Parkland Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2020

PARKLAND

Parkland Corporation

Consolidated Balance Sheets
(Unaudited)

($ millions)	Note	**June 30, 2020**	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		**1,003**	244
Restricted cash		**19**	13
Accounts receivable		**739**	1,083
Income taxes receivable		**28**	—
Inventories	4	**532**	780
Risk management and other derivatives	11	**58**	25
Prepaid expenses and other		**69**	59
		2,448	2,204
Property, plant and equipment	5	**3,899**	3,747
Intangible assets	7	**954**	965
Goodwill	8	**1,879**	1,811
Long-term receivables		**88**	88
Other long-term assets	9	**242**	301
Deferred tax assets		**192**	167
		9,702	9,283
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**1,397**	1,358
Dividends declared and payable		**15**	15
Income taxes payable		**–**	52
Long-term debt – current portion	10	**518**	115
Provisions and other liabilities – current portion	13	**212**	345
Risk management and other derivatives	11	**14**	11
		2,156	1,896
Long-term debt	10	**4,033**	3,823
Provisions and other liabilities	13	**959**	956
Deferred tax liabilities		**315**	299
		7,463	6,974
Shareholders' equity			
Shareholders' capital	14	**2,413**	2,382
Contributed surplus		**34**	27
Accumulated other comprehensive income (loss)		**(8)**	(10)
Sol Put Option reserve	13	**(494)**	(494)
Retained earnings (deficit)		**(84)**	53
Non-controlling interest ("NCI")	15	**378**	351
		2,239	2,309
		9,702	9,283

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, 2020	2019	Six months ended June 30, 2020	2019
Sales and operating revenue	19	**2,704**	4,854	**7,032**	9,069
Expenses					
Cost of purchases		**2,207**	4,130	**5,975**	7,658
Operating costs		**219**	264	**505**	534
Marketing, general and administrative		**63**	98	**160**	190
Acquisition, integration and other costs	16	**8**	14	**29**	49
Depreciation and amortization	5, 7	**153**	140	**302**	275
Finance costs	17	**66**	59	**129**	134
Foreign exchange (gain) loss		**(7)**	(14)	**28**	(44)
(Gain) loss on asset disposals		**(5)**	—	**(1)**	—
(Gain) loss on risk management and other derivatives	11	**17**	(3)	**(31)**	(5)
Other (gains) and losses	18	**(45)**	9	**9**	2
Earnings (loss) before income taxes		**28**	157	**(73)**	276
Current income tax expense (recovery)		**(11)**	65	**(12)**	112
Deferred income tax expense (recovery)		**8**	(19)	**(18)**	(38)
Net earnings (loss)		**31**	111	**(43)**	202
Net earnings (loss) attributable to:					
Parkland		**32**	105	**(47)**	182
NCI	15	**(1)**	6	**4**	20
Net earnings (loss) per share ($ per share)	3				
Basic		**0.22**	0.72	**(0.32)**	1.25
Diluted		**0.21**	0.70	**(0.32)**	1.22
Weighted average number of common shares (000's of shares)	3	**148,822**	146,748	**148,598**	145,966
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)	3	**150,661**	149,697	**148,598**	148,852

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, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Net earnings (loss)		**31**	111	**(43)**	202
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)**	(39)	**90**	(39)
Exchange differences on USD-denominated debt designated as a hedge of the net investment in foreign operations ("Net Investment Hedge"), net of tax	10	**63**	19	**(65)**	(3)
Other comprehensive income (loss)		**(1)**	(20)	**25**	(42)
Total comprehensive income (loss)		**30**	91	**(18)**	160
Total comprehensive income (loss) attributable to:					
Parkland		**44**	85	**(45)**	139
NCI	15	**(14)**	6	**27**	21

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, 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 ConoMart Acquisition	16	**1**	**–**	**–**	**–**	**–**	**–**	**1**
Dividends		**–**	**–**	**–**	**–**	**(90)**	**–**	**(90)**
Share incentive compensation		**–**	**12**	**–**	**–**	**–**	**–**	**12**
Issued under dividend reinvestment plan, net of costs	14	**20**	**–**	**–**	**–**	**–**	**–**	**20**
Issued under share option plan	14	**6**	**(1)**	**–**	**–**	**–**	**–**	**5**
Issued on vesting of restricted share units	14	**4**	**(4)**	**–**	**–**	**–**	**–**	**–**
As at June 30, 2020		**2,413**	**34**	**(8)**	**(494)**	**(84)**	**378**	**2,239**
As at January 1, 2019		1,886	18	49	—	(152)	—	1,801
Net earnings (loss)		—	—	—	—	182	20	202
Other comprehensive income (loss)		—	—	(43)	—	—	1	(42)
NCI acquired on Sol Transaction		—	—	—	—	—	416	416
Shares issued on Sol Transaction	16	423	—	—	—	—	—	423
Dividends		—	—	—	—	(88)	—	(88)
Share incentive compensation		—	6	—	—	—	—	6
Issued under dividend reinvestment plan, net of costs	14	31	—	—	—	—	—	31
Issued under share option plan	14	6	(1)	—	—	—	—	5
Issued on vesting of restricted share units	14	(2)	(4)	—	—	—	—	(6)
Sol Put Option	13	—	—	—	(494)	—	—	(494)
Reclassification of net gain on Sol Transaction Hedge		—	—	(26)	—	—	—	(26)
As at June 30, 2019		2,344	19	(20)	(494)	(58)	437	2,228

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, 2020	2019	Six months ended June 30, 2020	2019
Operating activities					
Net earnings (loss)		**31**	111	**(43)**	202
Adjustments for:					
Depreciation and amortization		**153**	140	**302**	275
(Gain) loss on asset disposals		**(5)**	—	**(1)**	—
Share incentive compensation		**7**	4	**10**	8
Change in risk management and other derivatives		**25**	(10)	**(28)**	(19)
Change in other liabilities and other assets		**3**	25	**24**	42
Change in fair value of Redemption Options	18	**(31)**	(10)	**74**	(37)
Change in redemption value of Sol Put Option	11, 18	**(41)**	8	**(54)**	40
Deferred tax expense (recovery)		**8**	(19)	**(18)**	(38)
Share of earnings from investment in associate	9, 18	**(2)**	(3)	**(4)**	(5)
Other operating activities		**(3)**	12	**17**	(12)
Net change in non-cash working capital related to operating activities	12	**419**	253	**561**	191
Cash generated from (used in) operating activities		**564**	511	**840**	647
Financing activities					
Net proceeds from (repayments of) the Credit Facility	10	**(133)**	(143)	**114**	1,032
Long-term debt repayments, excluding the Credit Facility	10	**(14)**	(17)	**(22)**	(20)
Proceeds from long-term debt, net of financing costs, excluding the Credit Facility		**396**	9	**396**	20
Payments on principal amount on leases	6	**(35)**	(32)	**(74)**	(58)
Change in provisions and other liabilities		**(11)**	(48)	**(148)**	6
Dividends paid to shareholders, net of dividend reinvestment plan		**(39)**	(29)	**(70)**	(56)
Net change in non-cash working capital related to financing activities	12	**–**	(12)	**–**	(72)
Cash generated from (used in) financing activities		**164**	(272)	**196**	852
Investing activities					
Sol Transaction, net of Sol Transaction Hedge and cash assumed	16	**–**	—	**–**	(948)
USA Acquisitions	16	**(14)**	(27)	**(78)**	(27)
Dividends received from investment in associate, net of contributions	9	**10**	3	**10**	10
Expenditures on property, plant and equipment and intangible assets		**(77)**	(118)	**(235)**	(207)
Change in long-term receivables		**4**	(7)	**9**	(14)
Proceeds on asset disposals		**5**	1	**8**	3
Cash generated from (used in) investing activities		**(72)**	(148)	**(286)**	(1,183)
Increase (decrease) in net cash		**656**	91	**750**	316
Impact of foreign currency translation on cash		**(18)**	(8)	**15**	(9)
Net cash at beginning of period		**384**	264	**257**	40
Net cash at end of period		**1,022**	347	**1,022**	347
Represented by:					
Cash and cash equivalents		**1,003**	330	**1,003**	330
Restricted cash		**19**	17	**19**	17
Net cash		**1,022**	347	**1,022**	347
Supplementary cash flow information:					
Interest paid		**65**	56	**117**	105
Interest received		**–**	—	**(1)**	(1)
Income taxes paid		**3**	22	**70**	66

See accompanying notes to the interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

Effective May 15, 2020, Parkland Fuel Corporation amended its articles to change its name to "Parkland Corporation" and adopted "Corporation Parkland" as its French name. Parkland Corporation ("Parkland") is an independent marketer, distributor and refiner of fuel and petroleum products and a convenience retailer. 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, 2020.

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, 2019 (the "Annual Consolidated Financial Statements").

The consolidated statements of income (loss) for the three and six months ended June 30, 2019 were reclassified to conform to the presentation used in the current period and in the Annual Consolidated Financial Statements as follows:

- change in fair value of Redemption Options, change in redemption value of Sol Put Option and Change in estimates of environmental provision, which were formerly included in finance and other costs, are now included in other (gains) and losses;
- share in earnings from investment in associate and other items formerly included in other income are now included in other (gains) and losses; and
- certain expenses within the Supply segment were reclassified from marketing, general and administrative to operating costs.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors on August 6, 2020.

(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, except for government grants as described below.

Government grants

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

(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

Canada Retail and Canada Commercial, formerly presented separately as individual segments, and the Canadian distribution business, 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 2020. As a result of the change in organizational structure, the chief operating decision maker assesses performance, monitors results and allocates resources based on the combined Canada segment.

3. NET EARNINGS (LOSS) PER SHARE

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Net earnings (loss) attributable to Parkland	**32**	105	**(47)**	182
Weighted average number of common shares (000's of shares)	**148,822**	146,748	**148,598**	145,966
Effect of dilutive securities (000's of shares)	**1,839**	2,949	**–**	2,886
Weighted average number of common shares adjusted for the effects of dilution (000's of shares)	**150,661**	149,697	**148,598**	148,852
Net earnings (loss) per share ($ per share)				
Basic	**0.22**	0.72	**(0.32)**	1.25
Diluted	**0.21**	0.70	**(0.32)**	1.22

4. INVENTORIES

	June 30, 2020	December 31, 2019
Gas and diesel	**298**	461
Liquid petroleum gas	**26**	35
Other fuel and petroleum products	**71**	142
Lubricants	**77**	82
Convenience store and other non-fuel	**60**	60
	532	780

Other fuel and petroleum products include crude oil, aviation fuel, asphalt, fuel oils, gas oils, ethanol, and biodiesel. For the three and six months ended June 30, 2020, respectively $2,195 and $5,801 (2019 - $3,988 and $7,333) of inventories was recognized within cost of purchases. Due to the decline in commodity prices, $5 (2019 - nil) in write-down of inventories to net realizable value was recognized as at June 30, 2020, of which $2 relates to Supply and $3 relates to International.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Land	Land improvements	Buildings and structures	Plant and equipment	Right-of-use assets	Total
Cost							
As at January 1, 2020		**975**	**155**	**633**	**2,458**	**614**	**4,835**
Additions		**–**	**7**	**32**	**172**	**72**	**283**
2020 USA Acquisitions	16	**7**	**2**	**15**	**18**	**–**	**42**
Change in ARO costs		**(2)**	**–**	**(1)**	**22**	**(1)**	**18**
Disposals and other adjustments		**(5)**	**–**	**(1)**	**(19)**	**(27)**	**(52)**
Exchange differences		**16**	**2**	**10**	**33**	**18**	**79**
As at June 30, 2020		**991**	**166**	**688**	**2,684**	**676**	**5,205**
Depreciation							
As at January 1, 2020		**–**	**42**	**137**	**784**	**125**	**1,088**
Depreciation		**–**	**7**	**22**	**124**	**83**	**236**
Disposals and other adjustments		**–**	**–**	**(1)**	**(7)**	**(20)**	**(28)**
Exchange differences		**–**	**–**	**1**	**7**	**2**	**10**
As at June 30, 2020		**–**	**49**	**159**	**908**	**190**	**1,306**
Net book value							
As at June 30, 2020		**991**	**117**	**529**	**1,776**	**486**	**3,899**

	Note	Land	Land improvements	Buildings and structures	Plant and equipment	Right-of-use assets[1]	Total
Cost							
As at December 31, 2018		668	113	418	1,746	7	2,952
IFRS 16 Adjustment		—	—	—	—	239	239
Adjusted balance as at January 1, 2019		668	113	418	1,746	246	3,191
Sol Transaction	16	298	25	128	379	172	1,002
Additions		10	19	87	332	239	687
2019 USA Acquisitions	16	15	3	11	21	4	54
Change in ARO costs and other acquisitions		—	—	—	18	—	18
Disposals and other adjustments		(7)	(3)	(4)	(20)	(44)	(78)
Exchange differences		(9)	(2)	(7)	(18)	(3)	(39)
As at December 31, 2019		975	155	633	2,458	614	4,835
Depreciation							
As at January 1, 2019		—	27	92	564	2	685
Depreciation		—	16	47	237	142	442
Disposals and other adjustments		—	(1)	(1)	(11)	(15)	(28)
Exchange differences		—	—	(1)	(6)	(4)	(11)
As at December 31, 2019		—	42	137	784	125	1,088
Net book value							
As at December 31, 2019		975	113	496	1,674	489	3,747

[1] The January 1, 2019 right-of use assets were adjusted to conform with IFRS 16, which replaces IAS 17 and related interpretations.

Included in property, plant and equipment as at June 30, 2020 are assets under construction of $388 (December 31, 2019 - $354), consisting primarily of construction and upgrades for the refinery within the Supply segment and for retail stations within the Canada, USA and International segments.

6. LEASES

(a) Parkland as a lessee

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

Right-of-use assets	Land, buildings and structures	Shipping vessels	Railcars	Equipment	Other[1]	Total
Cost						
As at January 1, 2020	**306**	**124**	**90**	**8**	**86**	**614**
Additions	**28**	**38**	**1**	**3**	**2**	**72**
Change in ARO costs	**(1)**	**–**	**–**	**–**	**–**	**(1)**
Disposals and other adjustments	**(9)**	**(11)**	**(5)**	**(1)**	**(1)**	**(27)**
Exchange differences	**7**	**6**	**4**	**–**	**1**	**18**
As at June 30, 2020	**331**	**157**	**90**	**10**	**88**	**676**
Depreciation						
As at January 1, 2020	**39**	**41**	**24**	**2**	**19**	**125**
Depreciation	**23**	**35**	**15**	**1**	**9**	**83**
Disposals and other adjustments	**(2)**	**(11)**	**(5)**	**(1)**	**(1)**	**(20)**
Exchange differences	**1**	**1**	**–**	**–**	**–**	**2**
As at June 30, 2020	**61**	**66**	**34**	**2**	**27**	**190**
Net book value						
As at June 30, 2020	**270**	**91**	**56**	**8**	**61**	**486**

Right-of-use assets	Note	Land, buildings and structures	Shipping vessels	Railcars	Equipment	Other[1]	Total
Cost							
As at January 1, 2019		187	—	37	4	18	246
Sol Transaction	16	59	83	—	—	30	172
Additions		86	58	55	4	36	239
2019 USA Acquisitions	16	—	—	—	—	4	4
Disposals and other adjustments		(28)	(15)	—	—	(1)	(44)
Exchange differences		2	(2)	(2)	—	(1)	(3)
As at December 31, 2019		306	124	90	8	86	614
Depreciation							
As at January 1, 2019		—	—	—	—	2	2
Depreciation		40	58	25	2	17	142
Disposals and other adjustments		(1)	(14)	—	—	—	(15)
Exchange differences		—	(3)	(1)	—	—	(4)
As at December 31, 2019		39	41	24	2	19	125
Net book value							
As at December 31, 2019		267	83	66	6	67	489

[1] Includes leases related to transloading facilities, vehicles and certain specialized equipment.

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

The consolidated statements of income (loss) include the following amounts relating to leases:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Depreciation charge on right-of-use assets	**41**	34	**83**	65
Interest expense on lease liabilities[1]	**8**	7	**16**	14
Other lease expenses[2]	**21**	20	**47**	39
	70	61	**146**	118

[1] See Note 17.
[2] Other lease expenses include payments for short-term, low-value and/or variable lease payments not included in lease liabilities, but included within operating costs and marketing, general and administrative expenses on the consolidated statements of income (loss).

7. INTANGIBLE ASSETS

	Note	Customer relationships	Trade names	Other agreements	Software systems	Total
Cost						
As at January 1, 2020		**909**	**311**	**102**	**95**	**1,417**
Additions		**–**	**–**	**3**	**12**	**15**
Other adjustments		**–**	**–**	**–**	**3**	**3**
2020 USA Acquisitions	16	**16**	**2**	**2**	**–**	**20**
Disposals		**(5)**	**–**	**(1)**	**–**	**(6)**
Exchange differences		**18**	**5**	**2**	**–**	**25**
As at June 30, 2020		**938**	**318**	**108**	**110**	**1,474**
Amortization						
As at January 1, 2020		**320**	**54**	**38**	**40**	**452**
Amortization		**41**	**10**	**10**	**5**	**66**
Disposals		**(2)**	**–**	**(1)**	**–**	**(3)**
Exchange differences		**3**	**1**	**1**	**–**	**5**
As at June 30, 2020		**362**	**65**	**48**	**45**	**520**
Net book value						
As at June 30, 2020		**576**	**253**	**60**	**65**	**954**

	Note	Customer relationships	Trade names	Other agreements	Software systems	Total
Cost						
As at December 31, 2018		654	250	61	67	1,032
IFRS 16 Adjustment		—	—	(3)	—	(3)
Adjusted balance as at January 1, 2019		654	250	58	67	1,029
Sol Transaction	16	256	59	29	—	344
Additions		1	—	—	28	29
2019 USA Acquisitions	16	9	5	6	—	20
Other Acquisitions		—	—	10	—	10
Exchange differences		(11)	(3)	(1)	—	(15)
As at December 31, 2019		909	311	102	95	1,417
Amortization						
As at January 1, 2019		239	36	19	24	318
Amortization		80	18	19	16	133
Exchange differences		1	—	—	—	1
As at December 31, 2019		320	54	38	40	452
Net book value						
As at December 31, 2019		589	257	64	55	965

8. GOODWILL

	Note	**January 1, 2020 to June 30, 2020**	January 1, 2019 to December 31, 2019
Goodwill, beginning of period		**1,811**	1,305
Sol Transaction	16	**–**	505
USA acquisitions	16	**34**	21
Other Acquisitions		**–**	2
Exchange differences		**34**	(22)
Goodwill, end of period		**1,879**	1,811

9. OTHER LONG-TERM ASSETS

	Note	**June 30, 2020**	December 31, 2019
Investment in associate[1]		**153**	152
Redemption Options	11	**50**	109
Long-term prepaid expenses, deposits and other assets		**39**	40
		242	301

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

10. LONG-TERM DEBT

	June 30, 2020	December 31, 2019
Credit Facility (a)	**747**	610
Unamortized deferred financing costs	**(3)**	—
	744	610
Senior Notes (b)		
5.50% Senior Notes[1]	**200**	200
6.00% Senior Notes[1]	**200**	200
5.75% Senior Notes, due 2024	**300**	300
5.625% Senior Notes, due 2025	**500**	500
6.00% US$500 Senior Notes, due 2026	**681**	648
6.50% Senior Notes, due 2027	**300**	300
5.875% US$500 Senior Notes, due 2027	**681**	648
6.00% Senior Notes, due 2028	**400**	—
Unamortized premium: Redemption Options	**37**	27
Unamortized discount: deferred financing costs	**(35)**	(35)
	3,264	2,788
Other notes	**12**	14
Credit Facility, Senior Notes, and Other notes	**4,020**	3,412
Lease obligations[2]	**531**	526
Total long-term debt	**4,551**	3,938
Less: current portion of Credit Facility, Senior Notes and Other notes[3]	**(407)**	(3)
Less: current portion of Lease obligations	**(111)**	(112)
Long-term debt	**4,033**	3,823

(1) A notice of redemption of the 5.50% Senior Notes and 6.00% Senior Notes was given by Parkland on June 16, 2020, with a redemption date of July 21, 2020, and the outstanding amounts were reclassified to the current portion.
(2) 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.
(3) The current portion of the Senior Notes includes principal repayments of $200 for 5.50% Senior Notes and $200 for 6.00% Senior notes, for which notice of redemption was delivered by Parkland on June 16, 2020, and 1.5% redemption fee on the 6.00% Senior Notes.

Estimated principal repayments of the Credit Facility, Senior Notes, and other notes are as follows:

	2020	2021	2022	2023	2024	Thereafter	Interest included in minimum lease payments	Total
Credit Facility (a)	–	–	–	**747**	–	–	–	**747**
Senior Notes (b)								
5.50% Senior Notes[1]	**200**	–	–	–	–	–	–	**200**
6.00% Senior Notes[1]	**200**	–	–	–	–	–	–	**200**
5.75% Senior Notes, due 2024	–	–	–	–	**300**	–	–	**300**
5.625% Senior Notes, due 2025	–	–	–	–	–	**500**	–	**500**
6.00% US Senior Notes, due 2026	–	–	–	–	–	**681**	–	**681**
6.50% Senior Notes, due 2027	–	–	–	–	–	**300**	–	**300**
5.875% US Senior Notes, due 2027	–	–	–	–	–	**681**	–	**681**
6.00% Senior Notes, due 2028	–	–	–	–	–	**400**	–	**400**
Other notes	**2**	**6**	**1**	**2**	**1**	–	–	**12**
Undiscounted Future Lease Payments	**86**	**132**	**96**	**78**	**55**	**249**	**(165)**	**531**
	488	**138**	**97**	**827**	**356**	**2,811**	**(165)**	**4,552**

(1) A notice of redemption of the 5.50% Senior Notes and 6.00% Senior Notes was given by Parkland on June 16, 2020, with a redemption date of July 21, 2020, and the outstanding amounts were reclassified to the current portion.

(a) Credit Facility

On January 8, 2019, in connection with the Sol Transaction, the existing Credit Facility was amended and restated to expand the available facility and extend the maturity date. The facility was further amended on June 9, 2020 to expand the commitments under the existing syndicated facility by $300 (the "Credit Facility"). The Credit Facility includes a combined revolving facility amount of US$780 and $700 with a maturity date of January 8, 2023. The revolving facilities are extendible each year for a rolling four-year period at Parkland's option, subject to approval by the lenders.

Details on the Credit Facility as at June 30, 2020 are as follows:

	Rate	Maturity date	Effective rate	Balance
$400 Canadian Revolving Facility				
Canadian Prime Rate Loan	Prime + 0.70%	January 8, 2023	N/A	–
LIBOR Loan	LIBOR + 1.70%	January 8, 2023	1.88%	**186**
$300 Canadian Incremental Syndicated Tranche				
Canadian Prime Rate Loan	Prime + 1.20%	January 8, 2023	N/A	–
LIBOR Loan	LIBOR + 2.20%	January 8, 2023	N/A	–
US$780 Revolving Facility				
US Prime Rate Loan	Prime + 0.70%	January 8, 2023	3.95%	**163**
US LIBOR Loan	LIBOR + 1.70%	January 8, 2023	1.88%	**366**
Other USD Loans	Various	January 8, 2023	4.44%	**32**
Outstanding borrowings under the Credit Facility				**747**

Security on the Credit Facility consists of the assignment of insurance and a floating charge demand debenture, creating a first floating charge over all of Parkland's property and assets, except for those secured under the Intermediation Facility (see Note 11). Additionally, certain subsidiaries have provided security in connection with the Credit Facility.

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, 2020, these guarantees amounted to $281 (December 31, 2019 - $272) and are not recognized in the interim condensed consolidated financial statements. Maturity dates for these guarantees vary and are up to and including May 22, 2022.

As at June 30, 2020, Parkland provided $2,619 (December 31, 2019 - $2,314) 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, summarized as follows:

	Private placement date	Maturity date	Principal amount
5.50% Senior Notes	May 29, 2014	May 28, 2021[1]	**200**
6.00% Senior Notes	November 21, 2014	November 21, 2022[1]	**200**
5.75% Senior Notes	September 16, 2016	September 16, 2024	**300**
5.625% Senior Notes	May 9, 2017	May 9, 2025	**500**
6.00% US Senior Notes	March 23, 2018	April 1, 2026	**681**
6.50% Senior Notes	November 21, 2018	January 21, 2027	**300**
5.875% US Senior Notes	July 10, 2019	July 15, 2027	**681**
6.00% Senior Notes	June 23, 2020	June 23, 2028	**400**
			3,262

[1] Parkland repaid the 5.50% Senior Notes and 6.00% Senior Notes prior to maturity on July 21, 2020. See below.

The Senior Notes 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 17.

6.00% Senior Notes, due 2028

On June 23, 2020, Parkland completed the private offering of $400 aggregate principal amount of senior unsecured notes due June 23, 2028 (the "2020 Senior Notes"). The 6.00% Senior Notes due 2028 were priced at par and bear interest at a rate of 6.00% per annum, payable semi-annually in arrears beginning December 23, 2020. Parkland used the net proceeds from the offering to repay its $200 5.50% Senior Notes and the $200 6.00% Senior Notes on July 21, 2020.

5.50% Senior Notes and 6.00% Senior Notes

On June 16, 2020, Parkland exercised the redemption option on the $200 5.50% Senior Notes and the $200 6.00% Senior Notes with a redemption date of July 21, 2020. The $200 5.50% Senior Notes were redeemed at par and the $200 6.00% Senior notes were redeemed for 101.5% of the principal amount. The loss on the exercise of the prepayment option was recorded in finance costs.

(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 ("Net Investment Hedge") for which the US dollar is the functional currency. During the three and six months ended June 30, 2020, Parkland recognized a foreign exchange gain, net of tax, of $63 and loss, net of tax, of $65, respectively (2019 - gain, net of tax of, $19 and loss, net of tax of, $3) on these balances, representing the effective portion of the hedge in other comprehensive income (loss), offsetting exchange differences on translation of foreign operations.

11. 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 derivative assets, substantially all accounts payable and accrued liabilities, dividends declared and payable, long-term debt, risk management and other derivative liabilities, prepaid expenses and other, and certain portions of other long-term assets and other liabilities.

(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, 2020			
	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		–	28	–	28
Other derivatives					
Emission credits and allowances		–	30	–	30
Risk management and other derivatives - assets		–	58	–	58
Risk management derivatives					
Commodities swaps, forwards and futures contracts		–	(3)	–	(3)
Other derivatives					
Emission credits and allowances		–	(11)	–	(11)
Risk management and other derivatives - liabilities		–	(14)	–	(14)
Other items included in other long-term assets					
Redemption Options (b)	9	–	50	–	50
Others		–	–	13	13
Other items included in other long-term assets		–	50	13	63
Other derivatives included in provisions and other liabilities					
Intermediation Facility Derivatives	13	–	(6)	–	(6)
Sol Put Option (c)	13	–	–	(456)	(456)

		Fair value as at December 31, 2019			
	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		—	1	—	1
Other derivatives					
Emission credits and allowances		—	24	—	24
Risk management and other derivatives - assets		—	25	—	25
Risk management derivatives					
Commodities swaps, forwards and futures contracts		—	(8)	—	(8)
Other derivatives					
Emission credits and allowances		—	(3)	—	(3)
Risk management and other derivatives - liabilities		—	(11)	—	(11)
Other items included in other long-term assets					
Redemption Options (b)	9	—	109	—	109
Others		—	—	13	13
Other items included in other long-term assets		—	109	13	122
Other derivatives included in provisions and other liabilities					
Intermediation Facility Derivatives	13	—	(9)	—	(9)
Sol Put Option (c)	13	—	—	(486)	(486)

There were no transfers between fair value measurement hierarchy levels during the six months ended June 30, 2020.

(b) Redemption Options

The Senior Unsecured Notes contain optional redemption features that allow Parkland to redeem the notes prior to maturity at a premium (the "Redemption Options"). The Redemption Options are accounted for as embedded derivative financial instruments and carried at a fair value of $50 as at June 30, 2020 (December 31, 2019 - $109) within other long-term assets. The Redemption Options related to the 2020 Senior Notes were ascribed a fair value of $9 on initial recognition on June 23, 2020. The carrying value of the notes was also increased by the same amount.

(c) Sol Put Option

The Sol Transaction includes a non-expiring call right for Parkland to acquire (the "Sol Call Option"), and a non-expiring put right for the non-controlling shareholders of Sol Investments SEZC ("SIL", previously named as Sol Investments Limited) to sell (the "Sol Put Option") the remaining outstanding shares of SIL at a proportionate purchase price based on Sol's contractually-defined trailing-twelve-month adjusted EBITDA, multiplied by 8.5, and including other adjustments as defined in the Sol Business Combination Agreement (the "Sol Agreement"). Parkland will have the non-expiring right to refuse the exercise of the Sol Put Option on up to two occasions. The Sol Put Option is first exercisable after the release of Parkland's audited consolidated financial statements for the year ended December 31, 2021. The Sol Call Option has no separate value as it is exercisable at Parkland's discretion.

The Sol Put Option is carried at redemption value of $456 as at June 30, 2020. During the three and six months ended June 30, 2020, a change in redemption value representing a gain of $41 and $54, respectively, (2019 - loss of $19 and $49) was recorded within other (gains) and losses. See Note 18. Significant unobservable inputs and assumptions 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 5.125% (December 31, 2019 - 5.125%). 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 $5 (December 31, 2019 - $7).

(d) 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, 2020 due to the short-term nature of these instruments. The carrying value of long-term receivables approximates fair value as at June 30, 2020, as Parkland currently issues loans and advances to dealers and customers at market terms. The Senior Unsecured Notes have a carrying value of $3,262 and an estimated fair value of $3,337 as at June 30, 2020 (December 31, 2019 - $2,796 and $2,939 respectively). The carrying value of other long-term debt and other liabilities approximates fair value as at June 30, 2020, as the interest rate on the long-term debt is adjusted periodically or liabilities were recently incurred.

(e) 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, 2020			December 31, 2019		
	Gross amount	**Amount offset**	**Net**	Gross amount	Amount offset	Net
Risk management and other derivatives — assets	**64**	**(6)**	**58**	29	(4)	25
Risk management and other derivatives — liabilities	**(20)**	**6**	**(14)**	(15)	4	(11)

12. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital

(a) Operating activities

	Three months ended June 30,		**Six months ended June 30,**	
	2020	2019	**2020**	2019
Accounts receivable	**254**	(8)	**374**	(78)
Inventories	**49**	(21)	**275**	(132)
Prepaid expenses and other	**(2)**	7	**(8)**	(33)
Accounts payable and accrued liabilities	**157**	206	**18**	341
Income taxes payable	**1**	45	**(53)**	64
Income taxes receivable	**(17)**	—	**(28)**	—
Deferred revenue	**(23)**	24	**(17)**	29
Total net change in non-cash working capital related to operating activities	**419**	253	**561**	191

(b) Financing activities

	Three months ended June 30,		**Six months ended June 30,**	
	2020	2019	**2020**	2019
Accounts receivable	**–**	(12)	**–**	(72)
Total net change in non-cash working capital related to financing activities	**–**	(12)	**–**	(72)

13. PROVISIONS AND OTHER LIABILITIES

	Note	**June 30, 2020**	December 31, 2019
Intermediation Facility (a)		**166**	302
Intermediation Facility Derivatives (a)		**6**	9
Asset retirement obligations - current (b)		**10**	12
Environmental provision - current		**1**	—
Deferred revenue		**10**	22
Short-term deposits, provisions and other		**19**	—
Provisions and other liabilities - current		**212**	345
Sol Put Option (c)	11	**456**	486
Asset retirement obligations - non-current (b)		**353**	324
Environmental Provision - non-current		**74**	72
Employee benefits and other		**36**	34
Long-term deposits, provisions and other		**31**	28
DSU liability	14	**9**	12
Provisions and other liabilities - non-current		**959**	956

(a) Intermediation Facility Derivatives

In 2017, Parkland entered into an International Swaps and Derivatives Association ("ISDA") intermediation agreement with a financial institution (the "Intermediation Facility") to fund a portion of the working capital requirements of the Burnaby Refinery that includes a daily settlement feature, which is accounted for as a derivative financial instrument carried at fair value (the "Intermediation Facility Derivatives"). On December 14, 2019, the Intermediation Facility was amended to extend the expiry to December 31, 2021. The Intermediation Facility involves structured purchases and sales of crude oil, refined products and other hydrocarbons (collectively, "Hydrocarbons"). The Intermediation Facility has a funding limit of: (i) up to US$125 of accounts receivable balances; and (ii) the cost of Hydrocarbon inventory volumes up to 2,590 Mbbls. The Intermediation Facility is secured by Hydrocarbons and accounts receivable balances funded under the Intermediation Facility on a first-lien basis.

For the three and six months ended June 30, 2020, a realized loss of $20 and gain of $35, respectively, (2019 - gain of $2 and loss of $18) and an unrealized gain of nil and $9, respectively, (2019 - gain of $3 and loss of $11) 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, 2020 to June 30, 2020**	January 1, 2019 to December 31, 2019
Asset retirement obligations, beginning of period		**336**	219
Additional provisions made in the period		**7**	22
Sol transaction and other acquisitions	16	**3**	102
Obligations settled during the period		**(2)**	(9)
Change due to passage of time, discount rate and inflation rate		**12**	6
Change due to foreign exchange		**7**	(4)
Asset retirement obligations, end of period		**363**	336
Current		**10**	12
Non-current		**353**	324
Asset retirement obligations, end of period		**363**	336

As at June 30, 2020, the inflation rate used to determine the value of future asset retirement costs ranged from 2.20% to 2.26% (December 31, 2019 - 2.20% to 2.26%) and the discount rates used to determine the present value of the future asset retirement costs ranged from 3.21% to 3.49% (December 31, 2019 - 3.43% to 3.86%). The total undiscounted estimated future cash flows required to settle Parkland's asset retirement obligations ("ARO") were $615 as at June 30, 2020 (December 31, 2019 - $601). These costs are expected to be paid up to 2068 (December 31, 2019 - 2068).

(c) Sol Put Option

	Note	**January 1, 2020 to June 30, 2020**	January 1, 2019 to December 31, 2019
Sol Put Option, beginning of period		**486**	—
Initial valuation, January 8, 2019		**–**	494
Change in redemption value of Sol Put Option	18	**(54)**	6
Exchange differences		**24**	(14)
Sol Put Option, end of period		**456**	486

See Note 11(c) for details.

14. 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, 2020 to June 30, 2020		January 1, 2019 to December 31, 2019	
	Number of common shares (000's)	**Amount ($ millions)**	Number of common shares (000's)	Amount ($ millions)
Shareholders' capital, beginning of period	**148,205**	**2,382**	133,668	1,886
Shares issued on Sol Transaction	**–**	**–**	12,231	423
Shares issued on ConoMart Acquisition	**48**	**1**	—	—
Issued under dividend reinvestment plan, net of costs	**541**	**20**	1,524	62
Issued under share option plan	**236**	**6**	482	12
Issued on vesting of restricted share units	**48**	**4**	300	(1)
Shareholders' capital, end of period	**149,078**	**2,413**	148,205	2,382

(b) Share options, restricted share units, and deferred share units

Details of share options, restricted share units ("RSUs") and deferred share units ("DSUs") held by officers and employees are summarized as follows:

(000's)	**June 30, 2020**	December 31, 2019
Number of share options outstanding	**3,911**	3,610
Number of share options outstanding and exercisable	**2,572**	2,235
Number of RSUs outstanding	**1,910**	981
Number of DSUs outstanding	**282**	250

Expenses related to share options, RSUs and DSUs for the three and six months ended June 30, 2020 are $7 and $10, respectively, (2019 - $3 and $8). The liability recorded for DSUs in provisions and other liabilities as at June 30, 2020 is $9 (December 31, 2019 - $12).

(c) Base shelf prospectus

On July 17, 2018, 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 units composed of one or more of the aforementioned (collectively, the "Securities") with an aggregate offering amount of up to $1,000. 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 August 17, 2020. As at August 6, 2020, no Securities were issued under the Shelf Prospectus.

15. NON-CONTROLLING INTEREST

Parkland's non-controlling interest ("NCI") represents a third party's 25% ownership interest in Sol. The businesses and assets included in Sol are predominantly located in the Caribbean and northern coast of South America. NCI is classified as a component of total equity.

Summarized financial information of Sol is provided below and is based on amounts before intercompany eliminations.

	June 30, 2020	December 31, 2019
Current assets	**703**	748
Non-current assets	**1,590**	1,541
Current liabilities	**(314)**	(382)
Non-current liabilities	**(471)**	(502)
Total equity	**1,508**	1,405
Attributable to Parkland	**1,130**	1,054
Attributable to NCI	**378**	351

	Three months ended June 30,		**Six months ended June 30,**	
	2020	2019	**2020**	2019
Sales and operating revenue	**704**	1,283	**1,932**	2,345
Cost of purchases	**578**	1,120	**1,677**	2,021
Adjusted gross profit[1]	**117**	162	**278**	319
Adjusted EBITDA attributable to NCI[1]	**17**	24	**40**	48
Net earnings (loss) attributable to NCI	**(1)**	6	**4**	20
Total comprehensive income (loss) attributable to NCI	**(14)**	6	**27**	21
Dividends paid to NCI	**–**	—	**–**	—

[1] See Note 20 for the calculation of Adjusted gross profit and Adjusted EBITDA attributable to NCI.

16. BUSINESS COMBINATIONS AND ACQUISITIONS

(a) USA Acquisitions

During the six months ended June 30, 2020, Parkland successfully completed the acquisition of: (i) all of the issued and outstanding equity interests of Kellerstrass Enterprises, LLC, as well as equity interests and the assets of certain of its affiliates (collectively the "Kellerstrass Acquisition") on February 14, 2020; and (ii) certain ConoMart retail sites located in and around Billings, Montana (collectively the "ConoMart Acquisition") on May 13, 2020 (collectively the "2020 USA Acquisitions"). The Kellerstrass Acquisition was accounted for as a business combination, and the ConoMart Acquisition was accounted for as an asset acquisition. Parkland expects to finalize the purchase price allocation for the Kellerstrass Acquisition no later than one year from the acquisition date.

During the year ended December 31, 2019, Parkland successfully completed the acquisition of: (i) all of the issued and outstanding equity interests of Tropic Oil Company, Inc. as well as equity interest and the assets of certain of its affiliates (collectively "Tropic"); (ii) certain assets and liabilities of Ken Bettridge Distributing Inc. ("KB Oil"); and (iii) certain assets and liabilities of Mort Distributing Inc. ("Mort"), all of which were accounted for as individually separate business combinations (collectively the "2019 USA Acquisitions"). There were no changes to the fair values of the identifiable assets and liabilities of the 2019 USA Acquisitions. Parkland finalized the fair values of the identifiable assets and liabilities of KB Oil during the three months ended June 30, 2020 and expects to finalize these amounts for Tropic and Mort no later than one year from the respective acquisition dates.

(b) Sol Transaction

Parkland successfully completed the acquisition of 75% of the outstanding shares of SIL on January 8, 2019 (the "Sol Transaction") for purchase price consideration of $1,380, consisting of cash consideration of $960 net of estimated cash assumed, working capital adjustments of $9, gain on a US dollar currency hedge of $12 and fair value of share consideration of $423 (representing 12.2 million common shares calculated using the trading price of $34.56 per share) in respect of the purchase price under the Sol Agreement. The issuance of common shares resulted in the non-controlling shareholders of SIL owning 9.9% of the outstanding shares of Parkland immediately after closing. The cash consideration of the Sol Transaction was primarily financed through the Credit Facility (see Note 10).

The businesses and assets included in the Sol Transaction are predominantly located in the Caribbean and northern coast of South America and consisted of: (i) Sol's retail businesses, which include 268 company-owned or company-leased sites and 239 dealer-owned and dealer-operated sites under brands such as Shell, Esso and Sol; (ii) Sol's supply and distribution businesses, which include owned or leased infrastructure assets including 32 import terminals, 7 pipelines, 3 marine berths and 10 charter ships; (iii) Sol's commercial and industrial businesses, which supply gasoline, diesel, fuel oil, propane and lubricants; and (iv) Sol's aviation businesses, which operate in 13 countries. The Sol Transaction provides Parkland access to key markets in 23 countries and comprehensive supply infrastructure in the Caribbean and northern coast of South America.

In addition, the Sol Agreement includes the Sol Call Option and the Sol Put Option. See Notes 11(c) and 13(c) for details. There were no changes to the fair values of the identifiable assets and liabilities of the Sol Transaction presented in the Annual Consolidated Financial Statements, which were finalized during the six months ended June 30, 2020.

(c) Other information

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Acquisition costs	**1**	2	**3**	7
Integration costs	**–**	9	**2**	27
Restructuring and other costs[1]	**7**	3	**24**	15
Acquisition, integration and other costs	**8**	14	**29**	49

[1] Restructuring and other costs for the three and six months ended June 30, 2020 include $2 and $24 respectively in restructuring costs.

17. FINANCE COSTS

		Three months ended June 30,		Six months ended June 30,	
	Note	**2020**	2019	**2020**	2019
Interest on leases	6	**8**	7	**16**	14
Interest on long-term debt		**51**	49	**102**	97
Amortization, accretion and other finance costs		**7**	3	**11**	23
		66	59	**129**	134

18. OTHER (GAINS) AND LOSSES

	Note	Three months ended June 30, 2020	2019	Six months ended June 30, 2020	2019
Change in redemption value of Sol Put Option	13	**(41)**	19	**(54)**	49
Change in fair value of Redemption Options	11	**(31)**	(10)	**74**	(37)
Change in estimates of environmental provision[1]	13	**30**	3	**2**	3
Share in earnings from investment in associate		**(2)**	(3)	**(4)**	(5)
Other		**(1)**	—	**(9)**	(8)
		(45)	9	**9**	2

[1] As at June 30, 2020, the inflation rate used to determine the value of future costs related to environmental activities ranged from 2.20% to 2.26% (December 31, 2019 - 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 3.21% to 3.40% (December 31, 2019 - 3.43% to 3.46%).

19. SALES AND OPERATING REVENUE

The following table presents Parkland's revenue disaggregated by product type, amount and segment:

	Supply[4]		Canada[4]		International		USA		Consolidated	
For the three months ended June 30,	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Gas and diesel	**204**	527	**1,031**	2,154	**591**	990	**285**	280	**2,111**	3,951
Liquid petroleum gas[1]	**53**	87	**28**	28	**8**	11	**3**	5	**92**	131
Other fuel and petroleum products[2]	**124**	235	**–**	—	**76**	234	**–**	5	**200**	474
Fuel and petroleum product revenue	**381**	849	**1,059**	2,182	**675**	1,235	**288**	290	**2,403**	4,556
Convenience store	**–**	—	**105**	98	**2**	—	**34**	27	**141**	125
Lubricants	**–**	—	**9**	13	**15**	25	**77**	64	**101**	102
Other non-fuel[3]	**–**	1	**36**	45	**12**	23	**11**	2	**59**	71
Non-fuel revenue	**–**	1	**150**	156	**29**	48	**122**	93	**301**	298
Sales and operating revenue	**381**	850	**1,209**	2,338	**704**	1,283	**410**	383	**2,704**	4,854

	Supply[4]		Canada[4]		International		USA		Consolidated	
For the six months ended June 30,	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Gas and diesel	**511**	868	**2,733**	4,063	**1,538**	1,801	**674**	507	**5,456**	7,239
Liquid petroleum gas[1]	**194**	220	**91**	100	**20**	22	**10**	9	**315**	351
Other fuel and petroleum products[2]	**360**	472	**–**	—	**302**	425	**3**	5	**665**	902
Fuel and petroleum product revenue	**1,065**	1,560	**2,824**	4,163	**1,860**	2,248	**687**	521	**6,436**	8,492
Convenience store	**–**	—	**186**	192	**6**	1	**61**	48	**253**	241
Lubricants	**–**	—	**20**	27	**31**	48	**163**	117	**214**	192
Other non-fuel[3]	**6**	4	**68**	77	**35**	48	**20**	15	**129**	144
Non-fuel revenue	**6**	4	**274**	296	**72**	97	**244**	180	**596**	577
Sales and operating revenue	**1,071**	1,564	**3,098**	4,459	**1,932**	2,345	**931**	701	**7,032**	9,069

[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] Other non-fuel includes rent, freight, tanks and parts installation, cylinder exchanges, and other products and services.
[4] For comparative purposes, information for the three and six months ended June 30, 2019 was restated due to changes in segment presentation. Canada Retail and Canada Commercial, formerly presented separately as individual segments, and the Canadian distribution business, 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 2020.

20. 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. As a result of a re-organization undertaken during the first quarter of 2020, the Canada Retail and Canada Commercial segments were combined to form the new Canada segment, with no changes to any other segment. The operations in each segment are defined as follows:

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

Canada
Canada (formerly "Canada Retail" and "Canada Commercial") supplies and supports a coast-to-coast network of retail gas stations, cardlock sites, bulk fuel, propane, heating oil, lubricants, and other related services to commercial, industrial, and residential customers. Canada operates under five key retail fuel brands: Ultramar, Esso, Fas Gas Plus, Chevron, and Pioneer. In addition, Canada operates a leading convenience store brand, On the Run / Marché Express, as well as other convenience store brands that will be migrated over time to the On the Run / Marché Express brand where appropriate. Canada also serves its commercial customer base through a family of brands including Ultramar, Bluewave Energy, Pipeline Commercial, Chevron, Columbia Fuels, and Sparlings Propane.

International
International represents the contributions of the Sol business that was acquired on January 8, 2019, which includes operations in 23 countries 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. International also serves commercial, industrial and aviation businesses.

USA
USA operates and services a network of retail service stations and delivers gasoline, distillates, propane and lubricating oils in the United States. Brands operated by USA include SPF Energy, Farstad Oil, Superpumper, Rhinehart, Tropic, ConoMart, and Kellerstrass.

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

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

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

Geographic information

Sales and operating revenue from external customers	**Three months ended June 30,**		**Six months ended June 30,**	
	2020	2019	**2020**	2019
Canada	**1,430**	2,851	**3,660**	5,337
United States	**682**	1,327	**1,702**	1,803
Other countries	**592**	676	**1,670**	1,929
Total	**2,704**	4,854	**7,032**	9,069

	June 30, 2020			
	Canada	**United States**	**International**	**Consolidated**
Property, plant and equipment	**2,585**	**251**	**1,063**	**3,899**
Intangible assets	**551**	**113**	**290**	**954**
Goodwill	**1,152**	**196**	**531**	**1,879**
Total	**4,288**	**560**	**1,884**	**6,732**

	December 31, 2019			
	Canada	United States	International	Consolidated
Property, plant and equipment	2,542	202	1,003	3,747
Intangible assets	572	92	301	965
Goodwill	1,165	151	495	1,811
Total	4,279	445	1,799	6,523

Segment information	Supply[6]		Canada[6]		International		USA		Corporate		Consolidated	
For the three months ended June 30,	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Fuel and petroleum product volume (million litres)[1]	**1,081**	1,442	**1,828**	2,419	**1,222**	1,270	**626**	394	**–**	—	**4,757**	5,525
Sales and operating revenue[2]	**381**	850	**1,209**	2,338	**704**	1,283	**410**	383	**–**	—	**2,704**	4,854
Cost of purchases												
Fuel and petroleum product cost of purchases	**279**	549	**904**	2,016	**566**	1,098	**250**	270	**–**	—	**1,999**	3,933
Non-fuel cost of purchases	**–**	1	**105**	105	**12**	22	**91**	69	**–**	—	**208**	197
Cost of purchases	**279**	550	**1,009**	2,121	**578**	1,120	**341**	339	**–**	—	**2,207**	4,130
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit, before the following:	**102**	300	**155**	166	**109**	137	**38**	20	**–**	—	**404**	623
Gain (loss) on risk management and other derivatives - realized	**6**	4	**–**	—	**2**	—	**–**	—	**–**	—	**8**	4
Gain (loss) on foreign exchange - realized	**–**	5	**(1)**	—	**(1)**	(1)	**–**	—	**(3)**	(1)	**(5)**	3
Other adjusting items to Adjusted gross profit[3]	**(9)**	(3)	**4**	—	**(10)**	—	**–**	—	**2**	—	**(13)**	(3)
Fuel and petroleum product adjusted gross profit	**99**	306	**158**	166	**100**	136	**38**	20	**(1)**	(1)	**394**	627
Non-fuel adjusted gross profit	**–**	—	**45**	51	**17**	26	**31**	24	**–**	—	**93**	101
Total adjusted gross profit	**99**	306	**203**	217	**117**	162	**69**	44	**(1)**	(1)	**487**	728
Operating costs[5]	**54**	80	**93**	118	**34**	43	**38**	23	**–**	—	**219**	264
Marketing, general and administrative[5]	**5**	8	**17**	28	**15**	25	**9**	8	**17**	29	**63**	98
Other adjusting items to Adjusted EBITDA[4]	**–**	—	**–**	—	**(3)**	(4)	**–**	—	**–**	—	**(3)**	(4)
Adjusted EBITDA including NCI	**40**	218	**93**	71	**71**	98	**22**	13	**(18)**	(30)	**208**	370
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**40**	218	**93**	71	**54**	74	**22**	13	**(18)**	(30)	**191**	346
Attributable to NCI	**–**	—	**–**	—	**17**	24	**–**	—	**–**	—	**17**	24
Adjusted EBITDA including NCI	**40**	218	**93**	71	**71**	98	**22**	13	**(18)**	(30)	**208**	370
Depreciation and amortization											**153**	140
Finance costs											**66**	59
(Gain) loss on asset disposals											**(5)**	—
Acquisition, integration and other costs											**8**	14
(Gain) loss on risk management and other derivatives – unrealized											**25**	1
(Gain) loss on foreign exchange – unrealized											**(12)**	(11)
Other (gains) and losses											**(45)**	9
Other adjusting items[3][4]											**(10)**	1
Income tax expense (recovery)											**(3)**	46
Net earnings (loss)											**31**	111
Attributable to Parkland											**32**	105
Attributable to NCI											**(1)**	6
Property, plant and equipment and intangible asset additions	**39**	24	**13**	43	**11**	21	**3**	3	**5**	11	**71**	102
Property, plant and equipment, intangible asset and goodwill acquisitions[7]	**–**	—	**–**	—	**–**	—	**15**	24	**–**	—	**15**	24

(1) Fuel and petroleum product volume represents external volumes only. Intersegment volumes are excluded.

(2) See Note 19 for further details on sales and operating revenue.

(3) Other adjusting items to Adjusted gross profit include the following: (i) Supply: realization of $9 (2019 - nil) of inventory write-downs recorded within expenses for the three months ended March 31, 2020 for which the offsetting associated risk management derivative gains have been realized in the three months ended June 30, 2020, and nil (2019 - $3) unrealized gain on the Intermediation Facility Derivatives within fuel and petroleum product cost of purchases, (ii) Canada: $4 (2019 - nil) in fuel discount provided to frontline workers included within fuel and petroleum product cost of purchases, (iii) International: realization of $10 (2019 - nil) of inventory write-downs recorded within expenses for the three months ended March 31, 2020 for which the offsetting associated risk management derivative gains have been realized in three months ended June 30, 2020, and (iv) Corporate: $2 (2019 - nil) loss on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized.

(4) Other adjusting items to Adjusted EBITDA include $3 (2019 - $4) income from equity investments for International.

(5) Operating costs and marketing, general and administrative expenses are presented net of Canada Emergency Wage Subsidy ("CEWS") of $11 and $10 respectively (2019 - nil and nil) for the three months ended June 30, 2020, of which $11 relates to Canada (operating costs - $6; marketing, general and administrative expenses - $5), $6 relates to Supply (operating costs - $5; marketing, general and administrative expenses - $1) and $4 relates to Corporate (operating costs - nil; marketing, general and administrative expenses - $4).

(6) For comparative purposes, information for the three months ended June 30, 2019 was restated due to a change in segment presentation. Canada Retail and Canada Commercial, formerly presented separately as individual segments, and the Canadian distribution business, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2020. Additionally, certain expenses within the Supply segment were reclassified from marketing, general and administrative to operating costs.

(7) In the second and fourth quarters of 2019, Parkland revised the preliminary purchase price allocation of the Sol Transaction. These adjustments were applied retrospectively to the acquisition date, and the revised fair values of property, plant and equipment, intangible asset and goodwill acquisitions from the Sol Transaction are presented in the above table. These amounts were finalized during the three months ended March 31, 2020.

Segment information	Supply[6]		Canada[6]		International		USA		Corporate		Consolidated	
For the six months ended June 30,	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Fuel and petroleum product volume (million litres)[1]	**2,666**	2,883	**4,188**	4,920	**2,618**	2,333	**1,212**	725	**–**	—	**10,684**	10,861
Sales and operating revenue[2]	**1,071**	1,564	**3,098**	4,459	**1,932**	2,345	**931**	701	**–**	—	**7,032**	9,069
Cost of purchases												
Fuel and petroleum product cost of purchases	**841**	1,042	**2,474**	3,779	**1,651**	1,980	**615**	486	**–**	—	**5,581**	7,287
Non-fuel cost of purchases	**1**	1	**183**	196	**26**	41	**184**	133	**–**	—	**394**	371
Cost of purchases	**842**	1,043	**2,657**	3,975	**1,677**	2,021	**799**	619	**–**	—	**5,975**	7,658
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit, before the following:	**224**	518	**350**	384	**209**	268	**72**	35	**–**	—	**855**	1,205
Gain (loss) on risk management and other derivatives - realized	**22**	2	**–**	—	**26**	—	**–**	—	**–**	—	**48**	2
Gain (loss) on foreign exchange - realized	**(11)**	7	**(1)**	—	**(3)**	(5)	**–**	—	**(14)**	(1)	**(29)**	1
Other adjusting items to Adjusted gross profit[3]	**(4)**	11	**4**	—	**–**	—	**–**	—	**4**	—	**4**	11
Fuel and petroleum product adjusted gross profit	**231**	538	**353**	384	**232**	263	**72**	35	**(10)**	(1)	**878**	1,219
Non-fuel adjusted gross profit	**5**	3	**91**	100	**46**	56	**60**	47	**–**	—	**202**	206
Total adjusted gross profit	**236**	541	**444**	484	**278**	319	**132**	82	**(10)**	(1)	**1,080**	1,425
Operating costs[5]	**141**	164	**210**	240	**81**	86	**73**	44	**–**	—	**505**	534
Marketing, general and administrative[5]	**15**	16	**40**	57	**42**	47	**19**	14	**44**	56	**160**	190
Other adjusting items to Adjusted EBITDA[4]	**–**	—	**(1)**	(1)	**(6)**	(7)	**–**	—	**–**	—	**(7)**	(8)
Adjusted EBITDA including NCI	**80**	361	**195**	188	**161**	193	**40**	24	**(54)**	(57)	**422**	709
Adjusted EBITDA attributable to Parkland ("Adjusted EBITDA")	**80**	361	**195**	188	**121**	145	**40**	24	**(54)**	(57)	**382**	661
Attributable to NCI	**–**	—	**–**	—	**40**	48	**–**	—	**–**	—	**40**	48
Adjusted EBITDA including NCI	**80**	361	**195**	188	**161**	193	**40**	24	**(54)**	(57)	**422**	709
Depreciation and amortization											**302**	275
Finance costs											**129**	134
(Gain) loss on asset disposals											**(1)**	—
Acquisition, integration and other costs											**29**	49
(Gain) loss on risk management and other derivatives – unrealized											**17**	(3)
(Gain) loss on foreign exchange – unrealized											**(1)**	(43)
Other (gains) and losses											**9**	2
Other adjusting items[3][4]											**11**	19
Income tax expense (recovery)											**(30)**	74
Net earnings (loss)											**(43)**	202
Attributable to Parkland											**(47)**	182
Attributable to NCI											**4**	20
Property, plant and equipment and intangible asset additions	**144**	57	**32**	70	**33**	41	**7**	5	**10**	13	**226**	186
Property, plant and equipment, intangible asset and goodwill acquisitions[7]	**–**	—	**–**	—	**–**	1,679	**96**	24	**–**	—	**96**	1,703

(1) Fuel and petroleum product volume represents external volumes only. Intersegment volumes are excluded.

(2) See Note 19 for further details on sales and operating revenue.

(3) Other adjusting items to Adjusted gross profit include the following: (i) Supply: an unrealized gain of $9 (2019 - loss of $11) on Intermediation Facility Derivatives within fuel and petroleum product cost of purchases, offset by a $5 (2019 - nil) loss on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized, (ii) Canada: $4 (2019 - nil) in fuel discount provided to frontline workers within fuel and petroleum product cost of purchases, and (iii) Corporate: $4 (2019 - nil) in loss on foreign exchange on cash pooling arrangements within gain (loss) on foreign exchange - realized.

(4) Other adjusting items to Adjusted EBITDA include $6 (2019 - $7) income from equity investments income for International and $1 (2019 - $1) customer finance income for Canada.

(5) Operating costs and marketing, general and administrative expenses are both presented net of CEWS of $14 and $11, respectively (2019 - nil and nil) for the six months ended June 30, 2020, of which $14 relates to Canada (operating costs - $8; marketing, general and administrative expenses - $6), $7 relates to Supply (operating costs - $6; marketing, general and administrative expenses - $1) and $4 relates to Corporate (operating costs - nil; marketing, general and administrative expenses - $4).

(6) For comparative purposes, information for the six months ended June 30, 2019 was restated due to a change in segment presentation. Canada Retail and Canada Commercial, formerly presented separately as individual segments, and the Canadian distribution business, formerly presented in the Supply segment, are now included in the Canada segment, reflecting a change in organizational structure in the first six months of 2020. Additionally, certain expenses within the Supply segment were reclassified from marketing, general and administrative to operating costs.

(7) In the second and fourth quarters of 2019, Parkland revised the preliminary purchase price allocation of the Sol Transaction. These adjustments were applied retrospectively to the acquisition date, and the revised fair values of property, plant and equipment, intangible asset and goodwill acquisitions from the Sol Transaction are presented in the above table. These amounts were finalized during the three months ended March 31, 2020.

Changes in segment presentation

For comparative purposes, information for the prior periods reported in 2019 and the first quarter of 2020 was retrospectively restated due to the following changes in segment presentation:

- Canada Retail and Canada Commercial, formerly presented separately as individual segments, and the Canadian distribution business, 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 2020.

The restated comparative information for Canada and Supply is as follows:

Segment information	Canada						Supply					
	2020	2019					2020	2019				
	For the three months ended	For the year ended	For the three months ended				For the three months ended	For the year ended	For the three months ended			
	Mar 31	Dec 31	Dec 31	Sep 30	Jun 30	Mar 31	Mar 31	Dec 31	Dec 31	Sep 30	Jun 30	Mar 31
Fuel and petroleum product volume (million litres)[1]	2,360	9,926	2,522	2,484	2,419	2,501	1,585	5,563	1,201	1,479	1,442	1,441
Sales and operating revenue												
Fuel and petroleum product revenue	1,765	8,404	2,114	2,127	2,182	1,981	684	2,843	527	756	849	711
Non-fuel revenue	124	585	137	152	156	140	6	18	10	4	1	3
Sales and operating revenue	1,889	8,989	2,251	2,279	2,338	2,121	690	2,861	537	760	850	714
Cost of purchases												
Fuel and petroleum product cost of purchases	1,570	7,629	1,911	1,939	2,016	1,763	562	1,828	273	513	549	493
Non-fuel cost of purchases	78	382	92	94	105	91	1	3	—	2	1	—
Cost of purchases	1,648	8,011	2,003	2,033	2,121	1,854	563	1,831	273	515	550	493
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit	195	775	203	188	166	218	132	1,010	241	231	306	232
Non-fuel adjusted gross profit	46	203	45	58	51	49	5	15	10	2	—	3
Total adjusted gross profit	241	978	248	246	217	267	137	1,025	251	233	306	235
Other adjusting items	(1)	(2)	—	(1)	—	(1)	—	—	—	—	—	—
Operating costs	117	479	123	116	118	122	87	326	87	75	80	84
Marketing, general and administrative	23	121	37	27	28	29	10	39	11	12	8	8
Adjusted EBITDA	102	380	88	104	71	117	40	660	153	146	218	143

[1] Fuel and petroleum product volume represents external volumes only. Intersegment volumes are excluded.

In addition, fuel and petroleum product revenue and cost of purchases, and fuel and petroleum product volume for USA for the three months ended March 31, 2020 was reduced by $31 and 48 million litres, respectively, for consistency in presentation of intercompany transactions for the three and six months ended June 30, 2020.

21. SUBSEQUENT EVENT

On June 16, 2020, Parkland exercised the redemption option on the $200 5.50% Senior Notes and the $200 6.00% Senior Notes with a redemption date of July 21, 2020. Parkland used the net proceeds from the offering of $400 aggregate principal amount of the 2020 Senior Notes to repay its $200 5.50% Senior Notes and the $200 6.00% Senior Notes.