Parkland Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and six months ended June 30, 2022

PARKLAND

Parkland Corporation

Consolidated Balance Sheets
(Unaudited)

($ millions)	Note	**June 30, 2022**	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents - Unrestricted		**542**	284
Cash and cash equivalents - Restricted		**121**	42
Accounts receivable		**2,262**	1,392
Inventories		**1,913**	1,265
Income taxes receivable		**7**	7
Risk management and other assets	6	**42**	40
Prepaid expenses and other		**137**	97
		5,024	3,127
Non-current assets			
Property, plant and equipment		**4,659**	4,429
Intangible assets		**1,346**	1,083
Goodwill	10	**2,396**	2,191
Investments in associates and joint ventures		**325**	319
Long-term receivables		**79**	75
Other long-term assets	4	**27**	130
Deferred tax assets		**191**	196
		14,047	11,550
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**3,027**	1,950
Dividends declared and payable		**51**	16
Income taxes payable		**34**	64
Long-term debt – current portion	5	**143**	124
Provisions and other liabilities – current portion	8	**155**	60
Risk management and other liabilities	6	**37**	39
		3,447	2,253
Non-current liabilities			
Long-term debt	5	**6,494**	5,432
Provisions and other liabilities	8	**1,245**	1,196
Deferred tax liabilities		**416**	337
		11,602	9,218
Shareholders' equity			
Shareholders' capital	9	**2,640**	2,586
Contributed surplus		**68**	59
Accumulated other comprehensive income (loss)		**(53)**	(39)
Sol Put Option reserve	8	**(494)**	(494)
Retained earnings (deficit)		**(106)**	(142)
Non-controlling interest ("NCI")		**390**	362
		2,445	2,332
		14,047	11,550

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, **2022**	2021	Six months ended June 30, **2022**	2021
Sales and operating revenue	13	**9,715**	4,974	**17,321**	9,200
Expenses					
Cost of purchases		**8,561**	4,246	**15,124**	7,769
Operating costs		**345**	263	**682**	507
Marketing, general and administrative		**134**	95	**262**	182
Acquisition, integration and other costs		**18**	11	**31**	16
Depreciation and amortization		**174**	154	**329**	308
Finance costs	11	**80**	93	**150**	176
Foreign exchange (gain) loss		**4**	(1)	**2**	(6)
(Gain) loss on risk management and other		**217**	51	**411**	101
Other (gains) and losses	12	**60**	120	**132**	165
Share of (earnings) loss of associates and joint ventures		**(6)**	(2)	**(11)**	(4)
Earnings (loss) before income taxes		**128**	(56)	**209**	(14)
Current income tax expense (recovery)		**28**	(12)	**58**	11
Deferred income tax expense (recovery)		**9**	16	**(8)**	(1)
Net earnings (loss)		**91**	(60)	**159**	(24)
Net earnings (loss) attributable to:					
Parkland		**81**	(64)	**136**	(35)
NCI		**10**	4	**23**	11
Net earnings (loss) per share ($ per share)					
Basic		**0.52**	(0.42)	**0.88**	(0.23)
Diluted		**0.52**	(0.42)	**0.87**	(0.23)
Weighted average number of common shares (000's of shares)		**155,680**	150,903	**155,292**	150,572
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)		**156,840**	150,903	**156,399**	150,572

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

($ millions)	Note	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net earnings (loss)		**91**	(60)	**159**	(24)
Other comprehensive income (loss):					
Items that may be reclassified to consolidated statements of income (loss) in subsequent periods:					
Exchange differences on translation of foreign operations		**64**	(41)	**35**	(70)
Exchange differences on USD-denominated debt designated as a hedge of the net investment in foreign operations ("Net Investment Hedge"), net of tax	5	**(74)**	21	**(42)**	39
Changes in the fair value of cash flow hedges, net of tax		**3**	3	**1**	3
Hedging (gains) losses reclassified to the consolidated statements of income (loss)		**(2)**	(1)	**(2)**	(1)
Items that will not be reclassified to consolidated statements of income (loss) in subsequent periods:					
Remeasurements on employee benefit plans		**–**	—	**(1)**	—
Other comprehensive income (loss)		**(9)**	(18)	**(9)**	(29)
Total comprehensive income (loss)		**82**	(78)	**150**	(53)
Total comprehensive income (loss) attributable to:					
Parkland		**63**	(73)	**122**	(49)
NCI		**19**	(5)	**28**	(4)

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, 2022		**2,586**	**59**	**(39)**	**(494)**	**(142)**	**362**	**2,332**
Net earnings (loss)		**–**	**–**	**–**	**–**	**136**	**23**	**159**
Other comprehensive income (loss)		**–**	**–**	**(14)**	**–**	**–**	**5**	**(9)**
Dividends		**–**	**–**	**–**	**–**	**(100)**	**–**	**(100)**
Share incentive compensation		**–**	**13**	**–**	**–**	**–**	**–**	**13**
Shares issued on acquisitions	10	**26**	**–**	**–**	**–**	**–**	**–**	**26**
Issued under dividend reinvestment plan, net of costs	9	**18**	**–**	**–**	**–**	**–**	**–**	**18**
Issued under share option plan	9	**9**	**(1)**	**–**	**–**	**–**	**–**	**8**
Issued on vesting of performance share units	9	**1**	**(3)**	**–**	**–**	**–**	**–**	**(2)**
As at June 30, 2022		**2,640**	**68**	**(53)**	**(494)**	**(106)**	**390**	**2,445**
As at January 1, 2021		2,440	50	(28)	(494)	(49)	347	2,266
Net earnings (loss)		–	–	–	–	(35)	11	(24)
Other comprehensive income (loss)		–	–	(14)	–	–	(15)	(29)
Dividends		–	–	–	–	(95)	(6)	(101)
Share incentive compensation		–	12	–	–	–	–	12
Shares issued under the at-the-market ("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 performance share units	9	4	(10)	–	–	–	–	(6)
As at June 30, 2021		2,498	52	(42)	(494)	(179)	337	2,172

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Corporation

Consolidated Statements of Cash Flows
(Unaudited)

($ millions)	Note	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Operating activities					
Net earnings (loss)		**91**	(60)	**159**	(24)
Adjustments for:					
Depreciation and amortization		**174**	154	**329**	308
Interest on leases and long-term debt	11	**69**	54	**133**	108
Share incentive compensation		**4**	5	**14**	12
Change in risk management and other		**(32)**	6	**(5)**	15
Change in other liabilities and other assets		**1**	9	**3**	23
Change in fair value of Redemption Options	12	**16**	31	**102**	90
Change in redemption value of Sol Put Option	6,8,12	**44**	80	**48**	72
Deferred tax expense (recovery)		**9**	16	**(8)**	(1)
Share of net earnings (loss) of associates and joint ventures		**(6)**	(2)	**(11)**	(4)
Early redemption and modification premiums	11	**2**	34	**2**	51
Other operating activities		**5**	17	**(1)**	11
Net change in non-cash working capital related to operating activities	3	**(36)**	(22)	**(472)**	(75)
Cash generated from (used in) operating activities		**341**	322	**293**	586
Financing activities					
Net proceeds from (repayments of) the Credit Facility	5	**84**	(128)	**924**	(156)
Long-term debt repayments, excluding the Credit Facility	5	**(2)**	(1,428)	**(2)**	(1,430)
Proceeds from long-term debt, net of financing costs, excluding the Credit Facility	5	**—**	1,580	**—**	2,174
Premiums on early redemptions and modifications	11	**(2)**	(51)	**(2)**	(51)
Interest paid on leases and long-term debt	11	**(85)**	(58)	**(131)**	(109)
Payments on principal amount on leases		**(38)**	(33)	**(75)**	(68)
Change in provisions and other liabilities	8	**—**	—	**—**	(194)
Dividends paid to shareholders, net of dividend reinvestment plan		**(13)**	(34)	**(47)**	(66)
Dividends paid to non-controlling interest		**—**	—	**—**	(6)
Shares issued for cash, net of share issuance costs	9	**10**	21	**10**	21
Cash generated from (used in) financing activities		**(46)**	(131)	**677**	115
Investing activities					
Acquisitions	10	**(78)**	(278)	**(478)**	(359)
Investment in joint venture and associates		**—**	—	**(2)**	—
Dividends received from investments in associates and joint ventures		**12**	2	**12**	10
Additions to property, plant and equipment and intangible assets		**(90)**	(66)	**(145)**	(107)
Change in long-term receivables and other assets		**(11)**	(1)	**(14)**	(1)
Proceeds on asset disposals		**2**	1	**3**	6
Net change in non-cash working capital related to investing activities	3	**10**	(1)	**(16)**	(20)
Cash generated from (used in) investing activities		**(155)**	(343)	**(640)**	(471)
Increase (decrease) in cash and cash equivalents		**140**	(152)	**330**	230
Impact of foreign currency translation on cash		**16**	(18)	**7**	(24)
Cash and cash equivalents at beginning of period		**507**	672	**326**	296
Cash and cash equivalents at end of period		**663**	502	**663**	502
Represented by:					
Cash and cash equivalents - Unrestricted		**542**	437	**542**	437
Cash and cash equivalents - Restricted		**121**	65	**121**	65
Cash and cash equivalents		**663**	502	**663**	502
Supplementary cash flow information:					
Income taxes refunded (paid)		**(26)**	(6)	**(87)**	17

See accompanying notes to the interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

Parkland Corporation ("Parkland") is a food and 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 results of Parkland and its subsidiaries together with its interest in investments in associates and joint arrangements as at June 30, 2022.

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, 2021 (the "Annual Consolidated Financial Statements").

These interim condensed consolidated financial statements were approved for issue by the Board of Directors on August 4, 2022.

(b) Basis of measurement

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

(c) Presentation and functional currency

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

(d) Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements, other than the changes as per notes 2(g) and 2(h) below.

(e) Use of estimates and judgments

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

(f) Changes in presentation

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

- Certain amounts within sales and operating revenue, cost of purchases, operating expenses, marketing, general and administrative expenses, other (gains) and losses, net earnings (loss) per share - basic and diluted, and retained earnings were retrospectively restated for the impact of hyperinflation.
- 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.
- (Gain) loss on asset disposals, previously presented separately in the consolidated statements of income (loss), is now included within other (gains) and losses.

(g) Changes in segment and other information

The supply, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2022 and following the change, the Supply segment has been renamed to "Refining" as it only includes the results of Parkland's refinery in Burnaby, British Columbia (the "Burnaby Refinery"). As a result of the changes in the organizational structure, the chief operating decision maker assesses performance, monitors results and allocates resources based on the reorganized segments.

With the growing renewable business activities undertaken by the Canada and Refining segments, Parkland has started reporting renewable and conventional sub-segment information for each of these segments.

To provide further clarity on Parkland's performance by line of business, Parkland has started disclosing additional information in the form of line of business reporting. Please refer to Note 13 for more details.

In addition, with the growing enterprise-wide administrative support costs in the Corporate segment, certain marketing, general and administrative costs, previously presented under the Corporate segment, have been allocated to the remaining segments to better align these costs to the relevant segments (see Note 13).

(h) Amended standards adopted by Parkland

Parkland has adopted the following accounting amendments that are effective for the interim and annual consolidated financial statements starting January 1, 2022. These standards are adopted prospectively, and the adoption of these standards is not expected to have a material impact to the financial statements.

- Amendments to IFRS 3 - Business Combinations updated a reference in IFRS 3 to now refer to the Conceptual Framework, which clarifies that an acquirer should not recognize contingent assets at the acquisition date.
- Amendments to IAS 16 - Property, Plant and Equipment was amended to prohibit reducing the cost of property, plant and equipment by proceeds while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.
- Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets started to specify costs an entity should include in determining the "cost of fulfilling" a potential onerous contract.
- Amendments to IFRS 9 - Financial Instruments was amended to address which fees should be included in the test for derecognition of financial liabilities.

(i) 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 interim 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.

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

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

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.

($ millions, unless otherwise stated)

Amendments to IAS 1 and IAS 8 - Accounting Policies and Accounting Estimates

In February 2021, narrow scope amendments were introduced to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors to improve accounting policy disclosures and to distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective January 1, 2023. Parkland does not expect a material impact from these amendments on the consolidated financial statements as a result of the application.

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,	
	2022	2021	**2022**	2021
Accounts receivable	**(327)**	(128)	**(796)**	(307)
Inventories	**(286)**	(171)	**(648)**	(278)
Prepaid expenses and other	**(50)**	(45)	**(45)**	(46)
Accounts payable and accrued liabilities	**612**	333	**1,025**	525
Income taxes payable	**(1)**	(10)	**(30)**	10
Income taxes receivable	**3**	(8)	**1**	18
Deferred revenue	**13**	7	**21**	3
Total net change in non-cash working capital related to operating activities	**(36)**	(22)	**(472)**	(75)

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Accounts payable and accrued liabilities	**10**	(1)	**(16)**	(20)

4. OTHER LONG-TERM ASSETS

	Note	**June 30, 2022**	December 31, 2021
Redemption Options[1]	6	**–**	102
Long-term prepaid expenses, deposits and other assets		**27**	28
		27	130

[1] Parkland's Senior Notes contain optional redemption features that allow Parkland to redeem the notes prior to maturity at a premium.

($ millions, unless otherwise stated)

5. LONG-TERM DEBT

	June 30, 2022	December 31, 2021
Credit Facility (a)	**1,581**	637
Unamortized deferred financing costs	**(6)**	(6)
	1,575	631
Senior Notes (b)		
3.875% Senior Notes, due 2026	**600**	600
5.875% US$500 Senior Notes, due 2027	**644**	633
6.00% Senior Notes, due 2028	**400**	400
4.375% Senior Notes, due 2029	**600**	600
4.50% US$800 Senior Notes, due 2029	**1,030**	1,012
4.625% US$800 Senior Notes, due 2030	**1,030**	1,012
Unamortized premium: Redemption Options	**45**	48
Unamortized discount: deferred financing costs	**(45)**	(49)
	4,304	4,256
Other notes	**3**	6
Credit Facility, Senior Notes and Other notes	**5,882**	4,893
Lease obligations[1]	**755**	663
Total long-term debt	**6,637**	5,556
Less: current portion of Credit Facility, Senior Notes and Other notes	**(1)**	(3)
Less: current portion of Lease obligations	**(142)**	(121)
Long-term debt	**6,494**	5,432

[1] 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, 2022 are as follows:

	2022	**2023**	**2024**	**2025**	**2026**	**Thereafter**	**Interest included in minimum lease payments**	**Total**
Credit Facility	–	–	**515**	–	–	**1,066**	–	**1,581**
Senior Notes (b)								
3.875% Senior Notes, due 2026	–	–	–	–	**600**	–	_	**600**
5.875% US Senior Notes, due 2027	–	–	–	–	–	**644**	–	**644**
6.00% Senior Notes, due 2028	–	–	–	–	–	**400**	–	**400**
4.375% Senior Notes, due 2029	–	–	–	–	–	**600**	–	**600**
4.50% US Senior Notes, due 2029	–	–	–	–	–	**1,030**	–	**1,030**
4.625% US Senior Notes, due 2030	–	–	–	–	–	**1,030**	–	**1,030**
Other notes	–	**1**	**1**	**1**	–	–	–	**3**
Undiscounted Future Lease Payments	**99**	**131**	**105**	**80**	**74**	**532**	**(266)**	**755**
	99	**132**	**621**	**81**	**674**	**5,302**	**(266)**	**6,643**

($ millions, unless otherwise stated)

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

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

(a) Credit Facility

On March 25, 2021, Parkland's existing syndicated credit facility was amended to expand the available facility and extend the maturity date (the "Credit Facility") and was further amended on September 22, 2021 to reduce the Canadian revolving capacity commitment by $64 and correspondingly increase the US revolving facility commitment by US$50.

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

Details on the Credit Facility as at June 30, 2022 are as follows:

	Maturity date	Effective rate(1)	Balance
Revolving facilities:			
$1,594 Canadian Revolving and Operating Facility	April 14, 2027	2.60 %	**1,005**
US$250 Bilateral and Operating Facility(2)	April 14, 2027	6.10 %	**61**
US$400 Term Loan	April 14, 2024	2.43 %	**515**
Outstanding borrowings under the Credit Facility			**1,581**

(1) The credit facility is subject to a floating interest rate.
(2) As at June 30, 2022, the US Bilateral and Operating Facility consisted primarily of debt in local Caribbean currencies, with interest rates ranging from 5.3% to 10.5%.

Details on the Credit Facility as at December 31, 2021 are as follows:

	Maturity date	Effective rate(1)	Balance
$1,651 Canadian Revolving and Operating Facility	March 25, 2026	2.05 %	**519**
US$205 Bilateral and Operating Facility	March 25, 2026	3.60 %	**118**
Outstanding borrowings under the Credit Facility			**637**

As at June 30, 2022, Parkland issued $45 (December 31, 2021 - $44) of letters of credit and $352 (December 31, 2021 - $252) of surety bonds to provide guarantees on behalf of its subsidiaries in the ordinary course of business, which are not recognized in the interim condensed consolidated financial statements. Maturity dates for these guarantees vary and are up to and including July 31, 2025.

($ millions, unless otherwise stated)

As at June 30, 2022, Parkland provided $3,350 (December 31, 2021 - $3,108) 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.

(c) Net Investment Hedge

Parkland has designated certain USD-denominated debt and payable balances as a net investment hedge to mitigate foreign exchange risk related to net investments in foreign operations for which the US dollar is the functional currency. During the three and six months ended June 30, 2022, Parkland recognized a foreign exchange loss, net of tax, of $74 and $42, respectively (2021 - gain, net of tax, of $21 and $39, respectively) on these balances, representing the effective portion of the hedge in other comprehensive income (loss), offsetting exchange differences on translation of foreign operations. As at June 30, 2022, of the $2,100 of USD-denominated Senior Notes, $1,920 was included in the Net Investment Hedge.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

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

(a) Fair value measurement hierarchy

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

		Fair value as at June 30, 2022			
	Note	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Commodities swaps, forwards and futures contracts (b)		–	7	–	7
Emission credit forward and option contracts		–	31	–	31
Currency forward exchange contracts		–	4	–	4
Risk management and other assets		–	42	–	42
Commodities swaps, forwards and futures contracts (b)		–	(19)	–	(19)
Emission credit forward and option contracts		–	(18)	–	(18)
Risk management and other liabilities		–	(37)	–	(37)
Others	4	–	–	6	6
Other items included in other long-term assets		–	–	6	6
Sol Put Option	8	–	–	(646)	(646)
Other items included in provisions and other liabilities		–	–	(646)	(646)

($ millions, unless otherwise stated)

		Fair value as at December 31, 2021			
	Note	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Commodities swaps, forwards and futures contracts (b)		—	21	—	21
Emission credit forward and option contracts		—	15	—	15
Currency forward exchange contracts (b)		—	4	—	4
Risk management and other assets		—	40	—	40
Commodities swaps, forwards and futures contracts (b)		—	(24)	—	(24)
Emission credit forward and option contracts		—	(15)	—	(15)
Risk management and other liabilities		—	(39)	—	(39)
Redemption Options	4	—	102	—	102
Other items included in other long-term assets		—	102	—	102
Sol Put Option	8	—	—	(589)	(589)
Other items included in provisions and other liabilities		—	—	(589)	(589)

There were no changes in the nature and characteristics of commodities swaps, forwards and futures contracts, currency forward exchange contracts, emission credit forward and option contracts, and redemption options. There were no transfers between fair value measurement hierarchy levels during the six months ended June 30, 2022.

(b) Other financial instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and dividends declared and payable approximate their fair values as at June 30, 2022 due to the short-term nature of these instruments. The carrying value of long-term receivables approximates fair value as at June 30, 2022, as Parkland currently issues loans and advances to dealers and customers at market terms. The Senior Notes had a carrying value of $4,304 and an estimated fair value of $3,681 as at June 30, 2022 (December 31, 2021 – $4,256 and $4,319 respectively), determined by discounting future cash flows using discount rates ranging from 7.8% to 8.5% (December 31, 2021 - 4.1% to 5.1%), representing the rates available to Parkland for loans with similar terms, conditions and maturity dates. The carrying value of other long-term debt approximates fair value as at June 30, 2022, as either the interest rate on the long-term debt is adjusted monthly or the debt was issued recently. The carrying value of other long-term liabilities carried at amortized cost approximates fair value as at June 30, 2022, given that they were recently incurred.

(c) Offsetting

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

	June 30, 2022			December 31, 2021		
	Gross amount	**Amount offset**	**Net**	Gross amount	Amount offset	Net
Risk management and other assets	**63**	**(21)**	**42**	47	(7)	40
Risk management and other liabilities	**(58)**	**21**	**(37)**	(46)	7	(39)

(d) Fair value measurement

Parkland used the following techniques to value financial instruments categorized in Level 2:

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

($ millions, unless otherwise stated)

The fair value of the Sol Put Option is based on Level 3 significant unobservable inputs and assumptions that includes a contractually defined trailing-twelve-month adjusted EBITDA of Sol multiplied by 8.5 and other adjustments as defined in the agreement. An increase in adjusted EBITDA would result in an increase to the liability associated with the Sol Put Option.

7. CAPITAL MANAGEMENT

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

Leverage Ratio

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

	June 30, 2022	December 31, 2021
Leverage Debt	**5,264**	4,611
Leverage EBITDA[4]	**1,635**	1,402
Leverage Ratio[4]	**3.2**	3.3

	Note	**June 30, 2022**	December 31, 2021
Long-term debt	5	**6,637**	5,556
Less:			
Lease obligations	5	**(755)**	(663)
Cash and cash equivalents		**(663)**	(326)
Add:			
Letters of credit	5	**45**	44
Leverage Debt		**5,264**	4,611

	Three months ended				**Trailing twelve months ended**	
	Sept. 30, 2021	Dec. 31, 2021	Mar 31, 2022	June 30, 2022	**June 30, 2022**	December 31, 2021
Adjusted EBITDA including NCI	392	285	414	478	**1,569**	1,358
Share incentive compensation	5	11	9	5	**30**	28
Reverse: IFRS 16 impact[1]	(42)	(41)	(44)	(46)	**(173)**	(164)
	355	255	379	437	**1,426**	1,222
Acquisition pro-forma adjustment[2]					**92**	83
Other adjustments[3]					**117**	97
Leverage EBITDA					**1,635**	1,402

(1) Includes the impact of operating leases prior to the adoption of IFRS 16, previously recognized under operating costs, which aligns with management's view of the impact to earnings.
(2) Amounts for the trailing twelve months ended June 30, 2022 include pro-forma pre-acquisition EBITDA estimates based on anticipated benefits, costs and synergies of acquisitions as if the acquisitions during the period ended June 30, 2022 occurred on July 1, 2021.
(3) Relates to adjustments for the normalization of the impact from the turnaround and other non-recurring costs related to extreme weather events and third-party power outages beyond management's control.
(4) Comparative figures have been restated to conform with the presentation used in the current period.

($ millions, unless otherwise stated)

Credit Facility covenants

Parkland is required under the terms of its Credit Facility to comply with certain financial covenants consisting of (i) Senior Funded Debt to Credit Facility EBITDA ratio, (ii) Total Funded Debt to Credit Facility EBITDA ratio, and (iii) Interest coverage ratio (calculated as a ratio of Credit Facility EBITDA to Interest Expense). The Credit Facility EBITDA, Senior Funded Debt and Interest Expense are defined under the terms of the Credit Facility and do not have any standardized meaning prescribed under IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. Parkland was in compliance with all Credit Facility covenants throughout the three and six months ended June 30, 2022.

8. PROVISIONS AND OTHER LIABILITIES

	Note	**June 30, 2022**	December 31, 2021
Asset retirement obligations - current (a)		**18**	18
Environmental Provision - current (c)		**4**	4
Deferred revenue		**45**	23
Short-term deposits, provisions and other		**88**	15
Provisions and other liabilities - current		**155**	60
Sol Put Option (b)	6	**646**	589
Asset retirement obligations - non-current (a)		**403**	402
Environmental Provision - non-current (c)		**108**	125
Employee benefits and other		**33**	29
Long-term deposits, provisions and other		**43**	40
DSU liability		**12**	11
Provisions and other liabilities - non-current		**1,245**	1,196

(a) Asset retirement obligations

	Note	**January 1, 2022 to June 30, 2022**	January 1, 2021 to December 31, 2021
Asset retirement obligations, beginning of period		**420**	387
Additional provisions made in the period		**47**	55
Acquisitions	10	**41**	31
Obligations settled or transferred during the period		**(4)**	(15)
Change due to passage of time, discount rate and inflation rate		**(86)**	(37)
Change due to foreign exchange		**3**	(1)
Asset retirement obligations, end of period		**421**	420
Current		**18**	18
Non-current		**403**	402
Asset retirement obligations, end of period		**421**	420

As at June 30, 2022, the inflation rate used to determine the value of future asset retirement costs ranged from 2.71% to 2.92% (December 31, 2021 - 2.20% to 2.59%) and the discount rate used to determine the present value of the future asset retirement costs ranged from 5.06% to 5.19% (December 31, 2021 - 3.46%). The total undiscounted estimated future cash flows required to settle Parkland's asset retirement obligations ("ARO") were $897 as at June 30, 2022 (December 31, 2021 - $696). These costs are expected to be paid up to the year 2071 (December 31, 2021 - 2071).

(b) Sol Put Option

	Note	**January 1, 2022 to June 30, 2022**	January 1, 2021 to December 31, 2021
Sol Put Option, beginning of period		**589**	503
Change in redemption value of Sol Put Option	12	**48**	87
Exchange differences		**9**	(1)
Sol Put Option, end of period		**646**	589

(c) Environmental Provision

	January 1, 2022 to June 30, 2022	January 1, 2021 to December 31, 2021
Environmental Provision, beginning of period	**129**	88
Additional provision made in the period	**9**	56
Change due to passage of time, discount rate and inflation rate	**(24)**	(14)
Obligations settled during the period	**(2)**	(1)
Environmental Provision, end of period	**112**	129
Current	**4**	4
Non-current	**108**	125
Environmental Provision, end of period	**112**	129

As at June 30, 2022, the inflation rate used to determine the value of future costs related to environmental activities ranged from 2.71% to 2.92% (December 31, 2021 - 2.20% to 2.59%), and the discount rates used to determine the present value of the future costs related to environmental activities ranged from 5.17% to 5.19% (December 31, 2021 - 3.37% to 3.46%).

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 were as follows:

	January 1, 2022 to June 30, 2022		January 1, 2021 to December 31, 2021	
	Number of common shares (000's)	**Amount ($ millions)**	Number of common shares (000's)	Amount ($ millions)
Shareholders' capital, beginning of period	**154,176**	**2,586**	150,054	2,440
Shares issued on acquisitions	**771**	**26**	1,529	53
Shares issued under the ATM equity program, net of costs	**–**	**–**	550	22
Issued under dividend reinvestment plan, net of costs	**489**	**18**	1,485	58
Issued under share option plan	**370**	**9**	313	8
Issued on vesting of performance share units	**21**	**1**	245	5
Shareholders' capital, end of period	**155,827**	**2,640**	154,176	2,586

(b) Base shelf prospectus

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

On March 25, 2021, Parkland established an 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 current 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, 2022, there were no common shares issued under the ATM equity program. 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.

On November 29, 2021, the Toronto Stock Exchange ("TSX") accepted Parkland's notice of intention to implement a normal course issuer bid (the "NCIB") during the twelve-month period commencing December 1, 2021 and ending November 30, 2022. Under the NCIB, a maximum of common shares representing 10% of the public float of common shares may be repurchased by Parkland in open market transactions on the TSX during the twelve-month period described above. During the three and six months ended June 30, 2022, Parkland has not repurchased common shares under the NCIB (2021 - nil).

10. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS

2022 Acquisitions

Parkland successfully completed the acquisition of: (i) all of the issued and outstanding equity interest of Pétroles Crevier Inc. (Crevier), the largest independent fuel wholesaler in the province of Quebec, Canada, on February 1, 2022 to support our growth strategy; (ii) all of the issued and outstanding equity interest of M&M Meat Shops Ltd. (M&M), a well-established restaurant-quality frozen food brand and retailer based in Mississauga, Canada, on February 18, 2022 providing a platform to grow our food offer, expand our proprietary brands, and advance our digital and loyalty strategy; and (iii) all of the issued and outstanding equity interest of Vopak Terminal of Canada Inc. and Vopak Terminals of Eastern Canada Inc. (collectively, the "Vopak Acquisition"), which include four product terminals strategically located in east and west Montreal, Quebec, and Hamilton, on June 1, 2022 (collectively, the "2022 Acquisitions"). The Vopak Acquisition strengthens our existing supply advantage by providing a foundation for growth and marine import capabilities, which will supplement our existing rail and truck network and support the growing needs of our retail, commercial, and wholesale customers.

The 2022 Acquisitions were accounted for as individually separate business combinations, and the preliminary fair values of the identifiable assets acquired and liabilities assumed as well as the purchase consideration transferred for these acquisitions are presented below. Parkland expects to finalize the purchase price allocations no later than one year from the respective acquisition dates.

($ millions, unless otherwise stated)

	Note	M&M	Vopak	Crevier	Total
Assets					
Accounts receivable[1]		**12**	**7**	**44**	**63**
Prepaid expenses and other		**2**	**2**	**–**	**4**
Inventories		**4**	**–**	**6**	**10**
Property, plant and equipment		**21**	**159**	**27**	**207**
Property, plant and equipment - right-of-use assets		**10**	**29**	**29**	**68**
Intangible assets[4]		**228**	**43**	**55**	**326**
Other long-term assets		**–**	**–**	**2**	**2**
		277	**240**	**163**	**680**
Liabilities					
Accounts payable and accrued liabilities[1]		**(27)**	**(3)**	**(35)**	**(65)**
Provisions and other liabilities		**–**	**–**	**(1)**	**(1)**
Long-term debt - lease obligations		**(10)**	**(29)**	**(29)**	**(68)**
Asset retirement obligations	8	**–**	**(34)**	**(7)**	**(41)**
Deferred tax liability		**(58)**	**(19)**	**(14)**	**(91)**
		(95)	**(85)**	**(86)**	**(266)**
Goodwill arising on acquisition[2]		**136**	**10**	**41**	**187**
Net assets acquired		**318**	**165**	**118**	**601**
Fair value of purchase consideration transferred					
Cash paid on acquisition date, less cash assumed		**317**	**78**	**92**	**487**
Deferred consideration		**–**	**80**	**–**	**80**
Common shares issued on acquisition[3]		**–**	**–**	**26**	**26**
Working capital adjustment		**1**	**7**	**–**	**8**
Purchase consideration transferred		**318**	**165**	**118**	**601**

[1] The gross amounts of accounts receivable, accounts payable and accrued liabilities represent their fair value and the amounts that are expected to be collected or paid at the acquisition date.
[2] Goodwill represents the value of integration synergies, growth opportunities, a strong management team and an assembled workforce. Goodwill arising from share acquisitions is not deductible for tax purposes in Canada.
[3] Fair value of the common shares issued was determined based on the volume-weighted average trading price of Parkland's shares for five consecutive trading days prior to the closing date.
[4] Intangible assets acquired comprise of trade names, franchise agreements, customer relationships, concession agreements, and non-compete agreements, with useful lives ranging from 1 to 30 years.

Since the acquisition date, sales and operating revenue of $356 and net earnings of $4 attributable to the business combinations are included in the consolidated statements of comprehensive income (loss). The estimated consolidated sales and operating revenue and consolidated net earnings would have been approximately $9,723 and $91, respectively, for the three months ended June 30, 2022, and $17,418 and $161, respectively, for the six months ended June 30, 2022, if these business combinations were completed on January 1, 2022. Although these amounts represent Parkland's best estimate, there can be no assurance that these would have been the actual results had the business combinations occurred on January 1, 2022.

Reconciliation of carrying amount of goodwill

	January 1, 2022 to June 30, 2022	January 1, 2021 to December 31, 2021
Goodwill, beginning of period	**2,191**	1,864
Acquisitions	**187**	335
Exchange differences	**18**	(8)
Goodwill, end of period	**2,396**	2,191

($ millions, unless otherwise stated)

11. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Interest on leases	**8**	7	**16**	15
Interest on long-term debt	**61**	47	**117**	93
Loss on modification of long-term debt [(1)]	**2**	35	**2**	59
Amortization, accretion and other finance costs	**9**	4	**15**	9
	80	93	**150**	176

(1) The loss on modification of long-term debt for the three and six months ended June 30, 2022 includes (i) early redemption premiums and credit facility modification costs of $2 and $2, respectively (2021 - $34 and $51), and (ii) amortization of deferred financing costs net of amortization of premiums on redemption options of nil and nil, respectively (2021 - $1 and $8) on the redeemed senior notes.

12. OTHER (GAINS) AND LOSSES

		Three months ended June 30,		Six months ended June 30,	
	Note	**2022**	2021	**2022**	2021
Change in redemption value of Sol Put Option	8	**44**	80	**48**	72
Change in fair value of Redemption Options	6	**16**	31	**102**	90
Other		**–**	9	**(18)**	3
		60	120	**132**	165

13. SEGMENT AND OTHER INFORMATION

Operating segments

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, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2022, and following the change, the Supply segment has been renamed to "Refining" as it only includes the results of the Burnaby Refinery. The operations in each segment are defined as follows:

Canada

Canada owns, supplies, and supports a coast-to-coast network of retail gas stations, frozen food retail locations, convenience stores, cardlock sites, bulk fuel, propane, heating oil, lubricants, and other related services to commercial, industrial, and residential customers. Canada's retail business operates under its leading food and convenience store brands, M&M Food Markets and On the Run / Marché Express, providing locally relevant food offerings and convenience merchandise, and five key retail fuel brands: Ultramar, Esso, Fas Gas Plus, Chevron, and Pioneer. Canada also serves its commercial customer base through a family of brands, including Ultramar, Bluewave Energy, Pipeline Commercial, Chevron, Columbia Fuels, and Sparlings Propane. Canada is also responsible for managing fuel supply contracts, marketing fuel, transporting and distributing fuel through ships, rail and highway carriers, and storing fuel in terminals and other owned and leased facilities. Additionally, Canada engages in low-carbon activities, such as emission credit and renewable fuel trading transactions and blending of low-carbon intensity fuels (bio-diesel, ethanol and others) to produce greener fuels resulting in emission credits. Within the Canada segment, Parkland tracks the results from renewable and conventional business activities separately.

International

International includes operations in 23 countries and territories predominantly located in the Caribbean and northern coast of South America. International operates and services a network of retail service stations under brands including Sol, Esso and Shell and owns the Sol Shop convenience store brand. International also serves commercial, industrial and aviation businesses. International also includes an investment in the SARA refinery, an associate entity that is based in Martinique with operations to sell refined crude oil in Guadeloupe, French Guiana and Martinique, and a 50% indirect interest in Isla Dominicana de Petroleo

Corp. ("Isla"), a joint venture comprising approximately 240 retail locations alongside an integrated commercial and aviation business in the Dominican Republic.

USA

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

Refining

Refining is responsible for the refining of fuel products such as gasoline, diesel and jet fuel, and is also engaged in the renewable business activities, such as co-processing of bio-feedstocks (i.e. tallow, canola oil, tall oil and others) and blending of low-carbon-intensity fuels (bio-diesel, ethanol and others) with gasoline and diesel to produce greener fuels resulting in emission credits. Within the Refining segment, Parkland tracks the results of renewable and conventional business activities separately.

Corporate

Corporate includes the costs of centralized administrative services and expenses incurred to support operations. Certain Corporate costs are allocated to the other divisions that include direct costs attributable to operating segments as well as other non-direct costs incurred by Corporate. Allocations of non-direct costs are based on the consumption of Corporate administrative resources by operating segments estimated using various cost drivers such as headcount and time spent by Corporate employees to support the operating segments. The remaining costs in Corporate are not allocated to Parkland's operating segments due to their nature.

General information

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

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

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

- Adjusted EBITDA is used by Parkland as the key measure for the underlying core operating performance of business segment activities at an operational level. Adjusted EBITDA excludes the effects of significant items of income and expenditure that are not considered representative of Parkland's underlying core operating performance and may have an impact on the quality of net earnings (loss). Such items include, among other items: (i) costs related to potential and completed acquisitions, (ii) non-core acquisition and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, (v) unrealized gains and losses on (a) foreign exchange, (b) risk management assets and liabilities unless they relate to underlying physical sales activity in the current period, and (c) Intermediation Facility Derivatives and other derivatives, (vi) realized foreign exchange gains and losses as a result of cash pooling arrangements and refinancing activities, (vii) realized foreign exchange gains and losses on accrued financing costs in foreign currency and the offsetting realized risk management gains and losses on the related foreign exchange risk management and other, (viii) changes in values of the Sol Put Option, Redemption Options, environmental liabilities and asset retirement obligations, (ix) loss on inventory write-downs for which there are offsetting associated risk management and other with unrealized gains, (x) impairments of non-current assets, (xi) loss on modification of long-term debt, (xii) earnings impact from hyperinflation accounting, (xiii) certain realized gains and losses on risk management assets and liabilities that are related to underlying physical sales activity in another period,

(xiv) gains and losses on asset disposals, and (xv) other adjusting items. Adjusted EBITDA is also adjusted to include Parkland's proportionate share of its joint-venture investees' Adjusted EBITDA.

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

Lines of business

In addition to the reportable operating segments disclosed above, Parkland also voluntarily discloses business performance by line of business. The operations in each line of business are defined as follows:

Retail

Retail line of business includes the operations of Parkland retail service stations and convenience and food stores operating under various brands as well as the sale of fuel to dealers across Canada, the United States and the Caribbean including the related retail fuel supply margins.

Commercial

Commercial includes the operations of cardlock sites, bulk fuel, propane, heating oil, lubricants, and other related services to commercial, industrial, aviation, and residential customers as well as fuel supply and wholesale transactions.

Refining

Refining includes the operations of the Burnaby Refinery owned and operated by Parkland.

Corporate

Corporate includes centralized administrative services and expenses incurred to support global operations and enterprise-wide functions that are not allocated to Parkland's remaining lines of business due to their nature.

Segment information	Canada		International		USA		Refining		Corporate		Intersegment eliminations		Consolidated	
For the three months ended June 30,	**2022**	2021[3]	**2022**	2021[3]	**2022**	2021[3]	**2022**	2021[3]	**2022**	2021[3]	**2022**	2021	**2022**	2021
External fuel and petroleum product volume	**3,042**	2,978	**1,578**	1,202	**1,547**	1,337	**273**	229	**–**	—	**–**	—	**6,440**	5,746
Internal fuel and petroleum product volume	**102**	44	**–**	—	**–**	—	**640**	650	**–**	—	**(742)**	(694)	**–**	—
Total fuel and petroleum product volume (million litres)	**3,144**	3,022	**1,578**	1,202	**1,547**	1,337	**913**	879	**–**	—	**(742)**	(694)	**6,440**	5,746
Sales and operating revenue[1]														
Revenue from external customers	**4,519**	2,616	**2,312**	1,036	**2,527**	1,184	**357**	138	**–**	—	**–**	—	**9,715**	4,974
Inter-segment revenue	**145**	30	**–**	—	**–**	—	**939**	536	**–**	—	**(1,084)**	(566)	**–**	—
Total sales and operating revenue	**4,664**	2,646	**2,312**	1,036	**2,527**	1,184	**1,296**	674	**–**	—	**(1,084)**	(566)	**9,715**	4,974
Cost of purchases	**4,279**	2,363	**2,044**	881	**2,317**	1,080	**1,005**	488	**–**	—	**(1,084)**	(566)	**8,561**	4,246
Adjusted gross margin														
Fuel and petroleum product adjusted gross margin, before the following:	**306**	230	**245**	138	**150**	62	**289**	184	**–**	—	**–**	—	**990**	614
Gain (loss) on risk management and other - realized	**(8)**	—	**(103)**	(18)	**(39)**	(8)	**(47)**	(7)	**–**	—	**–**	—	**(197)**	(33)
Gain (loss) on foreign exchange - realized	**–**	—	**–**	(2)	**–**	—	**(9)**	2	**(1)**	—	**–**	—	**(10)**	—
Other adjusting items to adjusted gross margin	**–**	—	**–**	4	**–**	—	**–**	—	**2**	—	**–**	—	**2**	4
Fuel and petroleum product adjusted gross margin	**298**	230	**142**	122	**111**	54	**233**	179	**1**	—	**–**	—	**785**	585
Food, convenience and other adjusted gross margin	**79**	53	**23**	17	**60**	42	**2**	2	**–**	—	**–**	—	**164**	114
Total adjusted gross margin	**377**	283	**165**	139	**171**	96	**235**	181	**1**	—	**–**	—	**949**	699
Operating costs	**151**	121	**36**	35	**91**	53	**67**	54	**–**	—	**–**	—	**345**	263
Marketing, general and administrative	**52**	36	**22**	19	**29**	13	**4**	4	**27**	23	**–**	—	**134**	95
Share in (earnings) loss of associates and joint ventures	**–**	—	**(6)**	(2)	**–**	—	**–**	—	**–**	—	**–**	—	**(6)**	(2)
Other adjusting items to Adjusted EBITDA[2]	**–**	—	**(2)**	(1)	**–**	—	**–**	—	**–**	—	**–**	—	**(2)**	(1)
Adjusted EBITDA including NCI	**174**	126	**115**	88	**51**	30	**164**	123	**(26)**	(23)	**–**	—	**478**	344
Attributable to NCI	**–**	—	**28**	22	**–**	—	**–**	—	**–**	—	**–**	—	**28**	22
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**174**	126	**87**	66	**51**	30	**164**	123	**(26)**	(23)	**–**	—	**450**	322
Reconciliation to net earnings (loss)														
Adjusted EBITDA including NCI													**478**	344
Acquisition, integration and other costs													**18**	11
Depreciation and amortization													**174**	154
Finance costs													**80**	93
(Gain) loss on foreign exchange – unrealized													**(6)**	(1)
(Gain) loss on risk management and other – unrealized													**20**	18
Other (gains) and losses													**60**	120
Other adjusting items[2]													**4**	5
Income tax expense (recovery)													**37**	4
Net earnings (loss)													**91**	(60)

[1] See sections (c) and (d) for further details on sales and operating revenue.
[2] Other adjusting items to Adjusted EBITDA mainly include the share of depreciation and income taxes for Isla joint venture of $3 (2021 - nil).
[3] For comparative purposes, information for the three months ended June 30, 2021 was restated due to a change in segment presentation as described in Note 2(g). 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.

Parkland Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and six months ended June 30, 2022
($ millions, unless otherwise stated)

Segment information	Canada		International		USA		Refining		Corporate		Intersegment eliminations		Consolidated	
For the six months ended June 30,	**2022**	2021[3]	**2022**	2021[3]	**2022**	2021[3]	**2022**	2021[3]	**2022**	2021[3]	**2022**	2021	**2022**	2021
External fuel and petroleum product volume	**6,368**	6,059	**3,102**	2,431	**3,326**	2,360	**616**	419	**–**	–	**–**	–	**13,412**	11,269
Internal fuel and petroleum product volume	**196**	87	**–**	–	**–**	–	**1,276**	1,264	**–**	–	**(1,472)**	(1,351)	**–**	–
Total fuel and petroleum product volume (million litres)	**6,564**	6,146	**3,102**	2,431	**3,326**	2,360	**1,892**	1,683	**–**	–	**(1,472)**	(1,351)	**13,412**	11,269
Sales and operating revenue[1]														
Revenue from external customers	**8,164**	4,923	**4,034**	2,040	**4,471**	1,989	**652**	248	**–**	–	**–**	–	**17,321**	9,200
Inter-segment revenue	**231**	55	**–**	–	**–**	–	**1,657**	981	**–**	–	**(1,888)**	(1,036)	**–**	–
Total sales and operating revenue	**8,395**	4,978	**4,034**	2,040	**4,471**	1,989	**2,309**	1,229	**–**	–	**(1,888)**	(1,036)	**17,321**	9,200
Cost of purchases[4]	**7,621**	4,390	**3,514**	1,716	**4,083**	1,806	**1,794**	893	**–**	–	**(1,888)**	(1,036)	**15,124**	7,769
Adjusted gross margin														
Fuel and petroleum product adjusted gross margin, before the following:	**635**	487	**474**	285	**279**	110	**511**	333	**–**	–	**–**	–	**1,899**	1,215
Gain (loss) on risk management and other - realized	**(11)**	(3)	**(195)**	(50)	**(57)**	(13)	**(117)**	(12)	**–**	–	**–**	–	**(380)**	(78)
Gain (loss) on foreign exchange - realized	**1**	(1)	**2**	1	**–**	–	**(7)**	5	**2**	4	**–**	–	**(2)**	9
Other adjusting items to adjusted gross margin	**–**	–	**–**	4	**–**	–	**–**	–	**2**	(2)	**–**	–	**2**	2
Fuel and petroleum product adjusted gross margin	**625**	483	**281**	240	**222**	97	**387**	326	**4**	2	**–**	–	**1,519**	1,148
Food, convenience and other adjusted gross margin	**139**	101	**46**	39	**109**	73	**4**	3	**–**	–	**–**	–	**298**	216
Total adjusted gross margin	**764**	584	**327**	279	**331**	170	**391**	329	**4**	2	**–**	–	**1,817**	1,364
Operating costs	**301**	241	**76**	69	**175**	95	**130**	102	**–**	–	**–**	–	**682**	507
Marketing, general and administrative	**99**	68	**45**	38	**58**	26	**8**	7	**52**	43	**–**	–	**262**	182
Share in (earnings) loss of associates and joint ventures	**–**	–	**(11)**	(4)	**–**	–	**–**	–	**–**	–	**–**	–	**(11)**	(4)
Other adjusting items to Adjusted EBITDA[2]	**(1)**	–	**(7)**	(2)	**–**	–	**–**	–	**–**	–	**–**	–	**(8)**	(2)
Adjusted EBITDA including NCI	**365**	275	**224**	178	**98**	49	**253**	220	**(48)**	(41)	**–**	–	**892**	681
Attributable to NCI	**–**	–	**55**	45	**–**	–	**–**	–	**–**	–	**–**	–	**55**	45
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**365**	275	**169**	133	**98**	49	**253**	220	**(48)**	(41)	**–**	–	**837**	636
Reconciliation to net earnings (loss)														
Adjusted EBITDA including NCI													**892**	681
Acquisition, integration and other costs													**31**	16
Depreciation and amortization													**329**	308
Finance costs													**150**	176
(Gain) loss on foreign exchange – unrealized													**–**	3
(Gain) loss on risk management and other – unrealized													**31**	23
Other (gains) and losses													**132**	165
Other adjusting items[2]													**10**	4
Income tax expense (recovery)													**50**	10
Net earnings (loss)													**159**	(24)

[1] See sections (c) and (d) for further details on sales and operating revenue.
[2] Other adjusting items to Adjusted EBITDA mainly include the share of depreciation and income taxes for Isla joint venture of $7 (2021 - nil).
[3] For comparative purposes, information for the six months ended June 30, 2021 was restated due to a change in segment presentation as described in Note 2(g). Additionally, certain amounts within sales and operating revenue, cost of purchases, and Marketing, general and administrative were restated and reclassified to conform to the presentation used in the current period. See Note 13(f) for further details.
[4] Cost of purchases of the Refining segment includes a realized loss of nil (2021 - $16) relating to the Intermediation Facility Derivatives.

(a) Renewable and Conventional results

Canada and Refining segments are involved in renewable fuel trading, co-processing and blending of low-carbon-intensity feedstocks to produce greener fuels and generate emission credits. The results of Renewable and Conventional operations are as follows:

	Canada						Refining					
	Renewable		Conventional		Total		Renewable		Conventional		Total	
For the three months ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Fuel and petroleum product volume (million litres)[1]	**161**	154	**2,983**	2,868	**3,144**	3,022	**–**	–	**913**	879	**913**	879
Sales and operating revenue	**262**	166	**4,664**	2,646	**4,926**	2,812	**120**	56	**1,212**	674	**1,332**	730
Eliminations[2]					**(262)**	(166)					**(36)**	(56)
Sales and operating revenue - after eliminations[3]					**4,664**	2,646					**1,296**	674
Cost of purchases	**253**	157	**4,288**	2,372	**4,541**	2,529	**105**	56	**936**	488	**1,041**	544
Eliminations[2]					**(262)**	(166)					**(36)**	(56)
Cost of purchases - after eliminations[3]					**4,279**	2,363					**1,005**	488
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	**9**	9	**297**	221	**306**	230	**15**	–	**274**	184	**289**	184
Gain (loss) on risk management and other - realized	**(2)**	–	**(6)**	–	**(8)**	–	**2**	–	**(49)**	(7)	**(47)**	(7)
Gain (loss) on foreign exchange - realized	**–**	–	**–**	–	**–**	–	**–**	–	**(9)**	2	**(9)**	2
Fuel and petroleum product adjusted gross margin	**7**	9	**291**	221	**298**	230	**17**	–	**216**	179	**233**	179
Food, convenience and other adjusted gross margin	**–**	–	**79**	53	**79**	53	**–**	–	**2**	2	**2**	2
Total adjusted gross margin	**7**	9	**370**	274	**377**	283	**17**	–	**218**	181	**235**	181
Operating costs	**2**	1	**149**	120	**151**	121	**3**	2	**64**	52	**67**	54
Marketing, general and administrative	**1**	–	**51**	36	**52**	36	**–**	–	**4**	4	**4**	4
Other adjusting items to Adjusted EBITDA	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Adjusted EBITDA	**4**	8	**170**	118	**174**	126	**14**	(2)	**150**	125	**164**	123

	Canada						Refining					
	Renewable		Conventional		Total		Renewable		Conventional		Total	
For the six months ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Fuel and petroleum product volume (million litres)[1]	**281**	234	**6,283**	5,912	**6,564**	6,146	**–**	–	**1,892**	1,683	**1,892**	1,683
Sales and operating revenue	**383**	232	**8,395**	4,978	**8,778**	5,210	**193**	112	**2,215**	1,228	**2,408**	1,340
Eliminations[2]					**(383)**	(232)					**(99)**	(111)
Sales and operating revenue - after eliminations[3]					**8,395**	4,978					**2,309**	1,229
Cost of purchases	**362**	219	**7,642**	4,403	**8,004**	4,622	**159**	80	**1,734**	924	**1,893**	1,004
Eliminations[2]					**(383)**	(232)					**(99)**	(111)
Cost of purchases - after eliminations[3]					**7,621**	4,390					**1,794**	893
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	**21**	13	**614**	474	**635**	487	**34**	32	**477**	301	**511**	333
Gain (loss) on risk management and other - realized	**(5)**	1	**(6)**	(4)	**(11)**	(3)	**2**	–	**(119)**	(12)	**(117)**	(12)
Gain (loss) on foreign exchange - realized	**1**	–	**–**	(1)	**1**	(1)	**–**	–	**(7)**	5	**(7)**	5
Other adjusting items to adjusted gross margin	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Fuel and petroleum product adjusted gross margin	**17**	14	**608**	469	**625**	483	**36**	32	**351**	294	**387**	326
Food, convenience and other adjusted gross margin	**–**	–	**139**	101	**139**	101	**–**	–	**4**	3	**4**	3
Total adjusted gross margin	**17**	14	**747**	570	**764**	584	**36**	32	**355**	297	**391**	329
Operating costs	**3**	2	**298**	239	**301**	241	**5**	4	**125**	98	**130**	102
Marketing, general and administrative	**2**	1	**97**	67	**99**	68	**–**	–	**8**	7	**8**	7
Other adjusting items to Adjusted EBITDA	**–**	–	**(1)**	–	**(1)**	–	**–**	–	**–**	–	**–**	–
Adjusted EBITDA	**12**	11	**353**	264	**365**	275	**31**	28	**222**	192	**253**	220

[1] Fuel and petroleum product volume for renewable activities only includes fuel trading volumes and does not include volumes of low-carbon intensity feedstocks used for co-processing and blending.
[2] Represents elimination of transactions between Renewable and Conventional sub-segments.
[3] Includes both external and inter-segment sales and cost of purchases for Canada and Refining. See Note 13.

	Canada						Refining					
	Renewable		**Conventional**		**Total**		**Renewable**		**Conventional**		**Total**	
For the year ended	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Fuel and petroleum product volume (million litres)[1]	528	345	12,485	12,448	13,013	12,793	—	—	3,343	3,245	3,343	3,245
Sales and operating revenue	568	281	11,514	8,104	12,082	8,385	303	152	2,680	1,713	2,983	1,865
Eliminations[2]					(568)	(281)					(240)	(147)
Sales and operating revenue - after eliminations[3]					11,514	8,104					2,743	1,718
Cost of purchases	542	272	10,327	6,982	10,869	7,254	219	98	2,134	1,371	2,353	1,469
Eliminations[2]					(568)	(281)					(240)	(147)
Cost of purchases - after eliminations[3]					10,301	6,973					2,113	1,322
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	26	10	984	931	1,010	941	84	54	537	336	621	390
Gain (loss) on risk management and other - realized	10	(3)	(9)	(3)	1	(6)	—	—	(22)	(1)	(22)	(1)
Gain (loss) on foreign exchange - realized	—	—	(1)	—	(1)	—	—	—	2	(9)	2	(9)
Other adjusting items to adjusted gross margin	—	—	—	5	—	5	—	—	—	(5)	—	(5)
Fuel and petroleum product adjusted gross margin	36	7	974	933	1,010	940	84	54	517	321	601	375
Food, convenience and other adjusted gross margin	—	—	204	190	204	190	—	—	9	6	9	6
Total adjusted gross margin	36	7	1,178	1,123	1,214	1,130	84	54	526	327	610	381
Operating costs	4	5	503	473	507	478	6	4	227	208	233	212
Marketing, general and administrative	1	1	145	108	146	109	—	—	15	13	15	13
Other adjusting items to Adjusted EBITDA	—	—	(1)	(1)	(1)	(1)	—	—	—	—	—	—
Adjusted EBITDA	31	1	531	543	562	544	78	50	284	106	362	156

(1) Fuel and petroleum product volume for renewable activities only includes fuel trading volumes and does not include volumes of low-carbon intensity feedstocks used for co-processing and blending.
(2) Represents elimination of transactions between Renewable and Conventional sub-segments.
(3) Includes both external and inter-segment sales and cost of purchases for Canada and Refining. See Note 13.

	Canada Renewable		**Refining Renewable**		**Total Renewable**		**Canada Renewable**		**Refining Renewable**		**Total Renewable**	
	Three months ended June 30,						**Six months ended June 30,**					
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Adjusted gross margin[1]	**7**	9	**17**	—	**24**	9	**17**	14	**36**	32	**53**	46
Adjusted EBITDA[1]	**4**	8	**14**	(2)	**18**	6	**12**	11	**31**	28	**43**	39

	Canada Renewable		**Refining Renewable**		**Total Renewable**	
For the year ended	2021	2020	2021	2020	2021	2020
Adjusted gross margin[1]	36	7	84	54	120	61
Adjusted EBITDA[1]	31	1	78	50	109	51

(1) Adjusted gross margin and Adjusted EBITDA attributable to renewable activities represents our measure of sub-segment profit for the respective sub-segments.

($ millions, unless otherwise stated)

(b) Property, plant, and equipment and intangible assets additions and acquisitions

	Canada		International		USA		Refining		Corporate		Consolidated	
For the three months ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Additions to property, plant and equipment and intangible assets[1]	**28**	23	**13**	12	**19**	8	**25**	17	**5**	6	**90**	66
Attributable to NCI	**–**	–	**3**	3	**–**	–	**–**	–	**–**	–	**3**	3
Additions to property, plant and equipment and intangible assets attributable to Parkland	**28**	23	**10**	9	**19**	8	**25**	17	**5**	6	**87**	63
Property, plant and equipment, intangible asset and goodwill acquisitions[1]	**212**	3	**–**	7	**–**	259	**–**		**–**	–	**212**	269

	Canada		International		USA		Refining		Corporate		Consolidated	
For the six months ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Additions to property, plant and equipment and intangible assets[1]	**34**	34	**28**	23	**29**	17	**45**	23	**9**	10	**145**	107
Attributable to NCI	**–**	–	**7**	6	**–**	–	**–**	–	**–**	–	**7**	6
Additions to property, plant and equipment and intangible assets attributable to Parkland	**34**	34	**21**	17	**29**	17	**45**	23	**9**	10	**138**	101
Property, plant and equipment, intangible asset and goodwill acquisitions[1]	**720**	19	**–**	7	**–**	311	**–**	–	**–**	–	**720**	337

[1] Property, plant and equipment additions and acquisitions do not include the right-of-use asset.

(c) Geographic information

	Three months ended June 30,		Six months ended June 30,	
Sales and operating revenue from external customers	**2022**	2021	**2022**	2021
Canada	**4,488**	2,548	**8,041**	4,680
United States	**3,216**	1,791	**5,741**	3,072
Other countries	**2,011**	635	**3,539**	1,448
Total	**9,715**	4,974	**17,321**	9,200

	June 30, 2022			
	Canada	**United States**	**Other countries**	**Consolidated**
Property, plant and equipment	**2,778**	**921**	**960**	**4,659**
Intangible assets	**825**	**251**	**270**	**1,346**
Goodwill	**1,358**	**522**	**516**	**2,396**
Total	**4,961**	**1,694**	**1,746**	**8,401**

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

($ millions, unless otherwise stated)

(d) Sales and operating revenue by product

	Canada[5]		International		USA		Refining[5]		Consolidated	
For the three months ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Gas and diesel[5]	**3,924**	2,177	**1,801**	826	**2,287**	1,003	**148**	50	**8,160**	4,056
Liquid petroleum gas[1]	**99**	87	**33**	16	**5**	3	**–**	—	**137**	106
Other fuel and petroleum products[2][5]	**345**	215	**444**	167	**26**	16	**207**	87	**1,022**	485
Fuel and petroleum product revenue	**4,368**	2,479	**2,278**	1,009	**2,318**	1,022	**355**	137	**9,319**	4,647
Food and convenience store[3]	**102**	103	**3**	2	**82**	57	**–**	—	**187**	162
Lubricants and other[4][5]	**49**	34	**31**	25	**127**	105	**2**	1	**209**	165
Food, convenience and other non-fuel revenue	**151**	137	**34**	27	**209**	162	**2**	1	**396**	327
External sales and operating revenue	**4,519**	2,616	**2,312**	1,036	**2,527**	1,184	**357**	138	**9,715**	4,974

	Canada[5]		International		USA		Refining[5]		Consolidated	
For the six months ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Gas and diesel[5]	**6,986**	4,044	**3,133**	1,660	**4,019**	1,671	**192**	105	**14,330**	7,480
Liquid petroleum gas[1]	**371**	311	**60**	41	**15**	8	**–**	—	**446**	360
Other fuel and petroleum products[2][5]	**522**	310	**772**	279	**45**	22	**456**	141	**1,795**	752
Fuel and petroleum product revenue	**7,879**	4,665	**3,965**	1,980	**4,079**	1,701	**648**	246	**16,571**	8,592
Food and convenience store[3]	**202**	195	**6**	5	**149**	88	**–**	—	**357**	288
Lubricants and other[4][5]	**83**	63	**63**	55	**243**	200	**4**	2	**393**	320
Food, convenience and other non-fuel revenue	**285**	258	**69**	60	**392**	288	**4**	2	**750**	608
External sales and operating revenue	**8,164**	4,923	**4,034**	2,040	**4,471**	1,989	**652**	248	**17,321**	9,200

(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, rental income from retailers in the form of a percentage rent on convenience store sales, and food revenue generated from frozen food retail locations in Canada.
(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 and six months ended June 30, 2021 was restated due to a change in segment presentation described in Note 2(g). Additionally, certain amounts within sales and operating revenue were restated and reclassified to conform to the presentation used in the current period. See Note 13(f).

(e) Line of business information

	Retail		Commercial		Refining		Corporate		Eliminations		Consolidated	
For the three months ended June 30	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Fuel and petroleum product volume (million litres)												
External fuel and petroleum product volume	**2,451**	2,293	**3,716**	3,224	**273**	229	**–**	–	**–**	–	**6,440**	5,746
Internal fuel and petroleum product volume	**–**	–	**1,560**	1,746	**640**	650	**–**	–	**(2,200)**	(2,396)	**–**	–
Total fuel and petroleum product volume	**2,451**	2,293	**5,276**	4,970	**913**	879	**–**	–	**(2,200)**	(2,396)	**6,440**	5,746
Sales and operating revenue												
Revenue from external customers	**4,180**	2,326	**5,178**	2,510	**357**	138	**–**	–	**–**	–	**9,715**	4,974
Inter-business line revenue	**–**	–	**2,175**	1,181	**939**	536	**–**	–	**(3,114)**	(1,717)	**–**	–
Total sales and operating revenue	**4,180**	2,326	**7,353**	3,691	**1,296**	674	**–**	–	**(3,114)**	(1,717)	**9,715**	4,974
Cost of purchases[1]	**3,761**	2,030	**6,909**	3,445	**1,005**	488	**–**	–	**(3,114)**	(1,717)	**8,561**	4,246
Adjusted gross margin												
Fuel and petroleum product adjusted gross margin, before the following:	**311**	229	**390**	201	**289**	184	**–**	–	**–**	–	**990**	614
Gain (loss) on risk management and other derivatives - realized	**(17)**	–	**(133)**	(26)	**(47)**	(7)	**–**	–	**–**	–	**(197)**	(33)
Gain (loss) on foreign exchange - realized	**–**	–	**–**	(2)	**(9)**	2	**(1)**	–	**–**	–	**(10)**	–
Other adjusting items to adjusted gross margin	**–**	–	**–**	4	**–**	–	**2**	–	**–**	–	**2**	4
Fuel and petroleum product adjusted gross margin	**294**	229	**257**	177	**233**	179	**1**	–	**–**	–	**785**	585
Food, convenience and other adjusted gross margin	**108**	67	**54**	45	**2**	2	**–**	–	**–**	–	**164**	114
Total adjusted gross margin	**402**	296	**311**	222	**235**	181	**1**	–	**–**	–	**949**	699
Operating costs	**147**	112	**131**	97	**67**	54	**–**	–	**–**	–	**345**	263
Marketing, general and administrative	**44**	29	**59**	39	**4**	4	**27**	23	**–**	–	**134**	95
Share in (earnings) loss of associates and joint ventures	**(3)**	–	**(3)**	(2)	**–**	–	**–**	–	**–**	–	**(6)**	(2)
Other adjusting items to Adjusted EBITDA[2]	**(1)**	–	**(1)**	(1)	**–**	–	**–**	–	**–**	–	**(2)**	(1)
Adjusted EBITDA including NCI	**215**	155	**125**	89	**164**	123	**(26)**	(23)	**–**	–	**478**	344
Attributable to NCI	**16**	10	**12**	12	**–**	–	**–**	–	**–**	–	**28**	22
Adjusted EBITDA	**199**	145	**113**	77	**164**	123	**(26)**	(23)	**–**	–	**450**	322

[1] Cost of purchases of the Refining line of business includes a realized loss of nil (2021- $16) relating to the Intermediation Facility Derivatives.
[2] Other adjusting items to Adjusted EBITDA mainly include the share of depreciation and income taxes for Isla joint venture of $3 (2021 - nil).

	Retail			Commercial			Refining			Corporate			Eliminations			Consolidated		
For the six months ended June 30 ("Q2") and the year ended December 31 ("YE")	**Q2 2022**	**Q2 2021**	**YE 2021**	**Q2 2022**	**Q2 2021**	**YE 2021**	**Q2 2022**	**Q2 2021**	**YE 2021**	**Q2 2022**	**Q2 2021**	**YE 2021**	**Q2 2022**	**Q2 2021**	**YE 2021**	**Q2 2022**	**Q2 2021**	**YE 2021**
Fuel and petroleum product volume (million litres)																		
External fuel and petroleum product volume	**4,760**	4,264	9,106	**8,036**	6,586	14,027	**616**	419	767	**–**	–	–	**–**	–	–	**13,412**	11,269	23,900
Internal fuel and petroleum product volume	**–**	–	–	**3,059**	3,319	7,314	**1,276**	1,264	2,576	**–**	–	–	**(4,335)**	(4,583)	(9,890)	**–**	–	–
Total fuel and petroleum product volume	**4,760**	4,264	9,106	**11,095**	9,905	21,341	**1,892**	1,683	3,343	**–**	–	–	**(4,335)**	(4,583)	(9,890)	**13,412**	11,269	23,900
Sales and operating revenue																		
Revenue from external customers	**7,129**	4,210	9,638	**9,540**	4,742	11,315	**652**	248	515	**–**	–	–	**–**	–	–	**17,321**	9,200	21,468
Inter-business line revenue	**–**	–	–	**3,738**	2,186	5,179	**1,657**	981	2,228	**–**	–	–	**(5,395)**	(3,167)	(7,407)	**–**	–	–
Total sales and operating revenue	**7,129**	4,210	9,638	**13,278**	6,928	16,494	**2,309**	1,229	2,743	**–**	–	–	**(5,395)**	(3,167)	(7,407)	**17,321**	9,200	21,468
Cost of purchases[(1)]	**6,361**	3,664	8,434	**12,364**	6,379	15,372	**1,794**	893	2,113	**–**	–	–	**(5,395)**	(3,167)	(7,407)	**15,124**	7,769	18,512
Adjusted gross margin																		
Fuel and petroleum product adjusted gross margin, before the following:	**582**	424	948	**806**	458	919	**511**	333	621	**–**	–	–	**–**	–	–	**1,899**	1,215	2,488
Gain (loss) on risk management and other derivatives - realized	**(17)**	–	–	**(246)**	(66)	(92)	**(117)**	(12)	(22)	**–**	–	–	**–**	–	–	**(380)**	(78)	(114)
Gain (loss) on foreign exchange - realized	**–**	–	–	**3**	–	(2)	**(7)**	5	2	**2**	4	3	**–**	–	–	**(2)**	9	3
Other adjusting items to adjusted gross margin	**–**	–	–	**–**	4	(3)	**–**	–	–	**2**	(2)	1	**–**	–	–	**2**	2	(2)
Fuel and petroleum product adjusted gross margin	**565**	424	948	**563**	396	822	**387**	326	601	**4**	2	4	**–**	–	–	**1,519**	1,148	2,375
Food, convenience and other adjusted gross margin	**186**	122	256	**108**	91	203	**4**	3	9	**–**	–	–	**–**	–	–	**298**	216	468
Total adjusted gross margin	**751**	546	1,204	**671**	487	1,025	**391**	329	610	**4**	2	4	**–**	–	–	**1,817**	1,364	2,843
Operating costs	**279**	209	448	**273**	196	428	**130**	102	233	**–**	–	–	**–**	–	–	**682**	507	1,109
Marketing, general and administrative	**83**	52	117	**119**	80	180	**8**	7	15	**52**	43	94	**–**	–	–	**262**	182	406
Share in (earnings) loss of associates and joint ventures	**(6)**	–	(8)	**(5)**	(4)	(8)	**–**	–	–	**–**	–	–	**–**	–	–	**(11)**	(4)	(16)
Other adjusting items to Adjusted EBITDA[(2)]	**(5)**	–	(6)	**(3)**	(2)	(8)	**–**	–	–	**–**	–	–	**–**	–	–	**(8)**	(2)	(14)
Adjusted EBITDA including NCI	**400**	285	653	**287**	217	433	**253**	220	362	**(48)**	(41)	(90)	**–**	–	–	**892**	681	1,358
Attributable to NCI	**28**	20	46	**27**	25	52	**–**	–	–	**–**	–	–	**–**	–	–	**55**	45	98
Adjusted EBITDA	**372**	265	607	**260**	192	381	**253**	220	362	**(48)**	(41)	(90)	**–**	–	–	**837**	636	1,260

(1) Cost of purchases of the Refining segment includes a realized loss of nil (2021- $16) relating to the Intermediation Facility Derivatives.

(2) Other adjusting items to Adjusted EBITDA mainly include the share of depreciation and income taxes for Isla joint venture of $7 (2021 - nil).

(f) Change in segment presentation

The supply, wholesale and logistics businesses, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first three months of 2022, and following the change, the Supply segment has been renamed to "Refining" as it only includes the results of the Burnaby Refinery. This change better aligns Canada results with those of USA and International that carry supply businesses within their respective divisions. In addition, certain amounts for the periods in 2020 and 2021 were restated and reclassified to conform to the presentation used in the current period with respect to the allocation of Corporate costs. The restated comparative information for Canada, Refining, USA, and Corporate are as follows:

Segment information	Canada						Refining					
	2021					2020	2021					2020
	For the year ended	For the three months ended				For the year ended	For the year ended	For the three months ended				For the year ended
	Dec 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Dec 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
External petroleum product volume	12,686	3,318	3,309	2,978	3,081	12,656	767	144	204	229	190	737
Internal fuel and petroleum product volume	327	131	109	44	43	137	2,576	587	725	650	614	2,508
Fuel and petroleum product volume (million litres)	13,013	3,449	3,418	3,022	3,124	12,793	3,343	731	929	879	804	3,245
Revenue from external customers	11,270	3,210	3,137	2,616	2,307	8,011	515	120	147	138	110	272
Inter-segment revenue	244	86	103	30	25	93	2,228	552	695	536	445	1,446
Sales and operating revenue	11,514	3,296	3,240	2,646	2,332	8,104	2,743	672	842	674	555	1,718
Cost of purchases	10,301	2,970	2,941	2,363	2,027	6,973	2,113	577	643	488	405	1,322
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit	1,010	275	252	230	253	940	601	84	191	179	147	375
Food, convenience and other adjusted gross margin	204	52	51	53	48	190	9	6	—	2	1	6
Total adjusted gross profit	1,214	327	303	283	301	1,130	610	90	191	181	148	381
Operating costs	507	134	132	121	120	478	233	70	61	54	48	212
Marketing, general and administrative	146	40	38	36	32	109	15	4	4	4	3	13
Other adjusting items	(1)	—	(1)	—	—	(1)	—	—	—	—	—	—
Adjusted EBITDA	562	153	134	126	149	544	362	16	126	123	97	156

Marketing, general and administrative	2021					2020
	For the year ended	For the three months ended				For the year ended
	Dec 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
USA	68	24	18	13	13	49
Corporate	94	27	24	23	20	72

14. SUBSEQUENT EVENTS

Parkland successfully completed the acquisition of all of the issued and outstanding equity interest of Gulfstream Petroleum, SRL (GP) on July 1, 2022, which represents GB Group's retail, aviation, commercial, lubes and LPG businesses in Jamaica. The acquisition expands the International segment, especially in retail and aviation. The purchase consideration for the acquisition of $124 was financed through cash flow from operations and the Credit Facility, and was settled in cash.

On August 4, 2022, Parkland entered into a share exchange agreement with Simpson Oil Limited (formerly known as SOL Limited, “Simpson Oil”) to issue 20 million common shares of Parkland in exchange for Simpson Oil’s remaining 25% of issued and outstanding shares in Sol Investments SEZC (“SIL”) (the “Share Exchange”). The Share Exchange is subject to certain closing conditions, including the approval of the TSX and receipt of other required regulatory approvals, and is expected to be completed in 2022. Concurrently with completing the Share Exchange, the put and call options granted to Simpson Oil and Parkland’s wholly-owned subsidiary, Estrella Holdings Limited, respectively, as part of the business combination agreement dated October 9, 2018, with respect to the remaining 25% shares of SIL will be terminated.