventures	**–**	—	**(5)**	(1)	**–**	—	**–**	—	**–**	—	**(5)**	(1)
Other adjusting items to Adjusted EBITDA[6]	**–**	—	**(7)**	(3)	**–**	—	**–**	—	**–**	—	**(7)**	(3)
Adjusted EBITDA including NCI	**117**	112	**103**	96	**41**	8	**58**	81	**(34)**	(26)	**285**	271
Attributable to NCI	**–**	—	**25**	24	**–**	—	**–**	—	**–**	—	**25**	24
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**117**	112	**78**	72	**41**	8	**58**	81	**(34)**	(26)	**260**	247
Reconciliation to net earnings (loss)												
Adjusted EBITDA including NCI											**285**	271
Acquisition, integration and other costs											**24**	14
Depreciation and amortization											**156**	144
Finance costs											**86**	58
(Gain) loss on foreign exchange – unrealized											**6**	—
(Gain) loss on asset disposals											**(5)**	1
(Gain) loss on risk management and other – unrealized											**(11)**	(11)
Other (gains) and losses											**20**	(29)
Other adjusting items											**4**	—
Income tax expense (recovery)											**(22)**	30
Net earnings (loss)											**27**	64
Additions to property, plant and equipment and intangible assets[5]	**115**	41	**23**	28	**27**	4	**43**	12	**5**	7	**213**	92
Attributable to NCI	**–**	—	**6**	8	**–**	—	**–**	—	**–**	—	**6**	8
Additions to property, plant and equipment and intangible assets attributable to Parkland	**115**	41	**17**	20	**27**	4	**43**	12	**5**	7	**207**	84
Property, plant and equipment, intangible asset and goodwill acquisitions[5]	**5**	8	**–**	—	**515**	126	**–**	—	**–**	—	**520**	134

(1) Fuel and petroleum product volume represents external volumes only. Inter-segment volumes are excluded.
(2) See section (a) for further details on sales and operating revenue.
(3) Operating costs and marketing, general and administrative expenses are both presented net of Canada Emergency Wage Subsidy of nil and nil, respectively (2020 - $5 million and $6 million).
(4) For comparative purposes, information for the three months ended December 31, 2020 was restated due to a change in segment presentation as described in Note 2(c) of the Annual Consolidated Financial Statements for the year ended December 31, 2021. Additionally, certain amounts within fuel and petroleum product volumes, sales and operating revenue, and cost of purchases were restated and reclassified to conform to the presentation used in the current period.
(5) Property, plant and equipment additions and acquisitions do not include the right-of-use asset.
(6) Other adjusting items to Adjusted EBITDA include, for International: share of depreciation and income taxes for the Isla joint venture of $4 million (2020 - nil) - see Note 11 in Annual Consolidated Financial Statements.

(a) Sales and operating revenue by product

	Canada		International		USA[5]		Supply[5]		Consolidated	
For the three months ended December 31,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Gas and diesel[5]	**2,236**	1,433	**1,223**	737	**1,227**	411	**432**	225	**5,118**	2,806
Liquid petroleum gas[1]	**74**	50	**26**	16	**7**	3	**186**	106	**293**	175
Other fuel and petroleum products[2][5]	**–**	—	**261**	105	**8**	4	**262**	132	**531**	241
Fuel and petroleum product revenue	**2,310**	1,483	**1,510**	858	**1,242**	418	**880**	463	**5,942**	3,222
Convenience store[3]	**93**	95	**2**	3	**63**	29	**–**	—	**158**	127
Lubricants and other[4][5]	**40**	36	**30**	28	**109**	87	**7**	6	**186**	157
Convenience and other non-fuel revenue	**133**	131	**32**	31	**172**	116	**7**	6	**344**	284
Sales and operating revenue	**2,443**	1,614	**1,542**	889	**1,414**	534	**887**	469	**6,286**	3,506

(1) Liquid petroleum gas includes propane and butane.
(2) Other fuel and petroleum products include crude oil, aviation fuel, asphalt, fuel oils, gas oils, ethanol and biodiesel.
(3) Convenience store revenue generated from Canada, International, and USA depends on the business model operated by each segment, and includes sale of merchandise, suppliers' rebates and rental income from retailers in the form of a percentage rent on convenience store sales.
(4) Lubricants and other include lubricants, equipment and facilities rentals, freight, tanks and parts installation, cylinder exchanges, royalties, emission allowances and other products and services.
(5) For comparative purposes, information for the three months ended December 31, 2020 was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the year ended December 31, 2021. Additionally, certain amounts within sales and operating revenue were restated and reclassified to conform to the presentation used in the current period.