Engine Capital Calls for a Shareholder-Driven Board Reconstitution at Parkland Corp. to Ensure Comprehensive Strategic Review

Believes the Current Board Cannot Be Trusted to Represent Shareholders' Interests Based on its History of Questionable Judgement and Failure to Hold CEO Bob Espey Accountable

Calls on the Board to Work With its Largest Owners to Add Qualified Shareholder Representatives and Independent Directors Who Will Explore All Paths to Value Creation

Cautions the Board Against Wasting Additional Shareholder Capital on Entrenchment Efforts Ahead of 2025 Annual Meeting

NEW YORK--(BUSINESS WIRE)--Engine Capital LP (together with its affiliates, "Engine" or "we"), which owns approximately 2.5% of Parkland Corporation's (TSX: PKI) ("Parkland" or the "Company") outstanding shares, today issued the following statement:

Given its track record of indefensible behavior, we were not surprised to see the Board suddenly announce a review of strategic alternatives – something it vehemently opposed previously – just two months before the 2025 Annual Meeting. The fact that Parkland's stock rose merely 6% on the news says it all: the market doubts the Board's true intentions, judgement and competence to run a true process. Investors are correct in their concerns regarding the current directors' ability to oversee a review based on the Board's track record of poor decision-making and anti-shareholder actions:

- **The Board wasted millions of shareholders' money on litigation to try to prevent Simpson Oil Limited ("Simpson") from exercising its most basic right as a shareholder: voting its shares as it wishes.** Shareholders should ask themselves if a strategic review would have even been contemplated by the Board if Parkland had succeeded in restricting Simpson's ability to vote against the Board. In our view, the recent announcement is nothing more than a defensive maneuver to ensure the current directors remain in power after the upcoming Annual Meeting.

- **Parkland's Board refused to engage with a credible strategic party who reportedly submitted a premium takeover offer in the summer of 2023.**[1] Importantly, the Board also failed to initiate a strategic process following the bid, which could have created competitive interest and resulted in a value-maximizing outcome for shareholders. We suspect that the Company's offer for Simpson to rejoin the Board and participate in the strategic review is tactical given that the Board previously excluded Simpson's director representatives from the special committee formed to evaluate the 2023 bid.[2]

- **In April 2024, the Board summarily rejected a call for a strategic review from its largest shareholder in a single weekend on the basis that a review was unnecessary**

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[1] The Globe and Mail article entitled "Parkland Corp. turned down takeover offer from Sunoco last year amid shareholder dispute," and dated August 8, 2024.

[2] Parkland's 2024 Management Information Circular disclosed a Working Committee composed of directors Timothy Hogarth, Richard Hookway, Steven Richardson and Deborah Stein.

and did not consider the best interests of the majority of its shareholders.[3] We question Parkland's basis for reaching this determination in just two days and whether the Company had surveyed a majority of its shareholders regarding the merits of a potential strategic review at the time.

- **Several of Parkland's directors have demonstrated a willingness to manipulate the corporate machinery to ensure their reelection.** The Board advanced the date of the 2024 Annual Meeting by more than a month from historic precedent, which had the convenient effect of ensuring last year's Annual Meeting was held just days before the expiration of the nomination agreement between Simpson and Parkland, which contractually required Simpson to support the Board.

- **Parkland's Board and management have executed poorly on their previously announced non-core asset divestment program.** On the 2Q24 earnings call, CEO Bob Espey stated that Parkland sold its Canadian commercial propane business *"for cash proceeds of $115 million,"* a disappointing number to begin with. To add insult to injury, buried in a footnote in the 4Q24 consolidated financial statements, the Company disclosed that it only received $8 million in cash along with a note for $100 million.[4] Furthermore, Parkland's planned monetization of 157 locations in Canada has been scaled back and is progressing slower than expected, casting serious doubt on the Company's ability to reach its $500 million non-core asset sales target by the end of 2025. After appearing unable to effectively monetize non-core assets, the Board and management are now asking shareholders to trust them with a much larger and complex strategic review, including a potential sale of the Company.

- **The Board has overseen meaningful underperformance.** Parkland initially targeted 2024 Adjusted EBITDA of $2 billion. Even after guiding down its Adjusted EBITDA twice during the year, management still managed to miss the low end of its third guidance range for the year. This is even more disappointing considering the $218 million in acquisition, integration and other costs that was added back to Adjusted EBITDA. The Company's 7.4% ROIC in 2024 was also materially below its stated goal of greater than 11% and well below its cost of capital.

- **The Board has failed to oversee and hold Mr. Espey accountable for repeatedly missing targets by a significant margin and delivering underwhelming results versus peers.** While nearly the entire senior management team has turned over during the last five years, Mr. Espey is still running the show after more than a decade of significant underperformance.

- **The Board has demonstrated zero interest in engaging with its shareholders.** Engine has been an investor in Parkland for approximately two and a half years. We have sent numerous private and public letters to the Board regarding the urgent need to cut costs, improve governance and initiate a strategic review at Parkland. On multiple occasions, our meeting requests and constructive suggestions have been rebuffed by Chairman Michael Jennings and the Board. Parkland's directors clearly have no genuine interest in

[3] Simpson publicly called for a strategic review after market close on Friday, April 12, 2024. By Sunday, April 14, 2024, Parkland had already rejected the call "after careful consideration."
[4] Page 55 of the Company's consolidated financial statements for the year ended December 31, 2024.

engaging with their shareholders – except for just prior to the Annual Meeting when they need to secure votes for their reelection.

At this point, it is clear that the Board has failed in its core responsibility to act in the best interests of shareholders and therefore cannot be trusted to oversee the strategic review. We firmly believe that a comprehensive reconstitution of the Board, including the appointment of shareholder representatives and qualified independent directors, is necessary to ensure a thorough evaluation of all paths to delivering enhanced shareholder value. Parkland should not spend additional shareholder capital to resist overdue change. As a long-term investor in Parkland, we believe that the Board should work with – instead of against – its largest shareholders to maximize value.

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No Solicitation

This press release does not constitute a solicitation of a proxy within the meaning of applicable laws, and accordingly, Parkland shareholders are not being asked to give, withhold or revoke a proxy.

About Engine Capital

Engine Capital LP is a value-oriented special situations fund that invests both actively and passively in companies undergoing change.

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