

Parkland Corporation to be Acquired by Sunoco LP

CALGARY, AB, May 5, 2025 /CNW/ - Sunoco LP (NYSE: SUN) ("Sunoco" or the "Partnership") and Parkland Corporation (TSX: PKI) ("Parkland") announced today that they have entered into a definitive agreement whereby Sunoco will acquire all outstanding shares of Parkland in a cash and equity transaction valued at approximately U.S.\$9.1 billion, including assumed debt (the "Transaction").

"This strategic combination is a compelling outcome for Parkland shareholders," said Michael Jennings, Executive Chairman of Parkland. "The Board unanimously recommends the proposed transaction, recognizing Sunoco's commitment to safeguarding Canadian jobs, retaining the Calgary head office, and further investing in Canada. This partnership creates significant financial benefits for shareholders and would position the combined company as the largest independent fuel distributor in the Americas."

"Today marks a significant milestone," said Bob Espey, President and CEO of Parkland. "This transaction delivers immediate value for shareholders, including an attractive 25% premium. Sunoco shares our commitment to growth, customer service, operational excellence, and ongoing investment in Canada, making our combined business stronger and better positioned for sustained success."

Strategic Rationale

- **Compelling Financial Benefits:** Immediately accretive, with 10%+ accretion to distributable cash flow per common unit and U.S.\$250 million in run-rate synergies by Year 3. The combined company expects to return to Sunoco's 4x long-term leverage target within 12-18 months post-close.
- **Industry Leading Scale and Stability:** Complementary assets enables advantaged fuel supply and further diversifies Sunoco's portfolio and geographic footprint.
- **Accelerated Accretive Growth:** Increases cash flow generation for reinvestment and distribution growth.

Continued Commitment to Canada and Responsible Stewardship

- **Employment in Canada:** Sunoco will maintain a Canadian headquarters in Calgary and significant employment levels in Canada.
- **Burnaby Refinery:** Sunoco is committed to continuing to invest in Parkland's innovative refinery, which produces low-carbon fuels, while maintaining safe, healthy and growing operations for the long-term. The refinery will continue to operate and supply fuel within the Lower Mainland.
- **Transportation Energy Infrastructure Expansion:** Sunoco will continue to support Parkland's plan to expand its Canadian transportation energy infrastructure.
- **Expanded Investment Opportunities:** The combined company's expanded free cash flow will provide additional resources for reinvestment in Canada, the Caribbean, and the United States in support of both existing and new opportunities.

Transaction Details

Under the terms of the agreement, Parkland shareholders will receive 0.295 SUNCorp units and C\$19.80 for each Parkland share, implying a 25 per cent premium based on the 7-day VWAP's of both Parkland and Sunoco as of May 2, 2025. Parkland shareholders can elect, in the alternative, to receive C\$44.00 per Parkland share in cash or 0.536 SUNCorp units for each Parkland share, subject to proration to ensure that the aggregate consideration payable in connection with the transaction does not exceed C\$19.80 in cash per Parkland share outstanding as of immediately before closing and 0.295 SUNCorp units per Parkland share outstanding as of immediately before close. For a period of two years following closing of the transaction, Sunoco will ensure that SUNCorp unitholders will receive the same dividend equivalent as the distribution to Sunoco unitholders.

The proposed Transaction will be effected pursuant to a plan of arrangement under the Business Corporations Act (Alberta), which is required to be approved by an Alberta court. The Transaction will require approval by 66 2/3 per cent of the votes cast by the shareholders of Parkland. The agreement also contains an option whereby Sunoco, at its election any time before the Meeting (defined below), may elect to effect and complete the Transaction on the same terms by way of a take-over bid, which would require support from Parkland

shareholders owning at least 50 per cent of Parkland's outstanding shares. The directors and senior officers of Parkland, collectively holding 0.7 per cent of the Parkland shares, have entered into customary voting support agreements, pursuant to which they have committed to vote their common shares held in favour of the Transaction.

In addition to shareholder and court approvals, the Transaction is subject to applicable regulatory approvals, including approvals under the Investment Canada Act, approval of the listing of the SUNCorp shares to be issued under the Transaction on the NYSE, and the satisfaction of certain other closing conditions customary for a transaction of this nature. Subject to the satisfaction of such conditions, the Transaction is expected to close in the second half of 2025. The agreement includes customary deal protections, including fiduciary-out provisions, non-solicitation covenants, and the right to match any superior proposals, subject to Parkland paying a break fee in the amount of \$275 million in certain circumstances.

Full details of the Transaction will be included in the Parkland management information circular.

Board of Directors Recommendation

On March 5, 2025, Parkland announced that its Board of Directors had initiated a review of strategic alternatives aimed at identifying opportunities to maximize value for all shareholders. A special committee of independent directors (the "Special Committee") was appointed to oversee and lead this comprehensive review.

Following this announcement, discussions with Sunoco intensified significantly, leading to the Transaction.

Based on the unanimous recommendation of Parkland's Special Committee, and following thorough consultation with its financial and legal advisors, Parkland's Board of Directors has unanimously approved the Transaction. The Board strongly recommends that shareholders vote in favour of the Transaction.

Goldman Sachs Canada Inc. and BofA Securities have each provided opinions to the Parkland Board of Directors, and BMO Capital Markets has provided an opinion to the Parkland Special Committee, to the effect that, as of the date thereof, and based upon and subject to the assumptions, limitations and qualifications stated in each such opinion, the right to receive, at the option of each Parkland shareholder, either (i) an amount in cash equal to the quotient obtained by dividing C\$19.80 by 45%, (ii) the number of common units representing limited liability company interests in SUNCorp equal to the quotient obtained by dividing 0.295 by 55% or (iii) a combination of C\$19.80 in cash and 0.295 common units representing limited liability company interests in SUNCorp is fair, from a financial point of view, to the shareholders of Parkland (other than Sunoco and its affiliates). The full text of each such fairness opinion, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with each such opinion, will be included in the Parkland management information circular. None of BofA Securities, Goldman Sachs Canada Inc. or BMO Capital Markets express an opinion or recommendation as to how any Parkland shareholder should vote or act in connection with the Transaction or any other matter.

Annual and Special Meeting

Parkland intends to hold a special meeting of Parkland shareholders on June 24, 2025, to approve the Transaction. The annual general meeting of Parkland shareholders, which was originally scheduled for May 6, 2025, has been cancelled and will instead be held on June 24, 2025 concurrent with the special meeting (the annual and special meeting of Parkland Shareholders is referred to as the "Meeting"), allowing Parkland's shareholders adequate time to fully evaluate the Transaction and its benefits. Shareholders as of the record date of May 23, 2025 will be eligible to vote at the Meeting. In addition to the business of the Meeting already described in Parkland's management information circular dated April 7, 2025, Parkland will file a new 2025 management information circular, which will also contain information about the Transaction.

The current directors have agreed to stand for election at the upcoming Meeting in order to consummate the Transaction, if supported by Parkland's shareholders. These directors have agreed to stand down in favour of any alternative slate if the Transaction is not supported.

Advisors

Goldman Sachs Canada Inc. and BofA Securities served as financial advisors to Parkland. BMO Capital Markets acted as financial advisor to Parkland's Special Committee. Norton Rose Fulbright Canada LLP acted

as Parkland's legal advisor. Torys LLP acted as legal advisor to Parkland's Special Committee.

Barclays and RBC Capital Markets served as the exclusive financial advisors to Sunoco. Barclays and RBC Capital Markets provided committed financing. Stikeman Elliot LLP, Weil, Gotshal & Manges LLP, and Vinson & Elkins LLP acted as Sunoco's legal advisors.

Conference Call Information

Sunoco LP and Parkland Corporation management will hold a conference call on Monday, May 5 at 8:30 a.m. Eastern Standard Time (7:30 a.m. Central Standard Time) to discuss the transaction. To participate, dial 877-407-6184 (toll free) or 201-389-0877 at least 10 minutes before the call and ask for the Sunoco LP conference call. The conference call will also be accessible live and for later replay via webcast in the Investor Relations section of Sunoco's website at www.SunocoLP.com under Webcasts and Presentations.

About Parkland

Parkland is a leading international fuel distributor, marketer, and convenience retailer with safe and reliable operations in twenty-six countries across the Americas. Our retail network meets the fuel, and convenience needs of everyday consumers. Our commercial operations provide businesses with fuel to operate, complete projects and better serve their customers. In addition to meeting our customers' needs for essential fuels, Parkland provides a range of choices to help them lower their environmental impact, including manufacturing and blending renewable fuels, ultra-fast EV charging, a variety of solutions for carbon credits and renewables, and solar power. With approximately 4,000 retail and commercial locations across Canada, the United States, and the Caribbean region, we have developed supply, distribution, and trading capabilities to accelerate growth and business performance.

Our strategy is focused on two interconnected pillars: our Customer Advantage and our Supply Advantage. Through our Customer Advantage, we aim to be the first choice of our customers through our proprietary brands, differentiated offers, extensive network, competitive pricing, reliable service, and compelling loyalty program. Our Supply Advantage is based on achieving the lowest cost to serve among independent fuel marketers and distributors in the hard-to-serve markets in which we operate, through our well-positioned assets, significant scale, and deep supply and logistics capabilities. Our business is underpinned by our people and our values of safety, integrity, community, and respect, which are embedded across our organization.

About Sunoco

Sunoco LP (NYSE: SUN) is a leading energy infrastructure and fuel distribution master limited partnership operating in over 40 U.S. states, Puerto Rico, Europe, and Mexico. The Partnership's midstream operations include an extensive network of approximately 14,000 miles of pipeline and over 100 terminals. This critical infrastructure complements the Partnership's fuel distribution operations, which serve approximately 7,400 Sunoco and partner branded locations and additional independent dealers and commercial customers. SUN's general partner is owned by Energy Transfer LP (NYSE: ET).


Forward-Looking Statements

Certain statements contained herein constitute forward-looking information and statements (collectively, "forward looking statements"). When used in this news release, the words "continue", "commit", "enhance", "ensure", "expect", "increase", "will", "would" and similar expressions are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things: expected benefits from the Transaction including but not limited to financial benefits for shareholders and increased cash flow generation for reinvestment and distribution growth; Sunoco acquiring all outstanding shares of Parkland in the Transaction, including assumed debt; Sunoco's intention to list SUNCorp on the New York Stock Exchange; the expectation that SUNCorp will be treated as a corporation for tax purposes; Sunoco's commitment to maintaining significant employment levels in Canada and retaining the Alberta head office; the belief that the combined company will be the largest independent fuel distributor in the Americas; the forecast that the Transaction will be immediately accretive with 10%+ accretion to distributable cash flow per common unit and U.S.\$250 million in run-rate synergies by Year 3; the belief that the Transaction will enhance scale enabling advantaged fuel supply and further diversify Sunoco's portfolio and geographic footprint; the expectation that the Burnaby Refinery will continue to operate and supply fuel within the Lower Mainland; the belief that combined company's expanded free cash flow will provide additional resources for reinvestment in Canada, the Caribbean, and the United States in support of both existing and new opportunities; the

anticipated timing for closing of the Transaction; the anticipated timing for holding of the special meeting of Parkland shareholders; the filing of Parkland's new 2025 management information circular including information about the Transaction; the effect, implementation, and completion of the plan of arrangement; the expectation that the current directors of Parkland will stand down in favour of any alternative slate at the upcoming AGM if the Transaction is not supported; and the timing of the joint conference call of Sunoco LP and Parkland.


These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. These forward-looking statements speak only as of the date hereof. Parkland does not undertake any obligations to publicly update or revise any forward-looking statements except as required by securities laws. Actual results could differ materially from those anticipated in these forward-looking statements as a result of numerous risks, assumptions and uncertainties including, but not limited to: general economic, market and business conditions; the completion of the Transaction on anticipated terms and timing, or at all, including obtaining key regulatory approvals and Parkland shareholder approval; anticipated tax treatment; potential litigation relating to the Transaction that could be instituted against Sunoco or Parkland; potential adverse reactions or changes to business relationships, including with employees, suppliers, customers, competitors or credit rating agencies, resulting from the announcement or completion of the proposed transaction; certain restrictions during the pendency of the Transaction that may impact Parkland's ability to pursue certain business opportunities or strategic transactions or otherwise operate its business; and other factors, many of which are beyond the control of Parkland. See also the risks and uncertainties described under the headings "Cautionary Statement Regarding Forward-Looking Information" and "Risk Factors" in Parkland's current Annual Information Form dated March 5, 2025, and under the headings "Forward-Looking Information" and "Risk Factors" included in the Q4 2024 Management's Discussion and Analysis dated March 5, 2025, each as filed on SEDAR+ and available on Parkland's website at www.parkland.ca.

The forward-looking statements contained herein are expressly qualified by this cautionary statement.

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