Parkland Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and six months ended June 30, 2021

PARKLAND

Parkland Corporation

Consolidated Balance Sheets
(Unaudited)

($ millions)	Note	**June 30, 2021**	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		**437**	262
Restricted cash		**65**	34
Accounts receivable		**1,081**	790
Inventories		**951**	650
Income taxes receivable		**17**	36
Risk management and other derivatives	7	**82**	47
Prepaid expenses and other		**101**	59
Assets held for sale	4	**79**	—
		2,813	1,878
Property, plant and equipment		**3,716**	3,806
Intangible assets		**937**	949
Goodwill		**1,983**	1,864
Long-term receivables		**80**	80
Other long-term assets	5	**256**	354
Deferred tax assets		**187**	163
		9,972	9,094
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**1,724**	1,212
Dividends declared and payable		**16**	16
Income taxes payable		**23**	19
Long-term debt – current portion	6	**109**	114
Provisions and other liabilities – current portion	8	**61**	233
Risk management and other derivatives	7	**79**	31
Liabilities held for sale	4	**12**	—
		2,024	1,625
Long-term debt	6	**4,415**	3,861
Provisions and other liabilities	8	**1,039**	1,036
Deferred tax liabilities		**310**	306
		7,788	6,828
Shareholders' equity			
Shareholders' capital	9	**2,498**	2,440
Contributed surplus		**52**	50
Accumulated other comprehensive income (loss)		**(42)**	(28)
Sol Put Option reserve	8	**(494)**	(494)
Retained earnings (deficit)		**(170)**	(49)
Non-controlling interest ("NCI")		**340**	347
		2,184	2,266
		9,972	9,094

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Income (Loss)
(Unaudited)

($ millions, unless otherwise stated)	Note	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Sales and operating revenue		**5,021**	2,691	**9,254**	7,007
Expenses					
Cost of purchases		**4,289**	2,194	**7,819**	5,950
Operating costs		**263**	218	**507**	502
Marketing, general and administrative		**95**	64	**182**	163
Acquisition, integration and other costs		**11**	8	**16**	29
Depreciation and amortization		**154**	153	**308**	302
Finance costs	11	**93**	66	**176**	129
Foreign exchange (gain) loss		**(1)**	(7)	**(6)**	28
(Gain) loss on asset disposals		**3**	(5)	**2**	(1)
(Gain) loss on risk management and other derivatives		**51**	17	**101**	(31)
Other (gains) and losses	12	**109**	(45)	**151**	9
Earnings (loss) before income taxes		**(46)**	28	**(2)**	(73)
Current income tax expense (recovery)		**(12)**	(11)	**11**	(12)
Deferred income tax expense (recovery)		**16**	8	**(1)**	(18)
Net earnings (loss)		**(50)**	31	**(12)**	(43)
Net earnings (loss) attributable to:					
Parkland		**(57)**	32	**(26)**	(47)
NCI		**7**	(1)	**14**	4
Net earnings (loss) per share ($ per share)					
Basic		**(0.38)**	0.22	**(0.17)**	(0.32)
Diluted		**(0.38)**	0.21	**(0.17)**	(0.32)
Weighted average number of common shares (000's of shares)		**150,903**	148,822	**150,572**	148,598
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)		**150,903**	150,661	**150,572**	148,598

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

($ millions, unless otherwise stated)	Note	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Net earnings (loss)		**(50)**	31	**(12)**	(43)
Other comprehensive income (loss):					
Items that may be reclassified to consolidated statements of income (loss) in subsequent periods, net of tax:					
Exchange differences on translation of foreign operations		**(41)**	(64)	**(70)**	90
Gains (losses) on net investment hedge	6	**21**	63	**39**	(65)
Changes in the fair value of cash flow hedges		**3**	—	**3**	—
Hedging (gains) losses reclassified to the consolidated statements of income (loss)		**(1)**	—	**(1)**	—
Other comprehensive income (loss)		**(18)**	(1)	**(29)**	25
Total comprehensive income (loss)		**(68)**	30	**(41)**	(18)
Total comprehensive income (loss) attributable to:					
Parkland		**(66)**	44	**(40)**	(45)
NCI		**(2)**	(14)	**(1)**	27

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

($ millions)	Note	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income (loss)	Sol Put Option reserve	Retained earnings (deficit)	NCI	Total shareholders' equity
As at January 1, 2021		**2,440**	**50**	**(28)**	**(494)**	**(49)**	**347**	**2,266**
Net earnings (loss)		**–**	**–**	**–**	**–**	**(26)**	**14**	**(12)**
Other comprehensive income (loss)		**–**	**–**	**(14)**	**–**	**–**	**(15)**	**(29)**
Dividends		**–**	**–**	**–**	**–**	**(95)**	**(6)**	**(101)**
Share incentive compensation		**–**	**12**	**–**	**–**	**–**	**–**	**12**
Shares issued under the ATM equity program, net of costs	9	**21**	**–**	**–**	**–**	**–**	**–**	**21**
Issued under dividend reinvestment plan, net of costs	9	**29**	**–**	**–**	**–**	**–**	**–**	**29**
Issued under share option plan	9	**4**	**–**	**–**	**–**	**–**	**–**	**4**
Issued on vesting of restricted share units	9	**4**	**(10)**	**–**	**–**	**–**	**–**	**(6)**
As at June 30, 2021		**2,498**	**52**	**(42)**	**(494)**	**(170)**	**340**	**2,184**
As at January 1, 2020		2,382	27	(10)	(494)	53	351	2,309
Net earnings (loss)		—	—	—	—	(47)	4	(43)
Other comprehensive income (loss)		—	—	2	—	—	23	25
Shares issued on the ConoMart Acquisition		1	—	—	—	—	—	1
Dividends		—	—	—	—	(90)	—	(90)
Share incentive compensation		—	12	—	—	—	—	12
Issued under dividend reinvestment plan, net of costs	9	20	—	—	—	—	—	20
Issued under share option plan	9	6	(1)	—	—	—	—	5
Issued on vesting of restricted share units	9	4	(4)	—	—	—	—	—
As at June 30, 2020		2,413	34	(8)	(494)	(84)	378	2,239

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Cash Flows
(Unaudited)

		Three months ended June 30,		Six months ended June 30,	
($ millions)	Note	**2021**	2020	**2021**	2020
Operating activities					
Net earnings (loss)		**(50)**	31	**(12)**	(43)
Adjustments for:					
Depreciation and amortization		**154**	153	**308**	302
(Gain) loss on asset disposals		**3**	(5)	**2**	(1)
Interest on leases and long-term debt	11	**54**	59	**108**	118
Share incentive compensation		**5**	7	**12**	10
Change in risk management and other derivatives		**6**	25	**15**	(28)
Change in other liabilities and other assets		**9**	3	**23**	24
Change in fair value of Redemption Options	12	**31**	(31)	**90**	74
Change in redemption value of Sol Put Option	7,8,12	**80**	(41)	**72**	(54)
Deferred tax expense (recovery)		**16**	8	**(1)**	(18)
Share of earnings from investment in associate	5,12	**(2)**	(2)	**(4)**	(4)
Early redemption premiums	11	**34**	3	**51**	3
Other operating activities		**4**	(6)	**(3)**	14
Net change in non-cash working capital related to operating activities	3	**(22)**	425	**(75)**	560
Cash generated from (used in) operating activities		**322**	629	**586**	957
Financing activities					
Net proceeds from (repayments of) the Credit Facility	6	**(128)**	(133)	**(156)**	114
Long-term debt repayments, excluding the Credit Facility	6	**(1,428)**	(14)	**(1,430)**	(22)
Proceeds from long-term debt, net of financing costs, excluding the Credit Facility	6	**1,580**	396	**2,174**	396
Payments for early redemption premiums	11	**(51)**	—	**(51)**	—
Payments for interest on leases and long-term debt	11	**(58)**	(65)	**(109)**	(117)
Payments on principal amount on leases		**(33)**	(35)	**(68)**	(74)
Change in provisions and other liabilities	8	**–**	(11)	**(194)**	(148)
Dividends paid to shareholders, net of dividend reinvestment plan		**(34)**	(39)	**(66)**	(70)
Dividends paid to non-controlling interest		**–**	—	**(6)**	—
Shares issued for cash, net of share issuance costs		**21**	—	**21**	—
Cash generated from (used in) financing activities		**(131)**	99	**115**	79
Investing activities					
USA Acquisitions and others	10	**(278)**	(14)	**(359)**	(78)
Dividends received from investment in associate, net of contributions	5	**2**	10	**10**	10
Expenditures on property, plant and equipment and intangible assets		**(67)**	(77)	**(127)**	(235)
Change in long-term receivables		**(1)**	4	**(1)**	9
Proceeds on asset disposals		**1**	5	**6**	8
Cash generated from (used in) investing activities		**(343)**	(72)	**(471)**	(286)
Increase (decrease) in net cash		**(152)**	656	**230**	750
Impact of foreign currency translation on cash		**(18)**	(18)	**(24)**	15
Net cash at beginning of period		**672**	384	**296**	257
Net cash at end of period		**502**	1,022	**502**	1,022
Represented by:					
Cash and cash equivalents		**437**	1,003	**437**	1,003
Restricted cash		**65**	19	**65**	19
Net cash		**502**	1,022	**502**	1,022
Supplementary cash flow information:					
Income taxes refunded (paid)		**(6)**	(3)	**17**	(70)

See accompanying notes to the interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

These interim condensed consolidated financial statements were approved for issue by the Board of Directors on August 5, 2021.

(b) Basis of measurement

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

(c) Presentation and functional currency

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

Interest paid on long-term debt and leases, formerly included in "Cash generated from (used in) operating activities" is now included in "Cash generated from (used in) financing activities". The new presentation provides more accurate and relevant presentation of cash flows to the users as it better aligns the interest payments with the use of the proceeds from financing, such as business acquisitions or repayment of debt balances. In addition, as some of the interest expense relates to leases recognized under IFRS 16 - Leases, it is viewed more as a financing activity in nature rather than operating. The change did not result in a material impact and only affected the presentation of interest paid in the Consolidated Statement of Cash Flows, which is disclosed in Note 3.

(d) Accounting policies

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

(e) Use of estimates and judgments

The preparation of Parkland's financial statements requires management to make estimates, assumptions and judgments (including those affected by and related to the future effects of the COVID-19 pandemic) that affect the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments used in the preparation of the interim condensed consolidated financial statements are described in Parkland's Annual Consolidated Financial Statements.

(f) Change in segment presentation

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

($ millions, unless otherwise stated)

Amended standards adopted by Parkland

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

In response to the interest rate benchmark (IBOR) reform (Phase 2), effective January 1, 2021, Parkland has adopted the new guidance issued by the IASB that provides the use of a practical expedient to account for the change in the basis for determining the contractual cash flows as a result of the cessation of the London Interbank Offered Rate (LIBOR) benchmark. Some of the components of Parkland's existing Credit Facility are based on the LIBOR interest rate benchmark. As at June 30, 2021, Parkland has not yet transitioned to a different benchmark as the LIBOR benchmark is still being published. Parkland is in negotiations with the lenders to plan for the future transition. Upon the cessation of the LIBOR, Parkland will apply the new guidance to assess the impact of adopting the new interest rate benchmark on the financial statements.

3. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Accounts receivable	**(128)**	254	**(307)**	374
Inventories	**(171)**	49	**(278)**	275
Prepaid expenses and other	**(45)**	(2)	**(46)**	(8)
Accounts payable and accrued liabilities	**333**	163	**525**	17
Income taxes payable	**(10)**	1	**10**	(53)
Income taxes receivable	**(8)**	(17)	**18**	(28)
Deferred revenue	**7**	(23)	**3**	(17)
Total net change in non-cash working capital related to operating activities	**(22)**	425	**(75)**	560

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

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

($ millions, unless otherwise stated)

4. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On May 17, 2021, Parkland announced that Sol Investments SEZC (with its subsidiaries, "Sol"), a non-wholly owned subsidiary of Parkland, has entered into agreements through its subsidiaries to (i) acquire a 50% indirect ownership in Isla Dominicana de Petroleo Corp. through the contribution of cash and Sol's existing business in the Dominican Republic, consisting of approximately 80 retail locations, commercial and aviation marketing operations, for total consideration of $188 (the "Isla Transaction"), and (ii) purchase an integrated fuel marketing business with operations in St. Maarten for purchase consideration of $53, which includes settlement of certain existing contracts and outstanding receivables (the "St. Maarten Transaction"). The Isla Transaction and the St. Maarten Transaction (collectively, the "International Transactions") subsequently closed on July 1, 2021 and July 17, 2021, respectively.

The assets and liabilities to be exchanged or settled as part of the International Transactions were reclassified as held for sale as at June 30, 2021 as presented below.

	June 30, 2021
Assets classified as held for sale:	
Inventories	**2**
Prepaid expenses and other	**1**
Property, plant and equipment	**66**
Intangible assets	**7**
Other long-term assets	**3**
Total assets held for sale	**79**
Liabilities directly associated with assets classified as held for sale:	
Deferred tax liabilities	**(12)**
Total liabilities held for sale	**(12)**

5. OTHER LONG-TERM ASSETS

	Note	**June 30, 2021**	December 31, 2020
Investment in associate[1]		**145**	158
Redemption Options	7	**87**	156
Long-term prepaid expenses, deposits and other assets		**24**	40
		256	354

[1] Investment in associate includes an investment in Société Anonyme de la Raffinerie des Antilles ("SARA Refinery").

($ millions, unless otherwise stated)

6. LONG-TERM DEBT

	June 30, 2021	December 31, 2020
Credit Facility (a)	**514**	686
Unamortized deferred financing costs	**(7)**	(2)
	507	684
Senior Notes (b)		
5.75% Senior Notes[1]	**–**	300
5.625% Senior Notes[1]	**–**	500
6.00% US$500 Senior Notes[1]	**–**	638
3.875% Senior Notes, due 2026[2]	**600**	—
6.50% Senior Notes, due 2027	**300**	300
5.875% US$500 Senior Notes, due 2027	**620**	638
6.00% Senior Notes, due 2028	**400**	400
4.375% Senior Notes, due 2029 [2]	**600**	—
4.50% US$800 Senior Notes, due 2029[2]	**992**	—
Unamortized premium: Redemption Options[2]	**41**	30
Unamortized discount: deferred financing costs	**(42)**	(32)
	3,511	2,774
Other notes	**7**	11
Credit Facility, Senior Notes and Other notes	**4,025**	3,469
Lease obligations[3]	**499**	506
Total long-term debt	**4,524**	3,975
Less: current portion of Credit Facility, Senior Notes and Other notes	**(4)**	(6)
Less: current portion of Lease obligations	**(105)**	(108)
Long-term debt	**4,415**	3,861

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

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

	2021	**2022**	**2023**	**2024**	**2025**	**Thereafter**	**Interest included in minimum lease payments**	**Total**
Credit Facility (a)	**–**	**–**	**–**	**–**	**–**	**514**	**–**	**514**
Senior Notes (b)								
3.875% Senior Notes, due 2026	**–**	**–**	**–**	**–**	**–**	**600**	**—**	**600**
6.50% Senior Notes, due 2027	**–**	**–**	**–**	**–**	**–**	**300**	**–**	**300**
5.875% US Senior Notes, due 2027	**–**	**–**	**–**	**–**	**–**	**620**	**–**	**620**
6.00% Senior Notes, due 2028	**–**	**–**	**–**	**–**	**–**	**400**	**–**	**400**
4.375% Senior Notes, due 2029	**–**	**–**	**–**	**–**	**–**	**600**	**–**	**600**
4.50% US Senior Notes, due 2029	**–**	**–**	**–**	**–**	**–**	**992**	**–**	**992**
Other notes	**3**	**1**	**2**	**1**	**–**	**–**	**–**	**7**
Undiscounted Future Lease Payments	**76**	**114**	**85**	**64**	**44**	**284**	**(168)**	**499**
	79	**115**	**87**	**65**	**44**	**4,310**	**(168)**	**4,532**

($ millions, unless otherwise stated)

(a) Credit Facility

On March 25, 2021, Parkland's existing syndicated credit facility was amended to expand the available facility and extend the maturity date (the "Credit Facility"). The Credit Facility includes a combined revolving facility amount of $1,715 and US$155 with a maturity date of March 25, 2026. The revolving facilities are extendible each year for a rolling five-year period at Parkland's option, subject to approval by the lenders. Security on the Credit Facility consists of the assignment of insurance and priority interests on all present and future Parkland properties and assets. Additionally, certain subsidiaries have provided security in connection with the Credit Facility.

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

	Maturity date	Effective rate[1]	Balance
$1,715 Canadian Revolving Facility	March 25, 2026	1.79 %	**474**
US$155 Revolving Facility[2]	March 25, 2026	6.27 %	**40**
Outstanding borrowings under the Credit Facility			**514**

[1] The credit facility is subject to a floating interest rate.
[2] As at June 30, 2021, the US Revolving Facility consisted primarily of debt in local Caribbean currencies, with interest rates ranging from 5.3 percent to 7.3 percent.

Parkland provides guarantees on behalf of its subsidiaries in the form of letters of credit and surety bonds in the ordinary course of business. As at June 30, 2021, these guarantees amounted to $293 (December 31, 2020 - $261) and are not recognized in the interim condensed consolidated financial statements. Maturity dates for these guarantees vary and are up to and including April 5, 2023.

As at June 30, 2021, Parkland provided $2,763 (December 31, 2020 - $2,601) of unsecured guarantees to counterparties of commodities swaps and purchase and supply agreements of crude oil, fuel and other petroleum products.

(b) Senior Notes

The Senior Notes are unsecured obligations guaranteed by Parkland's subsidiaries and contain covenants that limit Parkland's ability to incur additional debt, make certain restricted payments and investments, create liens, enter into transactions with affiliates, and consolidate, merge, transfer or sell all or substantially all of its property and assets. Interest on the Senior Notes is paid semi-annually and is recorded in finance costs. See Note 11.

4.375% $600 Senior Notes, due 2029

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

4.50% US$800 Senior Notes, due 2029

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

3.875% $600 Senior Notes, due 2026

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

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

The $300 5.75% Senior Notes were redeemed for 102.875% of the principal amount on April 9, 2021. The US$500 6.00% Senior Notes were redeemed for 104.5% of the principal amount on April 14, 2021. The $500 5.625% Senior Notes were redeemed for 102.813% of the principal amount on May 10, 2021. The loss on the exercise of the prepayment options was recorded in finance costs. See Note 11.

($ millions, unless otherwise stated)

(c) Net Investment Hedge

Parkland has designated certain USD-denominated debt and payable balances as a net investment hedge to mitigate foreign exchange risk related to foreign operations for which the US dollar is the functional currency. During the three and six months ended June 30, 2021, Parkland recognized foreign exchange gains, net of tax, of $21 and $39, respectively (2020 - gain, net of tax, of $63 and loss, net of tax, of $65) on these balances, representing the effective portion of the hedge in other comprehensive income (loss), offsetting exchange differences on translation of foreign operations.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

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

(a) Fair value measurement hierarchy

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

		Fair value as at June 30, 2021			
	Note	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Risk management derivatives					
Commodities swaps, forwards and futures contracts		–	11	–	11
Currency forward exchange contracts		–	8	–	8
Other derivatives					
Emission credits and allowances		–	63	–	63
Risk management and other derivatives - assets		–	82	–	82
Risk management derivatives					
Commodities swaps, forwards and futures contracts		–	(57)	–	(57)
Other derivatives					
Emission credits and allowances		–	(22)	–	(22)
Risk management and other derivatives - liabilities		–	(79)	–	(79)
Other items included in other long-term assets					
Redemption Options	5	–	87	–	87
Other items included in other long-term assets		–	87	–	87
Other items included in provisions and other liabilities					
Sol Put Option	8	–	–	(563)	(563)
Other items included in provisions and other liabilities		–	–	(563)	(563)

($ millions, unless otherwise stated)

	Note	Fair value as at December 31, 2020 Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Risk management derivatives					
Commodities swaps, forwards and futures contracts		—	3	—	3
Currency forward exchange contracts		—	12	—	12
Other derivatives					
Emission credits and allowances		—	32	—	32
Risk management and other derivatives - assets		—	47	—	47
Risk management derivatives					
Commodities swaps, forwards and futures contracts		—	(20)	—	(20)
Other derivatives					
Emission credits and allowances		—	(11)	—	(11)
Risk management and other derivatives - liabilities		—	(31)	—	(31)
Other items included in other long-term assets					
Redemption Options	5	—	156	—	156
Others	5	—	—	13	13
Other items included in other long-term assets		—	156	13	169
Other items included in provisions and other liabilities					
Intermediation Facility Derivatives	8	—	(5)	—	(5)
Sol Put Option	8	—	—	(503)	(503)
Other items included in provisions and other liabilities		—	(5)	(503)	(508)

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

(b) Other financial instruments

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, and dividends declared and payable approximate their fair values as at June 30, 2021 due to the short-term nature of these instruments. The carrying value of long-term receivables approximates fair value as at June 30, 2021, as Parkland currently issues loans and advances to dealers and customers at market terms. The Senior Notes have a carrying value of $3,511 and an estimated fair value of $3,645 as at June 30, 2021 (December 31, 2020 - $2,776 and $2,947, respectively). The carrying value of other long-term debt and other liabilities approximates fair value as at June 30, 2021, as the interest rate on the other long-term debt is adjusted periodically or liabilities were recently incurred.

(c) Offsetting

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

	June 30, 2021			December 31, 2020		
	Gross amount	**Amount offset**	**Net**	Gross amount	Amount offset	Net
Risk management and other derivatives — assets	**92**	**(10)**	**82**	54	(7)	47
Risk management and other derivatives — liabilities	**(89)**	**10**	**(79)**	(38)	7	(31)

($ millions, unless otherwise stated)

8. PROVISIONS AND OTHER LIABILITIES

	Note	**June 30, 2021**	December 31, 2020
Intermediation Facility (a)		**–**	194
Asset retirement obligations - current (b)		**31**	14
Environmental provision - current		**2**	2
Deferred revenue		**21**	19
Short-term deposits, provisions and other		**7**	4
Provisions and other liabilities - current		**61**	233
Sol Put Option (c)	7	**563**	503
Asset retirement obligations - non-current (b)		**332**	373
Environmental Provision - non-current		**67**	86
Employee benefits and other		**38**	39
Long-term deposits, provisions and other		**27**	23
DSU liability		**12**	12
Provisions and other liabilities - non-current		**1,039**	1,036

(a) Intermediation Facility and Intermediation Facility Derivatives

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

For the three and six months ended June 30, 2021, a realized loss of nil and $16, respectively (2020 - realized loss of $20 and gain of $35), and an unrealized gain of nil and nil, respectively (2020 - unrealized gain of nil and $9), relating to the Intermediation Facility Derivatives are included within cost of purchases on the consolidated statements of income (loss).

(b) Asset retirement obligations

	Note	**January 1, 2021 to June 30, 2021**	January 1, 2020 to December 31, 2020
Asset retirement obligations, beginning of period		**387**	336
Additional provisions made in the period		**8**	12
USA and other acquisitions	10	**8**	7
Obligations settled during the period		**(2)**	(6)
Change due to passage of time, discount rate and inflation rate		**(34)**	40
Change due to foreign exchange		**(4)**	(2)
Asset retirement obligations, end of period		**363**	387
Current		**31**	14
Non-current		**332**	373
Asset retirement obligations, end of period		**363**	387

As at June 30, 2021, the inflation rate used to determine the value of future asset retirement costs ranged from 2.20% to 2.26% (December 31, 2020 - 2.20% to 2.26%) and the discount rate used to determine the present value of the future asset retirement costs is 3.46% (December 31, 2020 - 2.64% to 2.99%). The total undiscounted estimated future cash flows required to settle Parkland's asset retirement obligations ("ARO") were $612 as at June 30, 2021 (December 31, 2020 - $603). These costs are expected to be paid up to the year 2071 (December 31, 2020 - 2070).

(c) Sol Put Option

	Note	**January 1, 2021 to June 30, 2021**	January 1, 2020 to December 31, 2020
Sol Put Option, beginning of period		**503**	486
Change in redemption value of Sol Put Option	12	**72**	23
Exchange differences		**(12)**	(6)
Sol Put Option, end of period		**563**	503

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

9. SHAREHOLDERS' CAPITAL

(a) Shareholders' capital

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

	January 1, 2021 to June 30, 2021		January 1, 2020 to December 31, 2020	
	Number of common shares (000's)	**Amount ($ millions)**	Number of common shares (000's)	Amount ($ millions)
Shareholders' capital, beginning of period	**150,054**	**2,440**	148,205	2,382
Shares issued on ConoMart Acquisition	**—**	**—**	48	1
Shares issued under the ATM equity program, net of costs	**519**	**21**	—	—
Issued under dividend reinvestment plan, net of costs	**721**	**29**	1,251	47
Issued under share option plan	**133**	**4**	451	11
Issued on vesting of restricted share units	**202**	**4**	99	(1)
Shareholders' capital, end of period	**151,629**	**2,498**	150,054	2,440

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

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

On March 25, 2021, Parkland established an at-the-market ("ATM") equity program, which allows Parkland to issue up to $250 of common shares (the "Aggregate Offering Price") from treasury to the public at prevailing market prices. The common shares issuable under the ATM program are qualified for distribution under a prospectus supplement dated March 25, 2021 to the Shelf Prospectus. The ATM program will be effective until the Shelf Prospectus expires or common shares having aggregate gross proceeds equal to the Aggregate Offering Price have been issued, unless it is terminated prior to such date by Parkland or otherwise in accordance with the terms of the equity distribution agreement governing the ATM program. The volume and timing of sales, if any, will be determined by Parkland, subject to regulatory requirements. During the three and six months ended June 30, 2021, Parkland issued 519 thousand common shares under the ATM equity program at a weighted average price of $40.70 per share for aggregated proceeds of $21, net of share issuance costs of $0.21.

($ millions, unless otherwise stated)

10. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS

(a) USA Acquisitions

Parkland successfully completed the acquisition of Conrad & Bischoff Inc. and its related companies (collectively, "C&B") on April 7, 2021. C&B is a well-established retail, commercial, wholesale and lubricants business based in Idaho Falls, Idaho, which expands Parkland's presence in the Idaho-, Utah-, Nevada- and Montana-based markets. The C&B Acquisition was accounted for as a business combination and was financed through cash flows from operations and the Credit Facility, and the purchase consideration was settled in cash.

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

	Note	**C&B**
Assets		
Accounts receivable[1]		**15**
Prepaid expenses and other		**1**
Inventories		**39**
Property, plant and equipment		**98**
Property, plant and equipment - right-of-use assets		**3**
Intangible assets		**51**
		207
Liabilities		
Accounts payable and accrued liabilities[2]		**(30)**
Long-term debt - lease liability		**(3)**
Asset retirement obligations	8	**(5)**
Deferred tax liability		**(7)**
		(45)
Goodwill arising on acquisition[3]		**110**
Net assets acquired		**272**
Fair value analysis of purchase consideration transferred		
Cash paid on acquisition date, less cash assumed of $2		**267**
Working capital adjustment		**5**
Purchase consideration transferred		**272**

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

Since the acquisition date, sales and operating revenue of $168 and net earnings of $1 attributable to the C&B Acquisition are included in the consolidated statements of comprehensive income (loss). The estimated consolidated sales and operating revenue and net loss of Parkland would have been approximately $5,030 and $50, respectively, for the three months ended June 30, 2021, and $9,398 and $10, respectively, for the six months ended June 30, 2021, if the C&B Acquisition was completed on January 1, 2021. Although these amounts represent Parkland's best estimate, there can be no assurance that these would have been the actual results had the C&B Acquisition occurred on January 1, 2021.

($ millions, unless otherwise stated)

Additionally, Parkland successfully completed the acquisition of the assets of Story Distributing Company and its affiliates (collectively, "Story") on February 1, 2021. Story is a retail and commercial fuel business based in Bozeman, Montana, which expands Parkland's presence in the Montana- and Idaho-based market. The Story Acquisition was accounted for as a business combination and was financed through cash flows from operations and the Credit Facility, and the purchase consideration was settled in cash. Parkland expects to finalize purchase price allocation no later than one year from the acquisition date.

(b) Other acquisitions

Parkland completed the acquisition of two Midwest liquid petroleum gas ("LPG") terminals on January 22, 2021, expanding on the existing integrated logistics business and enhancing Parkland's overall LPG supply optionality. The acquisition was accounted for as an asset acquisition and was financed through cash flows from operations and the Credit Facility, and the purchase consideration was settled in cash.

11. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Interest on leases	**7**	8	**15**	16
Interest on long-term debt	**47**	51	**93**	102
Loss on modification of long-term debt [1]	**35**	3	**59**	3
Amortization, accretion and other finance costs	**4**	4	**9**	8
	93	66	**176**	129

[1] The loss on modification of long-term debt for the three and six months ended June 30, 2021 includes early redemption premium of $34 and $51, respectively (2020 - $3 and $3), and amortization of deferred financing costs net of amortization of premium on redemption options of $1 and $8, respectively (2020 - nil and nil), on the redeemed senior notes.

12. OTHER (GAINS) AND LOSSES

		Three months ended June 30,		Six months ended June 30,	
	Note	**2021**	2020	**2021**	2020
Change in redemption value of Sol Put Option	8	**80**	(41)	**72**	(54)
Change in fair value of Redemption Options	7	**31**	(31)	**90**	74
Change in estimates of environmental provision[1]	8	**–**	30	**(19)**	2
Share in earnings from investment in associate	5	**(2)**	(2)	**(4)**	(4)
Other		**–**	(1)	**12**	(9)
		109	(45)	**151**	9

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

13. SEGMENT INFORMATION

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

Segment information	Canada		International		USA[6]		Supply[6]		Corporate		Consolidated	
For the three months ended June 30,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Fuel and petroleum product volume (million litres)[1]	**2,110**	1,828	**1,202**	1,222	**1,351**	712	**1,097**	968	**–**	—	**5,760**	4,730
Sales and operating revenue[2]	**2,021**	1,209	**1,070**	704	**1,194**	451	**736**	327	**–**	—	**5,021**	2,691
Cost of purchases	**1,786**	1,009	**911**	578	**1,090**	380	**502**	227	**–**	—	**4,289**	2,194
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit, before the following:	**182**	155	**142**	109	**62**	40	**232**	98	**–**	—	**618**	402
Gain (loss) on risk management and other derivatives - realized	**1**	—	**(18)**	2	**(8)**	12	**(8)**	(6)	**–**	—	**(33)**	8
Gain (loss) on foreign exchange - realized	**–**	(1)	**(2)**	(1)	**–**	—	**2**	—	**–**	(3)	**–**	(5)
Other adjusting items to Adjusted gross profit[3]	**–**	4	**–**	(10)	**–**	(7)	**–**	(2)	**–**	2	**–**	(13)
Fuel and petroleum product adjusted gross profit	**183**	158	**122**	100	**54**	45	**226**	90	**–**	(1)	**585**	392
Non-fuel adjusted gross profit	**53**	45	**17**	17	**42**	31	**2**	2	**–**	—	**114**	95
Total adjusted gross profit	**236**	203	**139**	117	**96**	76	**228**	92	**–**	(1)	**699**	487
Operating costs[5]	**109**	93	**35**	34	**53**	38	**66**	53	**–**	—	**263**	218
Marketing, general and administrative[5]	**26**	17	**19**	15	**12**	11	**8**	4	**30**	17	**95**	64
Other adjusting items to Adjusted EBITDA[4]	**–**	—	**(3)**	(3)	**–**	—	**–**	—		—	**(3)**	(3)
Adjusted EBITDA including NCI	**101**	93	**88**	71	**31**	27	**154**	35	**(30)**	(18)	**344**	208
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**101**	93	**66**	54	**31**	27	**154**	35	**(30)**	(18)	**322**	191
Attributable to NCI	**–**	—	**22**	17	**–**	—	**–**	—	**–**	—	**22**	17
Adjusted EBITDA including NCI	**101**	93	**88**	71	**31**	27	**154**	35	**(30)**	(18)	**344**	208
Acquisition, integration and other costs											**11**	8
Depreciation and amortization											**154**	153
Finance costs											**93**	66
(Gain) loss on foreign exchange – unrealized											**(1)**	(12)
(Gain) loss on asset disposals											**3**	(5)
(Gain) loss on risk management and other derivatives – unrealized											**18**	25
Other (gains) and losses											**109**	(45)
Other adjusting items[3][4]											**3**	(10)
Income tax expense (recovery)											**4**	(3)
Net earnings (loss)											**(50)**	31
Attributable to Parkland											**(57)**	32
Attributable to NCI											**7**	(1)
Property, plant and equipment and intangible asset additions[7]	**21**	13	**12**	11	**8**	3	**19**	39	**6**	5	**66**	71
Property, plant and equipment, intangible asset and goodwill acquisitions[7]	**3**	—	**7**	—	**259**	15	**–**	—	**–**	—	**269**	15

[1] Fuel and petroleum product volume represents external volumes only. Inter-segment volumes are excluded.
[2] See sections (a) and (b) for further details on sales and operating revenue.
[3] Other adjusting items to Adjusted gross profit include the following: (i) Corporate: nil (2020 - $2 loss) on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized; (ii) International: nil (2020 - $10); USA: nil (2020 - $7); and Supply: nil (2020 - $2) on realization of inventory write-downs for which there are offsetting associated risk management derivatives with unrealized gains; and (iii) Canada: nil (2020 - $4) on fuel discounts.
[4] Other adjusting items to Adjusted EBITDA include income from equity investments of $3 (2020 - $3) for International.
[5] Operating costs and marketing, general and administrative expenses are both presented net of Canada Emergency Wage Subsidy of $2 and $2, respectively (2020 - $11 and $10). Operating costs are split as follows: Canada: $1 (2020 - $6) and Supply: $1 (2020 - $5). Marketing, general and administrative expenses are split as follows: Supply: $1 (2020 - $1), Corporate: $1 (2020 - $4), and Canada: nil (2020 - $5).
[6] For comparative purposes, information for the three months ended June 30, 2020 was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first six months of 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.
[7] Property, plant and equipment additions and acquisitions do not include the right-of-use asset.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2021

($ millions, unless otherwise stated)

Segment information	**Canada**		**International**		**USA**[6]		**Supply**[6]		**Corporate**		**Consolidated**	
For the six months ended June 30,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Fuel and petroleum product volume (million litres)[1]	**4,214**	4,188	**2,431**	2,618	**2,387**	1,476	**2,264**	2,356	**–**	—	**11,296**	10,638
Sales and operating revenue[2]	**3,830**	3,098	**2,071**	1,932	**2,009**	1,070	**1,344**	907	**–**	—	**9,254**	7,007
Cost of purchases	**3,350**	2,657	**1,743**	1,677	**1,826**	953	**900**	663	**–**	—	**7,819**	5,950
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit, before the following:	**379**	350	**289**	209	**110**	56	**441**	239	**–**	—	**1,219**	854
Gain (loss) on risk management and other derivatives - realized	**1**	—	**(50)**	26	**(13)**	23	**(16)**	(1)	**–**	—	**(78)**	48
Gain (loss) on foreign exchange - realized	**–**	(1)	**1**	(3)	**–**	—	**4**	(11)	**4**	(14)	**9**	(29)
Other adjusting items to Adjusted gross profit[3]	**–**	4	**–**	—	**–**	—	**–**	(4)	**(2)**	4	**(2)**	4
Fuel and petroleum product adjusted gross profit	**380**	353	**240**	232	**97**	79	**429**	223	**2**	(10)	**1,148**	877
Non-fuel adjusted gross profit	**101**	91	**39**	46	**73**	61	**3**	5	**–**	—	**216**	203
Total adjusted gross profit	**481**	444	**279**	278	**170**	140	**432**	228	**2**	(10)	**1,364**	1,080
Operating costs[5]	**216**	210	**69**	81	**95**	73	**127**	138	**–**	—	**507**	502
Marketing, general and administrative[5]	**48**	40	**38**	42	**24**	24	**15**	13	**57**	44	**182**	163
Other adjusting items to Adjusted EBITDA[4]	**–**	(1)	**(6)**	(6)	**–**	—	**–**	—	**–**	—	**(6)**	(7)
Adjusted EBITDA including NCI	**217**	195	**178**	161	**51**	43	**290**	77	**(55)**	(54)	**681**	422
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**217**	195	**133**	121	**51**	43	**290**	77	**(55)**	(54)	**636**	382
Attributable to NCI	**–**	—	**45**	40	**–**	—	**–**	—	**–**	—	**45**	40
Adjusted EBITDA including NCI	**217**	195	**178**	161	**51**	43	**290**	77	**(55)**	(54)	**681**	422
Acquisition, integration and other costs											**16**	29
Depreciation and amortization											**308**	302
Finance costs											**176**	129
(Gain) loss on foreign exchange – unrealized											**3**	(1)
(Gain) loss on asset disposals											**2**	(1)
(Gain) loss on risk management and other derivatives – unrealized											**23**	17
Other (gains) and losses											**151**	9
Other adjusting items[3][4]											**4**	11
Income tax expense (recovery)											**10**	(30)
Net earnings (loss)											**(12)**	(43)
Attributable to Parkland											**(26)**	(47)
Attributable to NCI											**14**	4
Property, plant and equipment and intangible asset additions[7]	**32**	32	**23**	33	**17**	7	**25**	144	**10**	10	**107**	226
Property, plant and equipment, intangible asset and goodwill acquisitions[7]	**3**	—	**7**	—	**311**	96	**16**	—	**–**	—	**337**	96

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

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

(3) Other adjusting items to Adjusted gross profit include the following: (i) Corporate: $2 gain (2020 - $4 loss); Supply: nil (2020 - $5 loss) on foreign exchange on cash pooling arrangements and debt extinguishment within gain (loss) on foreign exchange - realized; (ii) Canada: nil (2020 - $4) in fuel discounts provided to frontline workers within fuel and petroleum product cost of purchases; and (iii) Supply: an unrealized gain of nil (2020 - $9) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases.

(4) Other adjusting items to Adjusted EBITDA include the following: (i) International: income from equity investments of $6 (2020 - $6); and (ii) Canada: customer finance income of nil (2020 - $1).

(5) Operating costs and marketing, general and administrative expenses are both presented net of Canada Emergency Wage Subsidy of $5 and $5, respectively (2020 - $14 and $11). Operating costs are split as follows: Canada: $3 (2020 - $8) and Supply: $2 (2020 - $6). Marketing, general and administrative expenses are split as follows: Canada: $2 (2020 - $6); Corporate: $2 (2020 - $4) and Supply: $1 (2020 -$1).

(6) For comparative purposes, information for the six months ended June 30, 2020 was restated due to a change in segment presentation. The supply and trading business in the United States, formerly presented in the Supply segment, is now included in the USA segment, reflecting a change in organizational structure in the first six months of 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.

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

($ millions, unless otherwise stated)

(a) Geographic information

Sales and operating revenue from external customers	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Canada	**2,551**	1,473	**4,683**	3,702
United States	**1,801**	595	**3,092**	1,573
Other countries	**669**	623	**1,479**	1,732
Total	**5,021**	2,691	**9,254**	7,007

	June 30, 2021			
	Canada	**United States**	**Other countries**	**Consolidated**
Property, plant and equipment	**2,443**	**384**	**889**	**3,716**
Intangible assets	**511**	**204**	**222**	**937**
Goodwill	**1,168**	**342**	**473**	**1,983**
Total	**4,122**	**930**	**1,584**	**6,636**

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

(b) Sales and operating revenue by product

	Canada		International		USA[5]		Supply[5]		Consolidated	
For the three months ended June 30,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Gas and diesel[5]	**1,852**	1,032	**860**	592	**1,014**	308	**375**	167	**4,101**	2,099
Liquid petroleum gas[1]	**30**	27	**16**	8	**2**	3	**57**	54	**105**	92
Other fuel and petroleum products[2][5]	**–**	–	**167**	75	**16**	18	**302**	106	**485**	199
Fuel and petroleum product revenue	**1,882**	1,059	**1,043**	675	**1,032**	329	**734**	327	**4,691**	2,390
Convenience store[3]	**95**	105	**2**	2	**57**	31	**–**	–	**154**	138
Lubricants and other non-fuel[4][5]	**44**	45	**25**	27	**105**	91	**2**	–	**176**	163
Non-fuel revenue	**139**	150	**27**	29	**162**	122	**2**	–	**330**	301
Sales and operating revenue	**2,021**	1,209	**1,070**	704	**1,194**	451	**736**	327	**5,021**	2,691

	Canada		International		USA[5]		Supply[5]		Consolidated	
For the six months ended June 30,	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Gas and diesel[5]	**3,466**	2,734	**1,691**	1,539	**1,692**	732	**683**	428	**7,532**	5,433
Liquid petroleum gas[1]	**104**	90	**41**	20	**7**	10	**207**	196	**359**	316
Other fuel and petroleum products[2][5]	**–**	–	**279**	301	**22**	83	**451**	280	**752**	664
Fuel and petroleum product revenue	**3,570**	2,824	**2,011**	1,860	**1,721**	825	**1,341**	904	**8,643**	6,413
Convenience store[3]	**180**	186	**5**	6	**89**	55	**–**	–	**274**	247
Lubricants and other non-fuel[4][5]	**80**	88	**55**	66	**199**	190	**3**	3	**337**	347
Non-fuel revenue	**260**	274	**60**	72	**288**	245	**3**	3	**611**	594
Sales and operating revenue	**3,830**	3,098	**2,071**	1,932	**2,009**	1,070	**1,344**	907	**9,254**	7,007

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

Changes in segment presentation

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

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

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