2021 Annual Report

Superior Plus

Superior Way

Forward

Financial Highlights

2021

Financial Results

(millions of dollars)	**2021**	2020 [1]
Revenues	**2,392.6**	1,806.9
Gross profit	**912.7**	913.7
EBITDA from operations[2]	**409.9**	401.9
Adjusted EBITDA[2]	**398.4**	379.4
Adjusted operating cash flow before transaction and other costs[2][3]	**321.1**	292.2
Adjusted operating cash flow[2]	**292.2**	268.6
Net earnings from continuing operations	**17.2**	62.8
Cash dividends declared on common shares	**126.8**	126.4

(dollar per basic and diluted share except dividends paid and shares outstanding)	**2021**	2020
EBITDA from operations[2] [4]	**1.99**	2.12
Adjusted EBITDA[2] [4]	**1.93**	2.00
Adjusted operating cash flow before transaction and other costs[2][3][4]	**1.56**	1.54
Adjusted operating cash flow[2] [3] [4]	**1.42**	1.42
Net earnings (loss) from continuing operations attributable to Superior	**(0.04)**	0.29
Dividends paid per common share	**0.72**	0.72
Weighted average shares outstanding (millions)[4]	**206.0**	189.7

[1] Comparative figures have been restated to exclude the results of the Specialty Chemicals segment due to the divestiture of the segment subsequent to the end of the first quarter. See the audited consolidated financial statement for the years ended December 31, 2021 and 2020.

[2] EBITDA from operations, Adjusted EBITDA, AOCF before transaction and other costs, and AOCF are not standardized measures under IFRS. See "Non-GAAP Financial Measures and Reconciliations" section below and in the MD&A, available on SEDAR at www.sedar.com, for a description of each measure.

[3] Transaction and other costs for the years ended December 31, 2021 and 2020 are related to acquisition activity, restructuring and the integration of acquisitions and the divestiture of the Specialty Chemical segment. See "Transaction and Other Costs" for further details. These expenses are included in the SD&A and are disclosed in Note 21 of the audited consolidated financial statements as at and for the years ended December 31, 2021 and 2020.

[4] The weighted average number of shares outstanding for the year ended December 31, 2021 was 206.0 million (year ended December 31, 2020 was 189.7 million). The weighted average number of shares assumes the exchange of the preferred shares into common shares. There were no other dilutive instruments for the year ended December 31, 2021 and 2020.

Financial Position

(millions of dollars)	**2021**	2020
Total assets	**3,560.4**	3,829.8
Total liabilities	**2,248.2**	2,549.7
Net capital expenditures [1] [2]	**130.3**	105.0
Senior secured debt[3]	**394.7**	635.2
Total debt[4][5]	**1,652.9**	1,850.6
Leverage ratio[4][5]	**3.9x**	3.5x

(1) Comparative figures have been restated to record the impact of the final purchase allocations as if the accounting for the business combination had been completed at the acquisition date, as disclosed in Note 4 of the audited consolidated financial statements as at and for the years ended December 31, 2021 and 2020.

(2) Net Capital Expenditures is the sum of the purchase of property, plant and equipment and intangible assets and proceeds on disposal of property, plant and equipment from the Consolidated Statements of Cashflow for the year ended December 31, 2021 with additions to lease arrangements in Note 16 of the audited financial statements and adjusting this for the cash flows from investing activities related to discontinued operations in Note 3.

(3) Senior unsecured debt represents the balances outstanding of the Revolving Term Bank Credit Facilities, Other Debt and Lease Arrangements as disclosed in the audited financial statements as at and for the years ended December 31, 2021 and 2020.

(4) See “Non-GAAP Financial Measures and Reconciliations” in Superior’s Management’s Discussion and Analysis (MD&A) for additional details.

(5) See “Non-GAAP Financial Measures and Reconciliations” in Superior’s MD&A for definition of Net Debt to Adjusted EBITDA Leverage Ratio.

Contents

2 President’s Message
6 Management’s Discussion and Analysis Management’s Report
57 Management’s Responsibility for Financial Statements
58 Independent Auditor’s Report
63 Consolidated Financial Statements
67 Notes to the Consolidated Financial Statements
123 Corporate Information
124 Businesses and Shareholder Information

President's Message

Luc Desjardins
President and
Chief Executive Officer

Dear fellow shareholders,

The past year was a year of transformation and growth for Superior Plus Corp. as we completed our transition to a pure-play energy distribution company and continued executing on our acquisition strategy despite the difficult operating conditions related to the impact of COVID-19, warm weather in the fourth quarter and flooding in B.C. and Atlantic Canada. The safety and wellness of our employees and customers continued to be at the center of our decisions during this pandemic. I am proud of the continued resiliency of our employees as they continue to deliver critical energy solutions to our residential, commercial and wholesale customers. We continue to safely deliver propane and provide services to support the communities where we operate.

We were busy in 2021 with business development and strategic initiatives, completing 7 acquisitions and announcing 1 more that has not yet closed. We also unveiled our next strategic plan, the Superior Way Forward, at our Investor Day in May, which outlines our plan to drive shareholder returns and grow our business to $700 million to $750 million in EBITDA from Operations by the end of 2026.

Financials and 2021 Review

Superior's EBITDA from Operations in 2021 of $410 million was 2% higher than prior year Energy Distribution EBITDA from Operations primarily as a result of the contribution from acquisitions completed in the past 18 months, partially offset by the impact of the COVID-19 pandemic on commercial volumes and the warmer weather experienced in the fourth quarter. Superior's Adjusted EBITDA in 2021 of $398 million was 5% higher than the prior year due to the increase in EBITDA from Operations and a realized gain on foreign exchange hedging compared to a loss in the prior year, partially offset by an increase in corporate costs. In addition, revenues were $2,393 million up 32% from the prior year as a result of contributions from acquisitions, the impact of the increase in wholesale supply prices, partially offset by the impact of the COVID-19 pandemic on commercial volumes and the warmer weather experienced in the fourth quarter.

Transition to a pure-play energy distribution company

In April 2021, we completed the sale of the Specialty Chemicals business to Birch Hill Equity Partners, completing our transition from a diversified company with stable cash flows, operating in three distinct segments, to a pure-play energy distribution company focused on growth. Our transition to a pure-play energy distribution business started five years ago with the sale of our Construction Products Distribution business, leaving us with two businesses, Specialty Chemicals and Energy Distribution.

Since 2017, we have continued to grow and invest primarily in our propane distribution business, acquiring Canwest Propane and NGL Retail Energy East and 25 smaller entities. As our propane distribution platform grew and we saw significant opportunities to grow in that segment, we explored options to sell the Specialty Chemicals business. That strategic review culminated in the sale of the Specialty Chemicals business on April 9, 2021, so we could focus on growing our propane distribution business.

We believe the propane distribution business is in an industry that can grow for many reasons, including three primary reasons which are the highly fragmented nature of the industry, especially in the U.S., the ability for a modern and sophisticated player to outperform competitors, and the sustainable cash flows from the business. Due to the highly fragmented nature of the industry, there are many opportunities to consolidate as the major players only account for approximately 25% of the market combined. The propane industry has been slow to widely adapt technological tools and innovative ways to improve

We set a target of $1.9 billion in acquisitions from 2021 to 2026 as part of the Superior Way Forward. Based on acquisitions completed and announced in 2021, we have already achieved over 30% of that target with ~$600 million. We are excited about what opportunities currently exist in 2022, and we expect to continue our strong momentum with acquisitions in 2022.

efficiency, so we believe we have an advantage through the development and continued refinement of our Superior Way operating platform, as well as, our digital tools. The propane industry demand is typically more correlated with weather as opposed to macroeconomic trends and the nature of the customer and supplier relationship leads to stable and consistent cash flows. For these reasons, we find the propane industry an attractive industry to grow and improve shareholder returns.

Acquisitions and integration

In 2021, we completed seven acquisitions in the Northeast, Southeast, and upper Midwest U.S., as well as, Ontario and Quebec. We also announced the acquisition of the equity interests of Kamps, Propane Inc., High Country Propane, Inc., Pick Up Propane, Inc., Kiva Energy, Inc., Competitive Capital, Inc. and Propane Construction and Meter Services (collectively, "Kamps") for US$240 million, which is anticipated to provide us with a platform in California to make additional acquisitions and realize synergies. The Kamps acquisition is expected to close in Q2 2022. The seven acquisitions we completed in 2021 increased our density in our existing operating regions, and we expect to generate significant synergies from these acquisitions consistent with our historical experience of generating 25% improvement on the businesses we acquire.

We were also hard at work integrating the five acquisitions we completed in 2020 to extract additional synergies. We generate synergies by implementing our Superior Way operating platform, eliminating redundant functions and positions related to delivery density and existing operational support, procurement savings related to our scale, use of our digital strategy and sophisticated sales and marketing techniques. Through the realization of synergies, we typically reduce the purchase price multiple on our acquisitions by at least two times on average.

Superior Way Forward

In May 2021, we hosted a virtual Investor Day where we unveiled our Superior Way Forward strategic plan, which is our pathway to generating shareholder returns and growing the business. Our ambitious goal of the Superior Way Forward is to grow EBITDA from Operations from $402 million in 2020 to a range of $700 million to $750 million by the end of 2026. We expect to increase the EBITDA from Operations through our growth through acquisition initiative, organic growth initiative, continuous improvement and commercial demand recovery. Although we faced some headwinds in 2021 due to the delay in COVID restrictions easing and the close of Kamps, we made great progress on our strategic initiatives, setting us up well to achieve our 2026 goals.

We set a target of $1.9 billion in acquisitions from 2021 to 2026 as part of the Superior Way Forward. Based on acquisitions completed and announced in 2021, we have already achieved over 30% of that target with ~$600 million. We are excited about what opportunities currently exist in 2022, and we expect to continue our strong momentum with acquisitions in 2022. We have noticed an increase in opportunities related to the length of the pandemic weighing on operators, lack of succession planning options for smaller distributors, threats related to regulations including carbon intensity reduction initiatives and potential tax changes facing our smaller competitors. We have also gained a good reputation as a buyer of choice for potential sellers, which we expect should provide us with more opportunities to complete acquisitions in the next five years.

We expect to grow our business by 2% to 3% organically, which is higher than the overall industry average. Our growth is expected to come from gaining new customers through our digital offering and ease of doing business, new customers transitioning from heating oil, diesel and gasoline and new customers as we expand our energy offering to include cleaner burning and renewable fuels.

We are always focused on improving our operations and continuing to drive more savings in excess of inflation. Our investment in digital technology, including tank sensors, customer portal and self-service options and artificial intelligence, are expected to drive savings through improved routes, less miles driven to deliver more fuel and reduced head count related to more manual tasks in our business. As we continue to improve our forecasting for deliveries and labour requirements, we are also developing techniques/plans to implement seasonal labour reductions to better match our operating expenses with the fluctuations in our demand. We have set ambitious targets on how to reduce our operating to gross profit ratio to further enhance our best-in-class operating platform.

The COVID-19 pandemic has had an impact on our commercial customers, primarily in Canada. Our commercial volumes are down approximately 15% since the prepandemic levels and continue to be challenged as public health restrictions limit the capacity our customers can operate with and the mobility of people overall. As restrictions ease, we expect our hospitality, remote work camp and motor fuel customers to benefit, resulting in an anticipated increase in volumes over the next 18 months.

The success of the Superior Way Forward will be driven by our employees and management and their commitment to exceptional service to our customers and supporting the communities where we operate. We have an exceptional team in place to achieve our ambitious targets, and we have developed a strong culture to support our employees, drive innovation and improve our operational efficiency. I am excited about the future of Superior Plus and the Superior Way Forward.

Balance sheet

We have a strong balance sheet providing us with a clear runway to finance our planned growth. In 2021, we refinanced our US$350 million 7.0%, senior unsecured notes maturing in 2026 with US$600 million 4.5% notes maturing in 2029 and we issued C$500 million 4.25% senior unsecured notes due in 2028. When we issued the C$500 million notes we also redeemed our C$400 million notes and C$370 million notes, due in 2024 and 2025, respectively, and both bearing interest in excess of 5%. Overall, the refinancing is expected to reduce our interest costs in the range of $15 million to $18 million annually. Our long-term debt schedule is also favourable, with no maturities until 2026, and a weighted average, pre-tax cost-of-debt of 4.4% on the high yield notes. We also extended our $750 million revolver in April 2021, and the revolver currently has significant capacity available at low borrowing rates.

Our current leverage is 3.9x, which is within our updated targeted range of 3.5x to 4.0x, which reflects our accelerated acquisition program.

ESG

In 2021, we published our first-ever Sustainability Report, which was an important step for us to improve our transparency, and hold ourselves accountable as we recognize our product has an environmental impact, and we are committed to managing and ultimately reducing that impact. We value all of our stakeholders, including our customers, communities, shareholders and employees, and we understand each of these groups has become more focused on sustainability issues in recent years. We are committed to integrating sustainability in our operations.

We refer to our disclosures and commitments related to sustainability as a journey, because it will always be an ongoing process. Every year we look for ways to improve our performance, even if only to realize small incremental gains because these gains clearly add up over time. We are committed to creating long-term shareholder value in a socially responsible and sustainable manner.

In our inaugural report, we provided some of the accomplishments we are most proud of related to our environmental, social and governance initiatives. In terms of our people, we have integrated diversity initiatives into our hiring practices. 27% of executive officer roles and 40% of corporate senior management positions are held by women. We work hard to maintain a strong health and safety program. From the most senior levels, we promote a culture focused on leading best practices to ensure safe and healthy working conditions for all employees. We have an ongoing commitment to community investment. Along with our employees, Superior has raised over $2.6 million in the past 10 years for various charities and organizations. We have working relationships with more than one-third of the Indigenous communities across Canada, and we help support Indigenous programs for education, training and employment. This is just a small sample of the initiatives we have undertaken related to ESG.

Looking forward to 2022 and beyond

In 2022, our focus will be on continuing to service our customers as we hopefully emerge from the pandemic phase of COVID and enter the endemic phase. We are hopeful the case counts and hospitalizations will continue to decline in the first and second quarters and we will see a return to activity at pre-pandemic levels in the latter half of the year, which should benefit our commercial volumes. We will work with the FTC to close the Kamps acquisition in Q2 2022, and we will continue on our acquisition strategy primarily in the U.S., making accretive acquisitions and generating at least 25% synergy improvement on the businesses we acquire.

I would like to thank Randall J. Findlay for providing his strategic and operational expertise to the Board for the past 15 years. Consistent with our board retirement policy, Randall will not stand for re-election in 2022.

2021 was another challenging year for Superior and the world, but I think the company is positioned well to execute on our Superior Way Forward strategy and continue to grow and generate returns for our shareholders. We will continue to provide industry-leading customer service and build on our strong relationships with our customers. We will continue to develop our talent and provide our employees with the tools they need to succeed.

On behalf of the entire organization, I would like to thank our shareholders and other stakeholders for your continued support and confidence in Superior.

On behalf of the Board of Directors and Executive Management,

Luc Desjardins
President and Chief Executive Officer
March 8, 2021

We will continue to provide industry-leading customer service and build on our strong relationships with our customers. We will continue to develop our talent and provide our employees with the tools they need to succeed.

Management's Discussion and Analysis of 2021 Annual and Fourth Quarter Results

February 17, 2022

This Management's Discussion and Analysis (MD&A) contains information about the performance and financial position of Superior Plus Corp. (Superior) as at and for the years ended 2021 and 2020, as well as forward-looking information about future periods. The information in this MD&A is current to February 17, 2022, and should be read in conjunction with Superior's audited consolidated financial statements and notes thereto as at and for the years ended December 31, 2021 and 2020.

The accompanying audited consolidated financial statements of Superior were prepared by and are the responsibility of Superior's management. Superior's audited consolidated financial statements as at and for the years ended December 31, 2021 and 2020 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

All financial amounts in this MD&A are expressed in millions of Canadian dollars except where otherwise noted. All tables are for the year ended December 31 of the period indicated, unless otherwise stated. This MD&A includes forward-looking statements and assumptions. See "Forward-Looking Information" for more details.

Overview of Superior

Superior is a distributor and marketer of propane and distillates and related products and services. Superior holds 99.9% of Superior Plus LP (Superior LP), a limited partnership formed between Superior General Partner Inc. (Superior GP) as general partner and Superior as limited partner. Superior owns 100% of the shares of Superior GP and Superior GP holds 0.1% of Superior LP. The cash flow of Superior is solely dependent on the results of Superior LP and is derived from the allocation of Superior LP's income to Superior by means of partnership allocations.

Superior, through its ownership of Superior LP and Superior GP, has two operating segments: U.S. Propane Distribution, and Canadian Propane Distribution. The U.S. Propane Distribution segment distributes propane gas and liquid fuels primarily in the Eastern United States, as well as the Midwest and California. The Canadian Propane Distribution segment includes the Canadian retail propane distribution business and the wholesale natural gas liquid marketing businesses with operations located in Canada and California. The previously disclosed Specialty Chemicals segment has been divested, see the Basis of Presentation and Divestiture section below for further details.

Non-GAAP Financial Measures

Throughout the MD&A, Superior has used the following terms that are not defined under International Financial Reporting Standards (IFRS), but are used by management to evaluate the performance of Superior and its businesses: adjusted operating cash flow (AOCF), AOCF before transaction, restructuring and other costs, earnings before interest, taxes, depreciation and amortization (EBITDA) from operations, Adjusted EBITDA, Operating Costs, Interest expense, Net Debt, Leverage Ratio, Interest Expense, Pro Forma Adjusted EBITDA and Adjusted Gross Profit. These measures may also be used by investors, financial institutions and credit rating agencies to assess Superior's performance and ability to service debt. Non-GAAP financial measures do not have standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Securities regulations require that Non-GAAP and other financial measures are clearly defined, explained and certain of these measures are reconciled to their most directly comparable measure presented in the (primary) financial statements. Except as otherwise indicated, these Non-GAAP financial measures are calculated and disclosed on a consistent basis from period to period. Specific items may only be relevant in certain periods.

The intent of using Non-GAAP financial measures is to provide additional useful information to investors and analysts; the measures do not have standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Non-GAAP financial measures differently. See "Non-GAAP Financial Measures" for more information about these measures.

Forward-Looking Information

Certain information included herein is forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information may include statements regarding the objectives, business strategies to achieve those objectives, expected financial results (including those in the area of risk management), economic or market conditions, and the outlook of or involving Superior, Superior LP and its businesses. Such information is typically identified by words such as "anticipate", "believe", "continue", "estimate", "expect", "plan", "forecast", "future", "outlook", "guidance", "may", "project", "should", "strategy", "target", "will" or similar expressions suggesting future outcomes.

Forward-looking information in this document includes: future financial position, consolidated and business segment outlooks, 2022 Adjusted EBITDA guidance range, the duration and anticipated impact of the COVID-19 pandemic, estimates of the impact COVID-19 may have on our operations, the markets for our products and our financial results, expected Leverage ratio, business strategy and objectives, development plans and programs, organic growth, weather, economic activity in Western Canada, product pricing and sourcing, volumes and pricing, wholesale propane market fundamentals, exchange rates, expected synergies from acquisitions, expected seasonality of demand, the anticipated closing of Kamps Propane Inc., High Country Propane, Inc., Pick Up Propane, Inc., Kiva Energy, Inc., Competitive Capital, Inc. and Propane Construction and Meter Services (collectively, "Kamps") and the associated timing, commercial demand recovery in the second half of 2022, long-term incentive plan accrual estimates, estimated net financial impact of the Cyber security incident and future economic conditions.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans about the future and may not be appropriate for other purposes. Forward-looking information herein is based on various assumptions and expectations that Superior believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Those assumptions and expectations are based on information currently available to Superior, including information obtained from third party industry analysts and other third-party sources, and the historic performance of Superior's businesses. Such assumptions include the acquisition of Kamps closing in the second quarter of 2022 in accordance with the terms of the agreement, anticipated financial performance, current business and economic trends, the amount of future dividends paid by Superior, business prospects, utilization of tax basis, regulatory developments, currency, exchange and interest rates, future commodity prices relating to the oil and gas industry, future oil rig activity levels, trading data, cost estimates, our ability to obtain financing on acceptable terms, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior or Superior LP, the assumptions set forth under the "Financial Outlook" sections in this MD&A. The forward-looking information is also subject to the risks and uncertainties set forth below.

By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond our control, Superior's or Superior LP's actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include risk relating to satisfaction of the conditions to and completion of the Kamps acquisition, incorrect assessments of value when making acquisitions, increases in debt service charges, the loss of key personnel, the anticipated impact of the COVID-19 pandemic and the economic recession, fluctuations in foreign currency and exchange rates, inadequate insurance coverage, liability for cash taxes, counterparty risk, compliance with environmental laws and regulations, reduced customer demand, operational risks involving our facilities, force majeure, labour relations matters, our ability to access external sources of debt and equity capital, and the risks identified in (i) this MD&A under "Risk Factors to Superior" and (ii) Superior's most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

When relying on Superior's forward-looking information to make decisions with respect to Superior, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking information is provided as of the date of this document and, except as required by law, neither Superior nor Superior LP undertakes to update or revise such information to reflect new information, subsequent or otherwise. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

Basis of Presentation and Divestiture

On April 9, 2021 (the "closing date") Superior completed the previously announced sale of its Specialty Chemicals business for total consideration of $725.0 million (the "Transaction"). Superior received $600.0 million in cash proceeds less working capital and other adjustments of $17.0 million and $125.0 million in the form of a 6% unsecured note ("Vendor Note"). The principal amount of the Vendor Note and accrued and unpaid interest are due October 9, 2026.

The Transaction purchase price is subject to adjustment based on the average EBITDA of the business, excluding the impact of IFRS 16 (the "average EBITDA"), for the three consecutive twelve-month periods following the closing date. The Transaction purchase price may be adjusted through the issuance of an additional note from either Superior or the Specialty Chemicals business. If the average EBITDA is higher than $115 million, the buyer will issue an additional note to Superior. The amount of the additional note will be the difference between the average EBITDA and $115 million, multiplied by 4.5, up to a maximum of $100 million, including accumulated interest. The additional note will bear interest at the same rate as the Vendor Note and interest will accrue from the closing date. If the average EBITDA is lower than $100 million, an additional note will be issued by Superior to the Specialty Chemicals business. The amount of the additional note will be the difference between the average EBITDA and $100 million, multiplied by 4.5, up to a maximum of $100 million, including accumulated interest. The additional note will bear interest at the same rate as the Vendor Note and interest will accrue from the closing date.

Superior now presents the results of operations from this business as discontinued operations, (see Note 3 in the audited consolidated financial statements). The Specialty Chemicals segment operated as a distinct segment, and has no impact on the operations of the Energy Distribution segments. This MD&A reflects the results of continuing operations, unless otherwise noted.

Financial Overview – GAAP Financial Information

Consolidated Statement of Net Earnings

	Year Ended December 31	
(millions of Canadian dollars, except per share amounts)	**2021**	2020 [1]
Revenue	**2,392.6**	1,806.9
Cost of sales (includes products and services)	**(1,479.9)**	(893.2)
Gross profit	**912.7**	913.7
Expenses		
Selling, distribution and administrative costs ("SD&A")	**(804.8)**	(737.1)
Finance expense	**(155.0)**	(98.5)
Gains (loss) on derivatives and foreign currency translation of borrowings	**70.0**	49.0
	(889.8)	(786.6)
Earnings before income taxes	**22.9**	127.1
Income tax expense	**(5.7)**	(64.3)
Net earnings from continuing operations	**17.2**	62.8
Net earnings from discontinued operations, net of tax expense	**189.5**	24.0
Net earnings	**206.7**	86.8
Net earnings from continuing operations attributable to:		
Superior	**(6.6)**	51.1
Non-controlling interest	**23.8**	11.7
Net earnings per share from continuing operations attributable to Superior		
Basic and diluted	**(0.04)**	0.29
Net earnings per share attributable to Superior		
Basic and diluted	**0.99**	0.43
Cash flows from operating activities	**232.0**	360.2
Cash flows from operating activities, per share [2]	**1.13**	1.90

(1) The comparative figures have been restated to conform with the current year's presentation, see Basis of Presentation.

(2) The weighted average number of shares outstanding for the year ended December 31, 2021 was 206.0 million (December 31, 2020 was 189.7 million). The weighted average number of shares assumes the exchange of the preferred shares into common shares. There were no other dilutive instruments for the year ended, December 31, 2021 and 2020.

Non-GAAP Financial Information

The following summary contains Non-GAAP financial information. The intent of this Non-GAAP financial information is to provide additional useful information to investors and analysts as they exclude non-cash items and expenses related to acquisitions. These measures do not have standardized meanings under IFRS and should not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Non-GAAP financial measures differently. See "Non-GAAP Financial Measures" on page 41 for more information about these measures.

Summary of AOCF

	Year Ended December 31	
(millions of dollars except per share amounts)	**2021**	2020 [1]
US Propane Distribution Adjusted EBITDA [2]	**226.2**	206.9
Canadian Propane Distribution Adjusted EBITDA [2]	**183.7**	195.0
EBITDA from operations [2]	**409.9**	401.9
Corporate operating costs [2]	**(24.1)**	(20.5)
Realized gains (losses) on foreign currency hedging contracts [3]	**12.6**	(2.0)
Adjusted EBITDA [2]	**398.4**	379.4
Interest expense [4]	**(76.1)**	(91.8)
Adjusted current income tax (expense) recovery [2] [4]	**(1.2)**	4.6
AOCF before transaction, restructuring and other costs [2]	**321.1**	292.2
Transaction, restructuring and other costs [5]	**(28.9)**	(23.6)
AOCF [2]	**292.2**	268.6
AOCF per share before transaction, restructuring and other costs [5][6]	**$1.56**	$1.54
AOCF per share [6]	**$1.42**	$1.42
Dividends declared per common share	**$0.72**	$0.72

(1) The comparative figures have been restated to conform with the current year's presentation, see Basis of Presentation.

(2) These amounts are Non-GAAP financial measures, see "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(3) Realized gains (losses) on foreign currency hedging contracts are reconciled to gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(4) Interest expense is the sum of interest on borrowings and interest on lease liability. Current income tax expense (recovery) forms part of the total income tax expense (recovery), see Note 21 of the audited consolidated financial statements as at and for the year ended December 31, 2021 and 2020. Adjusted current income tax (expense) recovery is the current income tax expense adjusted by an $85.0 million recovery representing the impact of reporting the divestiture as a discontinued operation, see Note 19.

(5) Transaction, restructuring and other costs are related to acquisition activities and the restructuring and integration of acquisitions. See "Transaction, restructuring and other Costs" for further details. These expenses are included in SD&A and are disclosed in Note 21 of the audited consolidated financial statements as at and for the year ended December 31, 2021 and 2020.

(6) The weighted average number of shares outstanding for the year ended December 31, 2021 was 206.0 million (year ended December 31, 2020 was 189.7 million). The weighted average number of shares assumes the exchange of the preferred shares into common shares. There were no other dilutive instruments for the year ended December 31, 2021 and 2020.

AOCF Reconciled to Cash Flows from Operating Activities [(1)]

	Year Ended December 31	
(millions of dollars)	**2021**	2020
Cash flows from operating activities	**232.0**	360.2
Non-cash interest expense, loss on redemption, net of interest on vendor note [(2)]	**78.9**	6.7
Changes in non-cash operating working capital	**60.6**	0.2
Income taxes paid	**15.2**	11.6
Interest paid	**90.7**	99.0
Adjusted current income tax (expense) recovery [(2) (3)]	**(1.2)**	4.6
Finance expense recognized in net earnings	**(155.0)**	(98.5)
	321.2	383.8
Less results of AOCF from Discontinued operations [(4)]	**(29.0)**	(115.2)
AOCF [(1)]	**292.2**	268.6

(1) AOCF is a Non-GAAP measure. See "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(2) This information is provided in Note 21 of the audited consolidated financial statements as at and for the year ended December 31, 2021.

(3) Adjusted current income tax (expense) recovery is the current income tax expense adjusted by an $85.0 million recovery representing the impact of reporting the divestiture as a discontinued operation, see Note 19.

(4) AOCF from discontinued operations is the sum of revenue, cost of sales and SD&A, see Note 3 of the audited consolidated financial statements as at and for the year ended December 31, 2021. SD&A has been adjusted for loss on disposal of assets of $0.5 million (2020 – $2.3 million).

Recently Completed and Announced Acquisitions

On January 26, 2021 Superior acquired 100% interest in the assets of a retail propane and distillate distribution company, operating in Massachusetts under the tradename Holden Oil ("Holden") for a total consideration of US$17.7 million (CDN $22.4 million).

On February 1, 2021 Superior acquired a 100% equity interests of a retail propane distribution company, operating in Quebec under the tradename Miller Propane ("Miller") for a total consideration of $7.5 million.

On February 11, 2021, Superior acquired the assets and shares of an Ontario retail propane distribution company, operating under the tradename Highlands Propane ("Highlands") for a total consideration of $15.0 million.

On June 16, 2021 a wholly-owned subsidiary of Superior acquired the assets of a retail propane distribution company based in South Carolina, operating under the tradename, Freeman Gas and Electric Co., Inc. ("Freeman") for an aggregate purchase price of approximately US$170.4 million (CDN $209.2 million) before adjustments for working capital.

On July 7, 2021, a wholly-owned subsidiary of Superior acquired the assets of a retail propane distribution company based in North Carolina, operating under the tradename, Williams Energy Group ("Williams Energy") for an aggregate purchase price of approximately US$38.8 million (CDN $48.4 million).

On July 14, 2021, Superior announced that one of its wholly owned subsidiaries entered into an agreement to acquire the equity interest of Kamps Propane Inc., High Country Propane, Inc., Pick Up Propane, Inc., Kiva Energy, Inc., Competitive Capital, Inc. and Propane Construction and Meter Services ("collectively, Kamps") for an aggregate purchase price of approximately US $240 million (CDN $299 million) before adjustments for working capital. As a result of a second request from the United States Federal Trade Commission review, Superior expects this may delay the closing, until the second quarter of 2022.

On December 21, 2021, a wholly-owned subsidiary of Superior acquired the assets of a retail propane distribution company based in Michigan, operating under the tradename Hopkins Propane ("Hopkins") for a total consideration of approximately US$16.2 million (CDN $20.9 million) before adjustments for working capital. In addition, a wholly-owned subsidiary of Superior acquired the assets of a retail propane distribution company based in Waynesville, North Carolina operating under the tradename Mountain Energy Gas ("Mountain Energy") for a total consideration of approximately US$2.0 million (CDN $2.6 million) before adjustments for working capital.

Annual Financial Results Compared to the Prior Year

The net earnings from continuing operations for the year ended December 31, 2021 was $17.2 million, compared to $62.8 million in the prior year. The decrease from the prior year is primarily due to higher SD&A and finance expense partially offset by higher gains on derivatives and foreign currency translation of borrowings and lower income tax expense. Basic and diluted earnings (loss) per share from continuing operations attributable to Superior was $(0.04) per share, a decrease of $0.33 from $0.29 per share in the prior year. The decrease is due to the above reasons, and the impact of the treatment of the non-controlling interest on earnings (loss) per share.

Net earnings from discontinued operations of $189.5 million for the year ended December 31, 2021 increased by $165.5 million from $24.0 million in the prior year. The increase was primarily due to recording a realized gain on the disposal of the Specialty Chemical segment compared to a year of operations in the prior year.

Revenue for the year ended December 31, 2021 was $2,392.6 million, an increase of $585.7 million or 32% from the prior year due to higher revenue in both the Canadian Propane Distribution ("Canadian Propane") and U.S. Propane Distribution ("U.S. Propane") segments. Canadian Propane revenue for the year ended December 31, 2021 was $1,244.3 million, an increase of $319.3 million or 35% due primarily to higher wholesale propane prices. U.S. Propane revenue for the year ended December 31, 2021 was $1,178.0 million, an increase of $278.6 million or 31% due to acquisitions completed in the current and prior year and higher wholesale propane prices, partially offset by the impact of the stronger Canadian dollar on U.S. denominated sales. Due to the nature of Superior's operating model, the impact of commodity price volatility is passed on to the customer.

Consolidated gross profit was $912.7 million, a decrease of $1.0 million from $913.7 million in the prior year primarily due to lower Canadian Propane gross profit, partially offset by higher U.S. Propane gross profit. Canadian gross profit decreased primarily due to weaker wholesale propane market fundamentals within the supply portfolio management business and was partially offset by an increase in sales of carbon offset credits. U.S. Propane Distribution gross profit increased primarily due to the impact of completed acquisitions in the current and prior year and colder weather in the first quarter partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated gross profit. For U.S. Propane and Canadian Propane gross profit, realized gains and losses related to Superior's commodity risk management are not included in gross profit. These realized gains and losses are reported as part of gains and losses on derivatives and foreign currency translation of borrowings.

SD&A was $804.8 million for the year ended December 31, 2021, an increase of $67.7 million or 9% from the prior year, primarily due to an increase in U.S. Propane SD&A and to a lesser extent Canadian Propane and Corporate SD&A. U.S. Propane SD&A costs were $476.2 million, an increase of $48.4 million or 11% from $427.8 million in the prior year primarily due to the impact of completed acquisitions and to a lesser extent increased incentive plan costs and insurance costs partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated SD&A. Canadian Propane SD&A costs were $292.7 million, an increase of $13.2 million or 5% from $279.5 million in the prior year was due to the reduction in the benefit from the CEWS program recorded in the current year compared to the prior year, higher transaction costs and to a lesser extent higher incentive plan costs. Corporate SD&A costs were $35.9 million, an increase of $6.1 million or 20% from $29.8 million in the prior year primarily due to higher incentive plan costs related to share price appreciation and to a lesser extent higher transaction costs.

Finance expense for the year ended December 31, 2021 was $155.0 million, an increase of $56.5 million or 57% from $98.5 million in the prior year. The increase is primarily due to early call premiums and non-cash financing expenses related to the redemption of the US$350 million, $400 million and $370 million senior unsecured notes partially offset by lower interest expenses. Interest expenses decreased due to lower average debt balances, lower average interest rates and to a lesser extent recording interest earned on the Vendor Note, net of finance expense. Average debt balances were lower as the net proceeds from the divestiture of Specialty Chemicals in April 2021 were used to pay down debt prior to the completion of acquisitions in the past seven months.

Gains on derivative and foreign currency translation of borrowings consists of unrealized gains (losses) on derivative financial instruments and foreign currency translation of borrowings, net of realized gains (losses) on derivative financial instruments and realized gains (losses) on settlement of U.S. denominated borrowings. The gain on derivatives and foreign currency translation of borrowings was $70.0 million for the year ended December 31, 2021, an increase of $21.0 million compared to a gain of $49.0 million in the prior year. The increase was mainly related to changes in market prices of commodities, timing of maturities of underlying financial instruments and changes in foreign exchange rates relative to amounts hedged. For additional details, refer to Note 18 of the 2021 audited consolidated financial statements.

Total income tax expense of $5.7 million was $58.6 million lower than the prior year's expense of $64.3 million. Current income tax recovery was $83.8 million, an increase of $79.2 million from the prior year recovery of $4.6 million. The increase is primarily due to the presentation of the impact of reporting the divestiture as a discontinued operation. This was more than offset by a deferred income tax expense of $89.5 million, an increase of $20.6 million from the prior year expense of $68.9 million primarily due to the utilization of tax pools to shelter the gain on the divestiture.

Annual Non-GAAP Financial Results Compared to the Prior Year

Adjusted EBITDA for the year ended December 31, 2021 was $398.4 million, an increase of $19.0 million or 5% compared to the prior year Adjusted EBITDA of $379.4 million. The increase is primarily due to a realized gain on foreign currency hedging contracts in the current year compared to a loss in the prior year, and to a lesser extent higher EBITDA from operations, partially offset by higher corporate costs. Superior realized gains on foreign currency hedging contracts of $12.6 million compared to a loss of $2.0 million in the prior year due to the impact of the stronger Canadian dollar compared to the average hedge rate. EBITDA from operations increased $8.0 million or 2% compared to the prior year primarily due to higher U.S. Propane Adjusted EBITDA partially offset by lower Canadian Propane Adjusted EBITDA. U.S. Propane Adjusted EBITDA was $226.2 million, an increase of $19.3 million or 9% primarily due to the impact of acquisitions completed during the year, partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated EBITDA. Canadian Propane Adjusted EBITDA was $183.7 million, a decrease of $11.3 million or 6% primarily due to weaker propane wholesale market differentials compared to the prior year and a lower benefit from the CEWS program compared to the prior year partially offset by the increased sales of carbon offset credits. Corporate administrative costs were $24.0 million compared to $20.5 million in the prior year. The increase is primarily due to higher incentive plan costs than in the prior year due to the appreciation in Superior's share price earlier in 2021.

AOCF before transaction, restructuring and other costs for the year ended December 31, 2021 was $321.1 million, an increase of $28.9 million or 10% from the prior year AOCF before transaction, restructuring and other costs of $292.2 million. The increase from the prior year is primarily due to higher Adjusted EBITDA discussed above, and lower interest expense partially offset by higher current taxes. Interest expense decreased by $15.7 million or 17% primarily to due to lower average debt balances and lower average interest rates. Current income tax expense increased by $5.8 million primarily due to the impact of the presentation of discontinued operations. For purposes of determining AOCF, the current tax charge associated with the divestiture was removed, see Note 19 of the audited consolidated financial statements as at and for the year ended December 31, 2021. AOCF per share before transaction, restructuring and other costs assuming conversion of preferred shares was $1.56 per share, an increase of $0.02 per share or 1% from the prior year to date results of $1.54 per share primarily due to the higher AOCF before transaction, restructuring and other costs discussed above partially offset by the increase in weighted average shares outstanding. Weighted average shares outstanding were higher than the prior comparable period due to the issuance of preferred shares to Brookfield Asset Management (the "Preferred Shares") that are reflected on an as converted basis.

AOCF for the year ended December 31, 2021 was $292.2 million, an increase of $23.6 million or 9% from the prior year AOCF of $268.6 million due to the increased AOCF before transaction, restructuring and other costs discussed above, partially offset by higher transaction, restructuring and other costs. AOCF per share for year ended December 31, 2021 was $1.42 per share assuming conversion of the preferred shares, which was consistent with from the prior year results. Transaction, restructuring and other costs for the year ended December 31, 2021 was $28.9 million, an increase of $5.3 million from prior year of $23.6 million.

Results of Superior's Operating Segments

Superior's operating segments consists of U.S. Propane and Canadian Propane.

U.S. Propane Distribution

U.S. Propane Distribution's operating results:

	Year Ended December 31	
(millions of dollars)	**2021**	2020
Revenue	**1,178.0**	899.4
Cost of Sales	**(650.4)**	(385.5)
Gross profit	**527.6**	513.9
Realized gains (losses) on derivatives related to commodity risk management [(2)]	**35.5**	(14.6)
Adjusted gross profit [(1)]	**563.1**	499.3
Selling, distribution and administrative costs	**(476.2)**	(427.8)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs [(3)]	**125.5**	118.5
Transaction, restructuring and other costs [(3)]	**13.6**	14.4
Loss on disposal of assets and other [(3)]	**0.2**	2.5
Operating costs [(1)]	**(336.9)**	(292.4)
Adjusted EBITDA [(1)]	**226.2**	206.9
Add back (deduct):		
Loss on disposal of assets and other [(3)]	**(0.2)**	(2.5)
Transaction, restructuring and other costs [(3)]	**(13.6)**	(14.4)
Amortization and depreciation included in selling, distribution and administrative costs	**(125.5)**	(118.5)
Unrealized gains on derivative financial instruments [(2)]	**18.1**	26.2
Finance expense [(3)]	**(5.2)**	(5.2)
Earnings before income tax	**99.8**	92.5

(1) Adjusted Gross Profit, Adjusted EBITDA and Operating Costs are Non-GAAP financial measures. See "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(2) Realized gains (losses) on derivatives related to commodity risk management are reconciled to Gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(3) The sum of the above amounts and the balances included in the Canadian Propane and the corporate segments are included in SD&A and are disclosed in Note 21 or Note 29 of the audited consolidated financial statements as at and for the year ended December 31, 2021 and 2020.

Revenue for the year ended December 31, 2021 was $1,178.0 million, an increase of $278.6 million from the prior year primarily due to the impact of acquisitions completed in the current and prior year and to a lesser extent higher wholesale propane prices, partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated revenue. Wholesale supply prices were higher than the prior year due to wholesale propane market fundamentals and an increase in average West Texas Intermediate ("WTI") crude oil prices and higher propane exports, compared to the prior year. WTI crude oil prices increased in 2021 as increasing COVID-19 vaccination rates, loosening pandemic-related restrictions, and a growing economy resulted in global petroleum demand.

U.S. Propane Adjusted Gross Profit

	Year Ended December 31	
(millions of dollars)	**2021**	2020
Propane distribution [1]	**504.1**	494.2
Realized gain (loss) on derivatives related to commodity risk management [1]	**35.5**	(14.6)
Adjusted gross profit related to propane distribution	**539.6**	479.6
Other services [1]	**23.5**	19.7
Adjusted gross profit [2]	**563.1**	499.3

(1) The sum of propane distribution and other services agrees to segment disclosure in the annual consolidated financial statements. Realized gains (losses) are derivatives related to commodity risk management and are reconciled to Gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(2) Adjusted gross profit from operations is a Non-GAAP financial measure. See "Non-GAAP financial measures and reconciliations" on page 41 for more information.

Adjusted gross profit related to propane distribution for the year ended December 31, 2021 was $539.6 million, an increase of $60.0 million or 13% from the prior year primarily due to higher sales volumes partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated gross profit.

Total sales volumes were 1,327 million litres, an increase of 174 million litres or 15% primarily due to the impact of acquisitions completed in the current and prior year. Average weather, as measured by degree days, across markets where U.S. propane operates for 2021 was 1% colder than the prior year and 4% warmer than the five-year average. Residential sales volumes increased by 87 million litres or 14% from the prior year due primarily to the impact of acquisitions completed in the past twelve months. Commercial volumes increased by 91 million litres or 19% compared to the prior year primarily due to the impact of acquisitions completed in the current and prior year, and to a lesser extent the impact of reduced COVID-19 restrictions on commercial customers. Wholesale volumes decreased by 4 million litres or 14% due to customer attrition, partially offset by the impact of acquisitions completed in the current and prior years.

U.S. Propane average sales margins were 40.7 cents per litre, a decrease of 0.9 cents from 41.6 cents per litre in the prior year primarily due to the impact of the stronger Canadian dollar on the translation of U.S. denominated gross profit partially offset by the impact of focusing on higher margin propane customers.

Other services gross profit primarily includes equipment, installation, repair and maintenance charges. Other services gross profit was $23.5 million, an increase of 19% over the prior year primarily due to the acquisitions completed in the current and prior year, partially offset by a strategic shift to focus on higher margin activities.

U.S. Propane Distribution Sales Volumes

End-Use Application [1][2]

(millions of litres)	Year Ended December 31 **2021**	2020
Residential	**724**	637
Commercial	**578**	487
Wholesale	**25**	29
Total	**1,327**	1,153

U.S. Propane Distribution Sales Volumes

Volumes by Region [1]

(millions of litres)	Year Ended December 31 **2021**	2020
Northeast	**1,030**	927
Southeast	**175**	105
Midwest	**84**	87
West	**38**	34
Total	**1,327**	1,153

(1) Includes heating oil, propane, diesel and gasoline sold in over twenty-two states in the following regions: Northeast region consists of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia; Southeast region consists of North Carolina, South Carolina, Georgia, Tennessee, Florida, Alabama; Midwest region consists of Ohio, Michigan, Minnesota; West region consists primarily of California.

(2) Comparative figures have been reclassified to conform to the current period presentation.

Operating Costs and Selling, Distribution and Administrative Costs

Operating costs were $336.9 million, an increase of $44.5 million or 15% over the prior year primarily due to the impact of acquisitions, and to a lesser extent higher incentive costs, partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated operating costs and cost-saving initiatives.

SD&A includes amortization, depreciation and transaction, restructuring and other costs, whereas operating costs exclude these expenses, and is used in the determination of Adjusted EBITDA. SD&A costs were $476.2 million, an increase of $48.4 million or 11% over the prior year. The increase is consistent with operating costs and includes higher depreciation and amortization as a result of a higher asset base associated with acquisitions completed and is partially offset by slightly lower transaction, restructuring and other costs.

Earnings

Earnings before tax of $99.8 million, an increase of $7.3 million over the prior year was primarily due to higher gains on derivatives and to a lesser extent higher gross profit, partially offset by higher SD&A costs as described above.

Financial Outlook

U.S. Propane Adjusted EBITDA in 2022 is anticipated to be higher than 2021. The increase is due to the full year contribution from acquisitions completed in the current year, the assumption of normal weather, organic growth in excess of inflation, the realization of additional synergies, and cost-saving initiatives, and the expected contribution from the Kamps acquisition that is expected to close in the second quarter of 2022, partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated EBITDA and the impact of inflationary pressures on operating costs. Average weather for 2022 in the Eastern U.S. and California, as measured by degree days, is anticipated to be consistent with the five-year average.

In addition to the significant assumptions referred to above, refer to “Forward-Looking Information” and “Risk Factors to Superior” for a detailed review of significant business risks affecting the Propane Distribution businesses.

Canadian Propane Distribution

Canadian Propane Distribution's operating results:

	Year Ended December 31	
(millions of dollars)	**2021**	2020
Revenue	**1,244.3**	925.0
Cost of Sales	**(859.2)**	(525.2)
Gross profit	**385.1**	399.8
Realized gains (losses) on derivatives related to commodity risk management [(2)]	**12.8**	(1.0)
Adjusted gross profit[(1)]	**397.9**	398.8
Selling, distribution and administrative costs	**(292.7)**	(279.5)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs [(4)]	**74.9**	74.2
Transaction, restructuring and other costs [(2)]	**4.2**	0.4
Loss (gain) on disposal of assets and other [(2)]	**(0.6)**	1.1
Operating costs [(1)]	**(214.2)**	(203.8)
Adjusted EBITDA [(1)]	**183.7**	195.0
Add back (deduct):		
Gain (loss) on disposal of assets and other [(3)]	**0.6**	(1.1)
Transaction, restructuring and other costs [(3)]	**(4.2)**	(0.4)
Amortization and depreciation included in selling, distribution and administrative costs [(3)]	**(74.9)**	(74.2)
Unrealized gains (losses) on derivative financial instruments [(2)]	**(1.5)**	8.3
Finance expense [(3)]	**(4.0)**	(4.4)
Earnings before income tax	**99.7**	123.2

(1) Adjusted Gross Profit, Adjusted EBITDA and Operating Costs are Non-GAAP financial measures. See "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(2) Realized gains (losses) are derivatives related to commodity risk management and are reconciled to Gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(3) The sum of the above amounts and the balances included in the Canadian Propane and the corporate segments are included in SD&A and are disclosed in Note 21 or Note 29 of the audited consolidated financial statements as at and for the year ended December 31, 2021 and 2020.

Revenue for the year ended December 31, 2021 was $1,244.3 million, an increase of $319.3 million from the prior year primarily due to higher wholesale propane prices which are passed through to the customer, and to a lesser extent higher sales volumes. Wholesale propane prices were higher than the prior year due to wholesale propane market fundamentals and an increase in average West Texas Intermediate ("WTI") crude oil prices and higher propane exports, compared to the prior year. WTI crude oil prices increased in 2021 as increasing COVID-19 vaccination rates, loosening pandemic-related restrictions, and a growing economy resulted in global petroleum demand rising faster than petroleum supply.

Canadian Propane Adjusted Gross Profit

	Year Ended December 31	
(millions of dollars)	**2021**	2020
Propane distribution [(1)]	**368.9**	383.9
Realized gains (losses) on derivatives related to commodity risk management	**12.8**	(1.0)
Adjusted gross profit related to propane distribution	**381.7**	382.9
Other services	**16.2**	15.9
Adjusted gross profit [(1)]	**397.9**	398.8

(1) The sum of propane distribution and other services agrees to segment disclosure in the annual consolidated financial statements. Realized gains (losses) are derivatives related to commodity risk management and are reconciled to Gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(2) Adjusted gross profit from operations is a Non-GAAP financial measure. See "Non-GAAP financial measures and reconciliations" on page 41 for more information.

Adjusted gross profit related to propane distribution for the year ended December 31, 2021 was $381.7 million, a decrease of $1.2 million, from the prior year primarily due to weaker wholesale propane market fundamentals compared to the prior year, partially offset by higher carbon offset credit sales, and to a lesser extent higher sales volumes.

Total sales volumes were 2,104 million litres, an increase of 66 million litres or 3%, primarily due to increased wholesale volumes. Average weather across Canada for the year ended December 31, 2021, as measured by degree days was 4% warmer than the prior year and 5% warmer than the five-year average. Residential sales volumes increased by 9 million litres or 5% due to the impact of acquisitions completed in the year and was partially offset by warmer weather. Commercial sales volumes decreased by 11 million litres or 1% due primarily to the impact of COVID-19 and continued weak economic conditions in Western Canada. Wholesale propane volumes increased by 68 million litres or 7% compared to the prior year due to reduced COVID-19 restrictions, and to a lesser extent sales and marketing efforts to grow third-party wholesale propane sales.

Average propane sales margins were 18.1 cents per litre, a decrease of 0.7 cents from 18.8 cents per litre in the prior year due primarily to weaker wholesale propane market fundamentals, partially offset by the sale of carbon offset credits.

Other services gross profit primarily includes equipment rental, installation, repair and maintenance and customer minimum use charges. Other services gross profit was $16.2 million, which is consistent with the prior year gross profit of $15.9 million.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application

	Year Ended December 31	
(millions of litres)	**2021**	2020
Residential	**180**	171
Commercial	**870**	881
Wholesale	**1,054**	986
	2,104	2,038

[(1)] Canadian Propane volumes by end user were condensed to be consistent with US Propane Distribution.

Canadian Propane Distribution Sales Volumes

Volumes by Region [(1)]

	Year Ended December 31	
(millions of litres)	**2021**	2020
Western Canada	**676**	718
Eastern Canada	**516**	463
Atlantic Canada	**145**	135
United States	**767**	722
Total	**2,104**	2,038

[(1)] Regions: Western Canada region consists of British Columbia, Alberta, Saskatchewan, Manitoba, Northwest Ontario, Yukon and Northwest Territories; Eastern Canada region consists of Ontario (except for Northwest Ontario) and Quebec; Atlantic Canada region consists of New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island. United States region consists primarily of California, Colorado, Delaware, Illinois, Kansas, Maine, Maryland, Michigan, Minnesota, Montana, Nevada, New Hampshire, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Utah and Washington.

Operating Costs and Selling, Distribution and Administrative Costs

Operating costs were $214.2 million, an increase of $10.4 million or 5% compared to the prior year. The increase in operating costs was primarily due to the impact of the lower CEWS benefit recorded during the year compared to the prior year, and to a lesser extent higher incentive plan costs and higher volume related costs. Canadian Propane recorded $20.9 million in benefits related to the CEWS program for the year ended December 31, 2021 (2020 – $25.7 million).

SD&A includes amortization, depreciation and transaction, restructuring and other costs, whereas operating costs exclude these expenses, and is used in the determination of Adjusted EBITDA. SD&A costs were $292.7 million, an increase of $13.2 million or 5% over the prior year. SD&A costs increased for the above reasons, as well as increased transaction, restructuring and other costs related to the acquisitions completed in the year and restructuring activities and to a lesser extent higher depreciation and amortization costs as a result of a higher asset base.

Earnings

Earnings before income tax was $99.7 million, a decrease of $23.5 million over the prior year, for the above reasons and an unrealized loss on derivatives in the current year compared to an unrealized gain in the prior year.

Financial Outlook

Canadian Propane Adjusted EBITDA in 2022 is anticipated to be slightly lower than 2021 as the impact of the loss of the CEWS benefits, reduced sale of carbon credits and the impact of inflation on operating costs is expected to be partially offset by the contribution from the wholesale propane business included in the Kamps acquisition ("Kiva Energy Inc.") and an increase in commercial volumes. Average weather as measured by degree days is expected to be consistent with the five-year average.

In addition to the significant assumptions referred to above, refer to "Forward-Looking Information" and "Risk Factors to Superior" for a detailed review of significant business risks affecting the Canadian Propane Distribution business.

Consolidated Capital Expenditure Summary

Superior classifies its capital expenditures into three main categories: efficiency, process improvement and growth-related; maintenance capital; and investment in leased assets.

Efficiency, process improvement and growth-related expenditures include expenditures such as the acquisition of new customer equipment to facilitate growth, system upgrades and initiatives to facilitate improvements in customer service. These capital expenditures are discretionary and non-recurring.

Maintenance capital expenditures include required regulatory spending on tank refurbishments, and any other required expenditures related to maintaining operations.

Investment in leased assets generally includes vehicles to support growth and replace aging vehicles, renewing railcar leases in the wholesale business and timing of renewing property leases.

	Year Ended December 31	
(millions of dollars)	**2021**	2020 [1]
Efficiency, process improvement and growth-related [2]	**47.3**	42.5
Maintenance capital [2]	**50.4**	30.8
	97.7	73.3
Proceeds on disposition of assets	**(5.6)**	(12.5)
Property, plant and equipment acquired through acquisition [3]	**158.2**	134.0
Total net capital expenditures	**250.3**	194.8
Investment in leased assets net of proceeds from refinanced vehicles [3]	**38.2**	44.2
Total expenditures including finance leases	**288.5**	239.0

[1] Comparative figures have been reclassified to exclude the results of the divested Specialty Chemicals segment.

[2] The amounts disclosed in the consolidated statements of cash flows for the year ended December 31, 2021 and 2020 is made up of the sum of these amounts and the cash flows used in investing activities related to discontinued operations.

[3] Property, plant and equipment acquired through acquisitions is disclosed in Note 4 of the annual audited consolidated financial statements. Investment in leased assets net of proceeds from refinanced vehicles is calculated by using the lease additions from continuing operations disclosed in Note 16 and subtracting the proceeds received from vehicle refinancing disclosed in the statements of cash flows included in the annual audited consolidated financial statements.

Efficiency, process improvement and growth-related expenditures were $47.3 million for the year ended December 31, 2021 compared to $42.5 million in the prior year. The increase over the prior year is primarily due to timing of integration activity related to acquisitions.

Maintenance capital expenditures were $50.4 million for the year ended December 31, 2021 compared to $30.8 million in the prior year, and were primarily related to required maintenance capital. The increase is primarily due to timing of expenditures, the impact of acquisitions and the impact from deferring expenditures in the prior year related to capital preserving initiatives in response to the COVID-19 pandemic.

Property, plant and equipment acquired through acquisition is the allocation of fair value to acquired assets.

Superior entered into $38.2 million of leases net of proceeds from refinancing previously acquired vehicles for the year ended December 31, 2021 compared to $44.2 million in the prior year. The decrease is primarily due to timing of renewing property leases and acquiring vehicles under leases. Included in the $38.2 million of leases is approximately $24.9 million related to vehicle leases.

Capital expenditures were funded from a combination of operating cash flow and borrowing under the revolving-term bank credit facilities and credit provided through lease liabilities.

Corporate Operating Costs and SD&A

Corporate operating costs for the year ended December 31, 2021 were $24.1 million, an increase of $3.6 million or 18% compared to $20.5 million in the prior year. The increase is primarily due to an increase in long-term incentive plan costs compared to the prior year.

Corporate administration costs included in Adjusted EBITDA exclude depreciation, amortization and transaction, restructuring and other costs. Corporate SD&A costs were $35.9 million, an increase of $6.1 million or 20% from $29.8 million in the prior year primarily due to an increase in incentive plan costs and higher transaction, restructuring and other costs.

Finance and Interest Expense

Finance expense was $155.0 million, an increase of $56.5 million, compared to $98.5 million in the prior year. The increase is primarily due to $58.6 million in early call premiums and non-cash financing expenses related to the redemption of the US$350 million, $400 million and $370 million senior unsecured notes partially offset by lower average debt balances and, lower average interest rates and to a lesser extent recording interest earned on the Vendor Note, net of finance expense. Debt balances are lower primarily due to using the net proceeds from the divestiture of Specialty Chemical business in April 2021 to pay down debt prior to the completion of acquisitions in the past seven months.

Interest expense included in AOCF excludes interest earned on the Vendor Note, premiums and other losses on the redemption of senior unsecured notes and the unwinding of discounts on decommissioning liabilities and non-cash financing expenses. Interest expense was $76.1 million, a decrease of $15.7 million, compared to $91.8 million in the prior year. The decrease is due to lower average debt balances and lower average interest rates. Debt balances are lower for the reasons noted above and average interest rates are lower as a result of refinancing the senior unsecured notes.

Transaction, Restructuring and Other Costs

Superior's transaction, restructuring and other costs have been categorized together and excluded from segmented results. The table below summarizes these costs:

	Year Ended December 31	
(millions of dollars except per share amounts)	**2021**	2020 [1]
Total transaction, restructuring and other costs	**28.9**	23.6

[1] Comparative figures have been reclassified to exclude the results of the divested Specialty Chemicals segment.

For the year ended December 31, 2021, Superior incurred $28.9 million in costs related primarily to the acquisition and integration of tuck-in acquisitions. The costs in the prior year related primarily to the acquisition and integration of acquisitions and the costs related to the sale of the Specialty Chemicals segment.

Income Taxes

Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and deferred income taxes, including Canadian, U.S. and Luxembourg income tax.

Total income tax expense for the year ended December 31, 2021 was $5.7 million, comprised of $83.8 million in cash income tax recovery and $89.5 million in deferred income tax expense. This compares to a total income tax expense of $64.3 million in the prior year, which consisted of a cash income tax recovery of $4.6 million and a $68.9 million deferred income tax expense.

Cash income tax recovery for the year ended December 31, 2021 was $83.8 million (2020 – $4.6 million), consisting of income tax recovery in Canada of $44.8 million (2020 – $4.1 million), income tax recovery in the U.S. of $41.2 million (2020 – $2.9 million), offset by income tax expense in Luxembourg of $2.2 million (2020 – $2.4 million). Deferred income tax expense for the year ended December 31, 2021 was $89.5 million (2020 – $68.9 million), resulting in a net deferred income tax liability of $90.9 million as at December 31, 2021.

Canada	(millions of dollars)
Tax basis	251.3
Non-capital losses	46.2
Capital losses	0.4
Canadian scientific research expenditures	91.4
Investment tax credits	61.9
United States	
Tax basis	1,266.9
Non-capital losses	235.6

Financial Outlook

Superior achieved its 2021 Adjusted EBITDA guidance of $398.4 million which was the slightly lower than the mid-point of the guidance range of $390 million to $420 million. Superior is introducing its 2022 Adjusted EBITDA guidance range of $410 million to $450 million. Based on the midpoint of the 2022 Adjusted EBITDA guidance range, this represents an 8% increase compared to 2021 Adjusted EBITDA of $398.4 million. This increase is due to the full year contribution from acquisitions completed in 2021, further realized synergies, the assumption of normal weather, continued organic growth, an increase in commercial sales demand related to a partial COVID recovery, the completion of the Kamps Propane acquisition in the second quarter of 2022 and an assumed COVID recovery in 2022, will be partially offset by the end of the CEWS program and higher corporate costs.

Achieving Superior's Adjusted EBITDA depends on the operating results of its segments. In addition to the operating results of Superior's segments, significant assumptions underlying the achievement of Superior's 2022 guidance are:

- Weather for 2022 is expected to be consistent with the average temperature for the last five years based on heating degree days;
- Economic growth activity in Canada and the U.S. is expected to increase as a result of further reductions in COVID restrictions;
- Superior is expected to continue to attract capital and obtain financing on acceptable terms;
- Superior estimates maintenance and non-recurring capital expenditures net of disposals and including vehicle leases to be in the range of $120 million to $140 million in 2022;
- Superior is substantively hedged for its estimated U.S. dollar exposure for 2022, and due to the hedge position, a change in the Canadian to U.S. dollar exchange rate for 2022 would not have a material impact to Superior;
- The foreign currency exchange rate between the Canadian dollar and U.S. dollar is expected to average $0.80 in 2022 on all unhedged foreign currency transactions;
- Financial and physical counterparties are expected to continue fulfilling their obligations to Superior;
- Regulatory authorities are not expected to impose any new regulations impacting Superior; and
- Canadian and U.S. based current income tax expense are expected to be in the range of $5 million to $15 million for 2022 based on existing statutory income tax rates and the ability to use available tax basis.

U.S. Propane Distribution

- Wholesale propane prices are not anticipated to significantly affect demand for propane and related services;
- Continue to realize synergies from acquisitions primarily through supply chain efficiencies, margin management improvements and operational expense savings;
- Continue to implement cost-saving initiatives related to workforce optimization; and
- The assumed closing of the Kamps transaction in the second quarter of 2022.

Canadian Propane Distribution

- Wholesale propane and natural gas liquid fundamentals related to basis differentials are anticipated to be consistent with 2021;
- Wholesale propane prices are not anticipated to significantly affect demand for propane and related services;
- Commercial and wholesale volumes are anticipated to be impacted by COVID-19 until all public health restrictions are lifted which is assumed to occur in the second half of 2022;
- SD&A expenditures are expected to be higher due to the benefit from CEWS ending and will be partially offset by continuous improvement initiatives; and
- The assumed closing of the Kamps transaction in the second quarter of 2022.

In addition to Superior's significant assumptions detailed above, refer to "Forward-Looking Information", and for a detailed review of Superior's significant business risks, refer to "Risk Factors to Superior". Results may differ from these assumptions.

Liquidity and Capital Resources

Debt Management Update

Superior is focused on managing both Net debt and its Leverage Ratio. Superior's Leverage Ratio as at December 31, 2021 was 3.9x, compared to 3.5x at December 31, 2020. The increase in the Leverage Ratio is due primarily to lower pro forma Adjusted EBITDA partially offset by lower Net debt. Pro forma Adjusted EBITDA is lower due to the divestiture of the Specialty Chemical segment, partially offset by the impact of acquisitions completed in 2021. Net debt is lower as proceeds from the sale of Specialty Chemicals were used to repay debt and a decrease in lease liabilities related to the sale of Specialty Chemicals were partially offset by the impact of acquisitions completed in 2021 and the call premiums and financing costs related to the refinancing of senior unsecured notes.

Net Debt, Pro forma Adjusted EBITDA and Leverage Ratio are Non-GAAP measures, see "Non-GAAP financial measures and reconciliations" on page 41.

Borrowing

Superior's revolving syndicated bank facility ("credit facility"), term loans and lease obligations (collectively "borrowing") before deferred financing fees from continuing operations were $1,652.9 million as at December 31, 2021, a decrease of $197.7 million from $1,850.6 million as at December 31, 2020. The decrease is primarily due to the net proceeds received related to the sale of the Specialty Chemicals segment, a reduction in leases from the sale of the Specialty Chemicals segment, and to a lesser extent the impact of the stronger Canadian dollar on U.S. denominated debt, partially offset by acquisitions completed in the year.

Superior's total and available sources of credit are detailed below:

			As at December 31, 2021	
(millions of dollars)	Total Amount	Borrowing	Letters of Credit Issued	Amount Available
Revolving term bank credit facilities [1]	750.0	180.2	30.1	539.7
Senior unsecured notes [1]	1,258.2	1,258.2	–	–
Deferred Consideration	40.0	40.0	–	–
Lease liabilities	174.5	174.5	–	–
Total	**2,222.7**	**1,652.9**	**30.1**	**539.7**

(1) Revolving term bank credit facilities and term loan balances are presented before deferred financing fees, see Note 15 of the annual audited consolidated financial statements.

Net Working Capital

Consolidated net working capital was $11.8 million as at December 31, 2021, a decrease of $10.5 million from $22.3 million as at December 31, 2020. The decrease from December 31, 2020 is primarily due to timing of customer receipts compared to the timing of supplier payments, partially offset by the impact from the sale of the Specialty Chemicals business. Net working capital is defined in the audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2021 and 2020. See Note 29.

Compliance

In accordance with the credit facility, Superior must maintain certain covenants and ratios that represent Non-GAAP financial measures. Superior was in compliance with its lender covenants as at December 31, 2021, and the covenant details are found in the credit facility documents filed in the System for Electronic Document Analysis and Retrieval ("SEDAR").

Pension Plans

As at December 31, 2021, Superior's defined benefit pension plans had an estimated net defined benefit going concern surplus of approximately $4.1 million (December 31, 2020 – surplus $3.4 million) and a net pension solvency surplus of approximately $5.0 million (December 31, 2020 – surplus $4.9 million). Funding requirements by applicable pension legislation are based upon going concern and solvency actuarial assumptions. These assumptions differ from the going concern actuarial assumptions found in Superior's year end audited consolidated financial statements, see Note 17, for additional information.

Contractual Obligations and Other Commitments [3]

(millions of dollars)	Current	2023	2024	2025	2026	2027	Thereafter	Total
Borrowings before deferred financing fees and discounts [1]	11.4	11.3	6.9	5.7	184.1	0.9	1,258.1	1,478.4
Lease liabilities [2]	44.9	31.0	26.9	20.6	11.5	5.7	33.9	174.5
Non-cancellable, low-value, short-term leases and leases with variable lease payments [2]	2.7	0.5	0.1	–	–	–	–	3.3
Equity derivative contracts [1]	18.4	–	–	–	–	–	–	18.4
US dollar foreign currency forward sales contracts [1]	131.8	119.0	42.0	12.0	6.0	–	–	310.8
USD/CAD call options [3]	–	8.5	36.0	–	–	–	–	44.5
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts [1]	192.8	31.2	4.3	–	–	–	–	228.3

[1] See Notes 15 and 18 of the December 31, 2021 audited consolidated financial statements.

[2] See note 16 of the December 31, 2021 audited consolidated financial statements. Operating leases comprise Superior's off-balance-sheet obligations and are contracts that do not meet the definition of a lease under IFRS 16 or are exempt.

[3] Does not include the impact of financial derivatives.

In the normal course of business, Superior is subject to lawsuits and claims. Superior believes the resolution of these matters will not have a material adverse effect, individually or in the aggregate, on Superior's liquidity, consolidated financial position or results of operations. Superior records costs as they are incurred or when they become determinable.

Shareholders' Capital

As at December 31, 2021, the following shares were issued and outstanding:

	Common shares		Preferred shares	
	Issued number (Millions)	Share capital	Issued number (Millions)	Equity Attributable to NCI
Balance as at December 31, 2020	176.0	$2,350.3	0.3	$330.9
Balance as at December 31, 2021	**176.0**	**$2,350.3**	**0.3**	**$328.6**

Dividends Declared to Common Shareholders

Dividends declared to Superior's common shareholders depend on its cash flow from operating activities with consideration for Superior's changes in working capital requirements, investing activities and financing activities. See "Summary of AOCF" for 2021, above, and "Summary of Cash Flow" for additional details.

Dividends declared to common shareholders for year ended December 31, 2021 were $126.8 million or $0.72 per common share compared to $126.4 million or $0.72 per common share for the prior year. Dividends to shareholders are declared at the discretion of Superior's Board of Directors.

Superior has a Dividend Reinvestment and Optional Share Purchase Plan ("DRIP") that was suspended on June 15, 2020. Superior's DRIP program will remain in place should Superior elect to reactivate the DRIP, subject to regulatory approval, at a future date.

Dividends Declared to Preferred Shareholders

Dividends to preferred shareholders for the year ended December 31 2021 were $23.8 million or $91.5 per preferred shares compared to $11.7 million or $96.35 per preferred shares from prior year.

Summary of Cash Flow

Superior's primary sources and uses of cash are detailed below:

	Year Ended December 31	
(millions of Canadian dollars)	**2021**	2020
Cash flows from operating activities	**232.0**	360.2
Investing Activities		
Acquisitions, net of cash acquired	**(301.4)**	(280.4)
Purchase of property, plant and equipment and intangible assets	**(105.1)**	(116.3)
Proceeds on disposal of property, plant and equipment	**6.8**	12.5
Proceeds on divestiture	**571.7**	–
Cash flows used in investing activities	**172.0**	(384.2)
Financing Activities		
Proceeds of revolving term bank credit facilities and other debt	**1,567.4**	2,319.7
Repayment of revolving term bank credit facilities and other debt	**(1,737.5)**	(2,474.0)
Principal repayment of lease obligations	**(41.9)**	(51.9)
Redemption of 7% senior unsecured debentures	**(472.3)**	–
Redemption of 5.25% senior unsecured debentures	**(410.5)**	–
Redemption of 5.125% senior unsecured debentures	**(384.2)**	–
Issuance of 4.5% senior unsecured notes	**753.7**	–
Issuance of 4.25% senior unsecured debenture	**500.0**	–
Proceeds from preferred share issuance	**–**	353.8
Preferred share issuance cost	**–**	(18.1)
Debt issue costs credit facility	**(1.6)**	–
Debt issue costs 4.25% senior unsecured note	**(8.7)**	–
Debt issue costs 4.5% senior unsecured note	**(13.3)**	–
Proceeds from vehicle refinancing	**–**	18.6
Dividends paid to shareholders	**(150.7)**	(125.6)
Cash flows used in financing activities	**(399.6)**	22.5
Net increase in cash and cash equivalents from continuing operations	**4.4**	(1.5)
Cash and cash equivalents, beginning of the year	**24.1**	26.5
Effect of translation of foreign currency-denominated cash and cash equivalents	**(0.1)**	(0.9)
Cash and cash equivalents, end of the year	**28.4**	24.1

Cash flows from operating activities for the year ended December 31, 2021 was $232.0 million, a decrease of $128.2 million, from the prior year. The decrease is primarily a result of changes in non-cash working capital, and the impact of the divestiture of the Specialty Chemicals business, partially offset by lower finance expense.

Cash flows used in investing activities were $172.0 million, a decrease of $556.2 million from the prior year due primarily to the divestiture partially offset by the timing of acquisitions.

Cash flows used in financing activities were $399.6 million, an increase of $422.1 million from the prior year, primarily due to the issuance of preferred shares in the prior year and timing of acquisitions in the current year.

Financial Instruments – Risk Management

Derivative and non-financial derivatives are used by Superior to manage its exposure to fluctuations in foreign currency exchange rates, interest rates, share-based compensation and commodity prices. Superior assesses the inherent risks of these instruments by grouping derivative and non-financial derivatives related to the exposures these instruments mitigate. Superior's policy is not to use derivative or non-financial derivative instruments for speculative purposes. Superior does not formally designate its derivatives as hedges and, as a result, Superior does not apply hedge accounting and is required to designate its derivatives and non-financial derivatives as held for trading.

As at December 31, 2021 Superior has hedged approximately 66% of estimated U.S. dollar exposure for calendar 2022. A summary of the notional amounts of Superior's U.S. dollar forward contracts and options for the rolling twelve months is provided in the table below. The over exposure in 2021 is temporary resulting from the recent divestiture of the Specialty Chemicals segment and the forward contracts will be settled or extended to outbound years.

	Current	2023	2024	2025	2026	2027	Total
USD-foreign currency forward sales contracts	131.8	119.0	42.0	12.0	6.0	–	310.8
USD/CAD call options [i]	–	8.5	36.0	–	–	–	44.5
Net average external US$/CDN$ exchange rate	1.30	1.32	1.31	1.30	1.31	–	1.31

[i] USD/CAD call options expire in December 2023 and 2024 with strikes ranging from 1.21 to 1.47.

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded, summary of fair values, notional balances, effective rates and terms, and significant assumptions used in the calculation of the fair value of Superior's financial instruments, see Note 18 to the audited consolidated financial statements for the year ended December 31, 2021.

Sensitivity Analysis

Superior's estimated cash flow sensitivity in 2021 to various changes is provided below:

	Change	% Change	AOCF Impact (millions)	Net earnings Impact (millions)
U.S. Propane Distribution				
Change in U.S. propane sales margin	$0.005/litre	1%	$ 5.8	$ 5.8
Change in U.S. propane sales volume	50 million litres	4%	$ 17.9	$ 17.9
Canadian Propane Distribution				
Change in Canadian propane sales margin	$0.005/litre	3%	$ 10.5	$ 10.5
Change in Canadian propane sales volume	50 million litres	2%	$ 7.9	$ 7.9
Corporate				
Change in CDN$/US$ exchange rate on US$ denominated debt	$0.01	1%	$ (1.1)	$ (7.1)
Change in interest rates	0.50%	24%	$ (0.9)	$ (0.9)

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Disclosure controls and procedures (DC&P) are designed by or under the supervision of Superior's President and Chief Executive Officer (CEO) and the Executive Vice President and Chief Financial Officer (CFO) in order to provide reasonable assurance that all material information relating to Superior is communicated to them by others in the organization as it becomes known and is appropriately disclosed as required under the continuous disclosure requirements of securities legislation and regulation. In essence, these types of controls are related to the quality, reliability and transparency of financial and non-financial information that is filed or submitted under securities legislation and regulation. The CEO and CFO are assisted in this responsibility by a Disclosure Committee, which is composed of senior leadership of Superior. The Disclosure Committee has established procedures so that it becomes aware of any material information affecting Superior in order to evaluate and discuss this information and determine the appropriateness and timing of its public release.

Internal Controls over Financial Reporting (ICFR) are also designed by or under the supervision of Superior's CEO and CFO and effected by Superior's Board of Directors, management and other personnel in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluation of controls can provide absolute assurance that all control issues within a company have been detected. Accordingly, Superior's disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of the corporation's disclosure control system are met.

Changes in Internal Controls over Financial Reporting

No changes were made in Superior's ICFR that have materially affected, or are reasonably likely to materially affect, Superior's ICFR in the three and twelve months ended December 31, 2021. However, management continues the process of harmonizing and integrating acquired businesses on to Superior's existing information technology platform.

Effectiveness

An evaluation of the effectiveness of Superior's DC&P and ICFR was conducted as at December 31, 2021 by and under the supervision of Superior's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that Superior's DC&P and ICFR were effective at December 31, 2021 with the following exception:

Section 3.3(1) of National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, states that a company may limit its design of disclosure controls and procedures and internal controls over financial reporting for a business that it acquired not more than 365 days before the end of the financial period to which the certificate relates. Under this section, Superior's CEO and CFO have limited the scope of the design, and subsequent evaluation, of DC&P and ICFR to exclude controls, policies and procedures of Freeman effective June 16, 2021. Summary financial information pertaining to this acquisition that was included in the audited consolidated financial statements of Superior as at December 31, 2021, is as follows:

(millions of Canadian dollars)	For the Year Ended December 31, 2021
Sales	48.9
Net income for the period	10.6
	December 31, 2021
Current assets	3.9
Non-current assets	122.3
Current liabilities	2.9
Non-current liabilities	16.0

Government Grants

In response to the impact of COVID-19 on the Canadian economy, the Government of Canada implemented the CEWS program from March 15, 2020 to October 23, 2021. The CEWS program offers qualifying organizations government assistance in the form of a payroll subsidy to offset the cost of employees. The payroll subsidy was recognized as an offset to salary expense as follows:

	Three Months Ended December 31		Years Ended December 31	
	2021	2020	**2021**	2020
Discontinued operations	**–**	3.5	**1.4**	7.0
Selling, distribution and administrative costs	**–**	12.2	**21.7**	26.3
Total	**–**	15.7	**23.1**	33.3

There are no unfulfilled conditions attached to this government assistance. As at December 31, 2021, the amount of $nil million (2020 – $15.7 million) is included in trade and other receivables.

Critical Accounting Policies and Estimates

Superior's audited consolidated financial statements were prepared in accordance with IFRS. The significant accounting policies are described in the audited consolidated financial statements for the year ended December 31, 2021. Certain of these accounting policies, as well as estimates made by management in applying such policies, are recognized as critical because they require management to make subjective or complex judgments about matters that are inherently uncertain. Superior's critical accounting estimates relate to the allowance for doubtful accounts, employee future benefits, deferred income tax assets and liabilities, the valuation of financial and non-financial derivatives, asset impairments, the purchase price allocation for business combinations and the assessment of potential provision for asset retirement obligations.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee effective for accounting periods beginning on or after January 1, 2021, or latter periods.

Adoption of Interest Rate Benchmark Reform

In August 2020, the IASB finalized the second phase through the issuance of "Interest Rate Benchmark Reform: Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16" (Phase 2 amendments), which addresses the issues that affect financial reporting once the existing rate is replaced with an alternative rate. The Phase 2 amendments are effective and have been adopted on January 1, 2021, and the effects of adoption has no impact on Superior's audited consolidated financial statements.

For financial instruments measured using amortized cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognized. For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. These expedients are only applicable to changes that are required by interest rate benchmark reform when made on an economically equivalent basis.

Superior does not expect changes related to interest rate benchmark reform to have a material impact to Superior's results. Superior's exposure is limited to borrowings with a variable interest rate, see Note 15 of the audited consolidated financial statements as at December 31, 2021.

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1"), to Clarify Requirements for Classifying Liabilities as Current or Non-current

On January 23, 2020, the IASB issued amendments to IAS 1 (the "amendments") to clarify the requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.
- The amendments clarify the situations that are considered settlement of a liability.

The new guidance will be effective for annual periods starting on or after January 1, 2023. Superior is monitoring and in the process of assessing the impacts of the amendments on the audited consolidated financial statements.

Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), "Onerous Contracts – Costs of Fulfilling a Contract"

On May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments to IAS 37 apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The new guidance will be effective for annual periods starting on or after January 1, 2022 and must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. Superior plans to adopt the amendments to IAS 37 beginning January 1, 2022 and the adoption is not expected to have a significant impact on the audited consolidated financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3

The Board added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a significant impact on the audited consolidated financial statements.

Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"), to introduce a definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments to IAS 8 are not expected to have a material impact on the audited consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

Superior is currently assessing the impact of the amendments to IAS 1 and IFRS Practice Statement 2 to determine the impact they will have on the Superior's accounting policy disclosures in the audited consolidated financial statements.

Superior has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Selected Financial Information

(millions of dollars except per share amounts)	**2021**	2020 [1]
GAAP measures:		
Total assets	**3,560.4**	3,829.8
Revenue	**2,392.6**	1,806.9
Gross profit	**912.7**	913.7
Net earnings from continuing operations	**17.2**	62.8
Net earnings from continuing operations per share attributable to		
basic	**($0.04)**	$0.29
diluted	**($0.04)**	$0.29
Cash flows from operating activities	**232.0**	360.2
Dividends per common share	**$0.72**	$0.72
Current and long-term borrowing [2]	**1,652.9**	1,850.6
Non-GAAP financial measures [4]:		
AOCF	**292.2**	268.6
AOCF Per share [3]	**$1.42**	$1.42
AOCF before transaction, restructuring and other costs	**321.1**	292.2
AOCF Per share before transaction, restructuring and other costs [3]	**$1.56**	$1.54

(1) Comparative figures have been reclassified to exclude the results of the divested Specialty Chemicals segment. See the audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2021 and 2020.

(2) Current and long-term borrowing before deferred financing fees and debentures including lease liability.

(3) The weighted average number of shares outstanding for the year ended December 31, 2021 was 206.0 million (year ended December 31, 2020 was 189.7 million). The weighted average number of shares assumes the exchange of the preferred shares into common shares. There were no other dilutive instruments for the year ended December 31, 2021 and 2020.

(4) AOCF and AOCF before transaction, restructuring and other costs are "Non-GAAP" financial measures, see page 41 for further information

Fourth Quarter Results

Fourth quarter results are not required to be disclosed in the annual audited consolidated financial statements for the year ended December 31, 2021 and 2020. The GAAP and Non-GAAP financial information below can be derived by subtracting the results for the year ended December 31, 2021 and 2020 by the results for the nine months ended September 30, 2021 and 2020 respectively. The results for the nine months ended September 30, 2021 and 2020 can be found on www.sedar.com or http://www.superiorplus.com/investor-relations/financial-reports/.

GAAP Financial Measures

Consolidated Statement of Net Earnings

	Three Months Ended December 31	
(millions of Canadian dollars, except per share amounts)	**2021**	2020 (i)
Revenue	**824.9**	561.9
Cost of sales (includes products and services)	**(543.0)**	(284.4)
Gross profit	**281.9**	277.5
Expenses		
Selling, distribution and administrative costs	**(221.1)**	(202.2)
Finance expense	**(17.2)**	(24.0)
Gains (loss) on derivatives and foreign currency translation of borrowings	**(22.5)**	69.4
	(260.8)	(156.8)
Earnings before income taxes	**21.1**	120.7
Income tax expense	**(7.3)**	(32.8)
Net earnings from continuing operations	**13.8**	87.9
Net earnings from discontinued operations, net of tax expense	**12.4**	1.4
Net earnings	**26.2**	89.3
Net earnings from continuing operations attributable to:		
Superior	**7.9**	81.6
Non-controlling interest	**5.9**	6.3
Earnings per share attributable to Superior		
Net earnings from continuing operations – basic and diluted	**$0.04**	$0.42
Net earnings – basic and diluted	**$0.12**	$0.43
Cash flows from operating activities	**5.8**	70.6
Cash flows from operating activities, per share (1)	**0.03**	0.34

(1) The comparative figures have been restated to conform with the current year's presentation, see Basis of Presentation.

(2) The weighted average number of shares outstanding for the year ended December 31, 2021 was 206.0 million (December 31, 2020 was 189.7 million). The weighted average number of shares assumes the exchange of the preferred shares into common shares. There were no other dilutive instruments for the year ended, December 31, 2021 and 2020.

Non-GAAP Financial Measures

(millions of dollars except per share amounts)	Three Months Ended December 31 2021	2020 [1]
US Propane Distribution Adjusted EBITDA [2]	**79.9**	80.4
Canadian Propane Distribution Adjusted EBITDA [2]	**63.2**	65.6
EBITDA from operations [2]	**143.1**	146.0
Corporate operating costs [2]	**(4.6)**	(5.8)
Realized gains on foreign currency hedging contracts [3]	**3.7**	3.9
Adjusted EBITDA [2]	**142.2**	144.1
Interest expense [4]	**(17.7)**	(22.6)
Adjusted current income tax recovery [4]	**7.1**	12.5
AOCF before transaction, restructuring and other costs [2]	**131.6**	134.0
Transaction, restructuring and other costs [5]	**(8.3)**	(8.5)
AOCF [2]	**123.3**	125.5
AOCF per share before transaction, restructuring and other costs [2][6]	**$0.64**	$0.65
AOCF per share [2][6]	**$0.60**	$0.61
Dividends declared per common share	**$0.18**	$0.18

(1) The comparative figures have been restated to conform with the current year's presentation, see Basis of Presentation.

(2) These amounts are Non-GAAP financial measures, see "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(3) Realized gains (losses) on foreign currency hedging contracts are reconciled to gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(4) Interest expense is the sum of interest on borrowings and interest on lease liability. Current income tax expense (recovery) forms part of the total income tax expense (recovery), see Note 21 of the audited consolidated financial statements as at and for the years ended December 31, 2021 and 2020. The 2021 current income tax expense has been adjusted by an $85.0 million recovery representing the impact of reporting the divestiture as a discontinued operation.

(5) Transaction, restructuring and other costs are related to acquisition activities and the restructuring and integration of acquisitions. See "Transaction, restructuring and other Costs" for further details. These expenses are included in SD&A and are disclosed in Note 21 of the audited consolidated financial statements as at and for the year ended December 31, 2021 and 2020.

(6) The weighted average number of shares outstanding for the three months ended December 31, 2021 was 206.0 million (three months ended December 31, 2020 was 206.0 million). The weighted average number of shares assumes the exchange of the preferred shares into common shares. There were no other dilutive instruments for the year ended December 31, 2021 and 2020.

Fourth Quarter Results Compared to the Prior Year Quarter

The net earnings from continuing operations for the three months ended December 31, 2021 was $13.8 million, a $74.1 million decrease from net earnings of $87.9 million in the prior year quarter. The decrease from the prior year quarter is primarily due to a loss on derivatives and foreign currency translation of borrowings recorded in the current quarter compared to a gain in the prior year quarter, and to a lesser extent higher SD&A costs partially by higher gross profit, lower income tax expense and lower finance expenses.

Revenue for the three months ended December 31, 2021, was $824.9 million, an increase of $263.0 million or 47% from the prior year quarter revenue of $561.9 million due to higher revenue in both the Canadian Propane and U.S. Propane segments. Canadian Propane revenue for the three months ended December 31, 2021 was $438.6 million, an increase of $165.9 million or 61% primarily due to higher wholesale propane prices, and to a lesser extent higher sales volumes. U.S. Propane revenue for the three months ended December 31, 2021 was $396.6 million, an increase of $101.7 million or 34% from the prior year quarter primarily due to higher sales volumes related to acquisitions completed in the last twelve months and higher wholesale propane prices, partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated revenues. Due to the nature of Superior's operating model, the impact of commodity price volatility can be passed on to the customer.

Gross profit for the three months ended December 31, 2021 was $281.9 million, an increase of $4.4 million or 2% from $277.5 million in the prior year quarter primarily due to higher U.S. Propane and Canadian Propane gross profit. U.S. Propane gross profit increased primarily due to the increase in sales volumes related to acquisitions partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated gross profit. Canadian Propane gross profit increased due to the timing of the sale of carbon offset credits and higher sales volumes. For U.S. Propane and Canadian Propane gross profit realized gains and losses related to Superior's commodity risk management are not included in gross profit. These realized gains and losses are reported as part of gains and losses on derivatives and foreign currency translation of borrowings.

SD&A costs for the three months ended December 31, 2021 was $221.1 million, an increase of $18.9 million or 9% from the prior year quarter primarily due to increases in SD&A costs in Canadian Propane and U.S. Propane, partially offset by a decrease in corporate SD&A costs. Canadian Propane SD&A costs were $79.5 million for the three months ended December 31, 2021, an increase of $11.4 million or 17% from $68.1 million in the prior year quarter due primarily to the impact of a CEWS recovery recorded in the prior period and not in the current quarter. U.S. Propane SD&A costs were $132.7 million, an increase of $8.3 million from $124.4 million in the prior year quarter primarily due to the impact of acquisitions partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated SD&A costs. Corporate SD&A costs were $8.9 million for the three months ended December 31, 2021, a decrease of $0.8 million or 8% from $9.7 million in the prior year quarter primarily due to lower long-term incentive plan costs compared to the prior year quarter.

Finance expense for the three months ended December 31, 2021 was $17.2 million, a decrease of $6.8 million or 28% from $24.0 million in the prior year quarter. The decrease is primarily due to the impact of lower average debt balances and lower average interest rates, and to a lesser extent the interest earned on the Vendor Note that was recorded as a reduction to finance expense. Average debt balances were lower as the net proceeds from the divestiture of the Specialty Chemicals business in the second quarter were used primarily to reduce debt, and were partially offset by acquisitions completed in the past seven months and financed primarily from borrowings under the credit facility.

Gains (losses) on derivative and foreign currency translation of borrowings consists of unrealized gains (losses) on derivative financial instruments and foreign currency translation of borrowings, net of realized gains (losses) on derivative financial instruments. Superior recognized a loss on derivatives and foreign currency translation of borrowings of $22.5 million for the three months ended December 31, 2021 compared to a gain of $69.4 million in the prior year quarter. This is mainly related to changes in market prices of commodities, timing of maturities of underlying financial instruments and foreign exchange rates relative to amounts hedged and U.S. denominated debt.

Total income tax expense of $7.3 million was $25.5 million lower than the prior year's expense of $32.8 million. Current income tax recovery was $92.1 million, an increase of $79.6 million from the prior year's recovery of $12.5 million. Deferred income tax expense was $99.4 million, an increase of $54.1 million from the prior year expense of $45.3 million. The changes in the current and deferred income taxes from the prior year quarter were primarily due to the impact of the divestiture and the accounting treatment of reporting the Specialty Chemicals segment as a discontinued operation.

Fourth Quarter Non-GAAP Financial Measures Compared to the Prior Year Quarter

Adjusted EBITDA for the three months ended December 31, 2021 was $142.2 million, a decrease of $1.9 million or 1% compared to the prior year quarter of $144.1 million. The decrease is primarily due to lower EBITDA from operations, and to a lesser extent a modestly lower realized gain on foreign currency hedging contracts, partially offset by lower corporate operating costs. EBITDA from operations decreased by $2.9 million or 2% compared to the prior year quarter primarily due to lower Canadian Propane Adjusted EBITDA and modestly lower U.S. Propane Adjusted EBITDA. Canadian Propane Adjusted EBITDA was $63.2 million, a decrease of $2.4 million or 4% compared to the prior year quarter primarily due to higher operating costs, partially offset by higher adjusted gross profit. Operating costs increased due primarily to the impact of a CEWS claim not being recorded in the current period compared to the prior year quarter. Adjusted gross profit increased primarily due to the sale of additional carbon offset credits. U.S. Propane Adjusted EBITDA was $79.9 million, a decrease of $0.5 million compared to the prior year quarter due primarily to the impact of warmer weather, and the impact of the stronger Canadian dollar on the translation of U.S. denominated EBITDA, partially offset by the impact of acquisitions completed in the current and prior year. Corporate administrative costs were $4.6 million, a decrease of $1.2 million from the prior year quarter of $5.8 million primarily due to lower long-term incentive plan costs related to the decrease in the share price in the current quarter. Realized gains on foreign currency hedging contracts were $3.7 million, a decrease of $0.2 million compared to $3.9 million in the prior year quarter due to changes in foreign exchange rates relative to amounts hedged.

AOCF before transaction, restructuring and other costs for the three months ended December 31, 2021 was $131.6 million, a decrease of $2.4 million or 2% from the prior year quarter of $134.0 million. The decrease from the prior year quarter is primarily due to a lower current income tax recovery in the current quarter compared to the prior year quarter and to a lesser extent lower Adjusted EBITDA partially offset by lower interest expense. Current income tax recovery decreased by $5.4 million due primarily to the treatment of the Specialty Chemicals as a discontinued operation and the timing of taking certain tax deductions. For purposes of determining AOCF the current tax charge associated with the divestiture was removed, see Note 19 of the Audited Consolidated Financial Statements as at and for the year ended December 31, 2021. Interest expense decreased primarily due to lower average debt balances, and to a lesser extent the impact of lower average interest rates compared to the prior year quarter. AOCF per share before transaction, restructuring and other costs was $0.64 per share, a decrease of $0.01 per share from the prior year quarter results of $0.65 per share, due to lower AOCF before transaction, restructuring and other costs discussed above.

AOCF for the three months ended December 31, 2021 was $123.3 million, a decrease of $2.2 million or 2% from the prior year quarter AOCF of $125.5 million due to lower AOCF before transaction, restructuring and other costs discussed above partially offset by higher transaction, restructuring and other costs incurred due to timing of acquisitions and integration activity. AOCF per share for the three months ended December 31, 2021 was $$0.60 per share, a decrease of $0.01 per share from the prior year quarter results of $0.61 per share. Transaction, restructuring and other costs for the three months ended December 31, 2021 were $8.3 million, a decrease of $0.2 million from prior year quarter of $8.5 million due to timing of acquisition and integration activity.

Results of Superior's Operating Segments

Superior's operating segments consists of U.S. Propane and Canadian Propane.

U.S. Propane Distribution

U.S. Propane Distribution's operating results:

	Three Months Ended December 31	
(millions of dollars)	**2021**	2020
Revenue	**396.6**	294.9
Cost of Sales	**(232.7)**	(131.4)
Gross profit	**163.9**	163.5
Realized gains on derivatives related to commodity risk management [2]	**12.7**	2.6
Adjusted gross profit [1]	**176.6**	166.1
Selling, distribution and administrative costs	**(132.7)**	(124.4)
Amortization and depreciation included in selling, distribution and administrative costs [3]	**32.3**	33.5
Transaction, restructuring and other costs [3]	**3.7**	4.6
Loss on disposal of assets [3]	**–**	0.6
Operating costs [1]	**(96.7)**	(85.7)
Adjusted EBITDA [1]	**79.9**	80.4
Loss on disposal of assets [3]	**–**	(0.6)
Transaction, restructuring and other costs [3]	**(3.7)**	(4.6)
Amortization and depreciation included in selling, distribution and administrative costs [3]	**(32.3)**	(33.5)
Unrealized gains (losses) on derivative financial instruments [2]	**(28.9)**	14.8
Finance expense [3]	**(1.4)**	(1.0)
Earnings before income tax	**13.6**	55.5

(1) Adjusted Gross Profit, Adjusted EBITDA and Operating Costs are Non-GAAP financial measures. See "Non-GAAP financial measures reconciliations" on page 41 for more information.

(2) Realized and unrealized gains (losses) are derivatives related to commodity risk management and are reconciled to Gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(3) The sum of the above amounts and the balances included in the Canadian Propane and the corporate segments are included in SD&A and are disclosed in Note 21 of the audited consolidated financial statements as at and for the year ended December 31, 2021 and 2020.

Revenue for three months ended December 31, 2021 was $396.6 million, an increase of $101.7 million or 34% from the prior year quarter primarily due to higher wholesale commodity prices that can be passed through to the customer and higher sales volumes, partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated revenues. Sales volumes were higher due to the contribution from acquisitions partially offset by the impact of warmer weather compared to the prior year quarter. Wholesale supply prices were higher than the prior year quarter due to wholesale propane market fundamentals and an increase in average West Texas Intermediate ("WTI") crude oil prices and higher export demand, compared to the prior year.

U.S. Propane Adjusted Gross Profit

	Three Months Ended December 31	
(millions of dollars)	**2021**	2020
Propane distribution [1]	**156.2**	156.2
Realized gain on derivatives related to commodity risk management [1]	**12.7**	2.6
Adjusted gross profit related to propane distribution	**168.9**	158.8
Other services [1]	**7.7**	7.3
Adjusted gross profit [2]	**176.6**	166.1

(1) The sum of propane distribution and other services agrees to segment disclosure in the annual consolidated financial statements reduced by the results for the nine months ended September 30, 2021. Realized gains (losses) are derivatives related to commodity risk management and are reconciled to Gains (losses) on derivatives and foreign currency translation of borrowings, see Non-GAAP Financial Measures.

(2) Adjusted gross profit from operations is a Non-GAAP financial measure. See "Non-GAAP Financial Measures".

Adjusted gross profit related to propane distribution for the three months ended December 31, 2021 was $168.9 million, an increase of $10.1 million or 6% from the prior year quarter primarily due to the impact of acquisitions completed in the last twelve months, and to a lesser extent higher average unit margins partially offset by the impact of warmer weather compared to the prior year quarter and the impact of the stronger Canadian dollar on the translation of U.S. denominated revenues.

Total sales volumes were 400 million litres, an increase of 14 million litres or 4% from the prior year primarily due to higher commercial sales volumes. Average weather, as measured by degree days, across markets where U.S. propane operates for the fourth quarter was 7% warmer than the prior year quarter and 9% warmer than the five-year average. Residential sales volumes were consistent with the prior year quarter as the increase in sales volumes related to acquisitions was offset by the impact of warmer weather primarily in December. Commercial volumes increased by 15 million litres or 10% compared to the prior year quarter primarily due to the impact of acquisitions completed in the current and prior year, and to a lesser extent the impact of reduced COVID-19 restrictions on commercial customers. Wholesale volumes were slightly less than the prior year quarter.

U.S. Propane average sales margins were 42.2 cents per litre, an increase of 1.1 cent from 41.1 cents per litre in the prior year quarter primarily due to the impact of focusing on higher margin propane customers partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated gross profit.

Other services gross profit primarily includes equipment rental, billable repairs and maintenance work, installation fees and customer minimum use charges. Other services gross profit was $7.7 million, an increase of $0.4 million over the prior year quarter primarily due to the impact of acquisitions completed in the past twelve months.

U.S. Propane Distribution Sales Volumes

End-Use Application

	Three Months Ended December 31	
(millions of litres)	**2021**	2020
Residential	**224**	224
Commercial	**170**	155
Wholesale	**6**	7
Total	**400**	386

U.S. Propane Distribution Sales Volumes

Volumes by Region [1]

	Three Months Ended December 31	
(millions of litres)	**2021**	2020
Northeast	**290**	311
Southeast	**74**	37
Midwest	**25**	27
West	**11**	11
Total	**400**	386

[1] Includes heating oil, propane, diesel and gasoline sold in over twenty-two states in the following regions: Northeast region consists of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia; Southeast region consists of North Carolina, South Carolina, Georgia, Tennessee, Florida, Alabama; Midwest region consists of Ohio, Michigan, Minnesota; West region consists primarily of California.

Operating Costs and Selling, Distribution and Administrative Costs

Operating costs were $96.7 million, an increase of $11.0 million or 13% over the prior year quarter primarily due to the impact of acquisitions, partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated operating costs.

SD&A includes amortization, depreciation and transaction, restructuring and other costs, whereas operating costs exclude these expenses, and is used in the determination of Adjusted EBITDA. SD&A costs were $132.7 million, an increase of $8.3 million or 7% over the prior year quarter. SD&A costs increased for the above reasons and were partially offset by lower transaction, restructuring and other costs and a loss on disposal of assets in the prior year quarter.

Earnings before tax

Earnings before tax of $13.6 million is a decrease of $41.9 million or 75% over the prior year quarter due to the aforementioned reasons and an unrealized loss on derivative financial instruments compared to a gain in the prior comparable quarter.

Canadian Propane Distribution

Canadian Propane Distribution's operating results:

	Three Months Ended December 31	
(millions of dollars)	**2021**	2020
Revenue	**438.6**	272.7
Cost of Sales	**(320.6)**	(158.7)
Gross profit	**118.0**	114.0
Realized gains (losses) on derivatives related to commodity risk management [2]	**6.1**	1.1
Adjusted gross profit [1]	**124.1**	115.1
Selling, distribution and administrative costs	**(79.5)**	(68.1)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs [3]	**19.6**	18.4
Transaction, restructuring and other costs [3]	**0.4**	(0.1)
Gain (loss) on disposal of assets and other [3]	**(1.4)**	0.3
Operating costs [1]	**(60.9)**	(49.5)
Adjusted EBITDA [1]	**63.2**	65.6
Gain (loss) on disposal of assets and other [3]	**1.4**	(0.3)
Transaction, restructuring and other costs [3]	**(0.4)**	0.1
Amortization and depreciation included in selling, distribution and administrative costs [3]	**(19.6)**	(18.4)
Unrealized gains on derivative financial instruments [2]	**(15.2)**	5.1
Finance expense [3]	**(0.9)**	(1.0)
Earnings before income tax	**28.5**	51.1

(1) Adjusted Gross Profit, Adjusted EBITDA and Operating Costs are Non-GAAP financial measures. See "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(2) Realized and unrealized gains (losses) are derivatives related to commodity risk management and are reconciled to Gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 41 for more information.

(3) The sum of the above amounts and the balances included in the Canadian Propane and the corporate segments are included in SD&A and are disclosed in Note 21 of the audited consolidated financial statements as at and for the year ended December 31, 2021 and 2020.

Revenue for three months ended December 31, 2021 was $438.6 million, an increase of $165.9 million or 61% from the prior year quarter primarily due to higher wholesale propane prices, and to a lesser extent higher sales volumes. Wholesale supply prices were higher than the prior year quarter due to wholesale propane market fundamentals and an increase in average West Texas Intermediate ("WTI") crude oil prices and higher propane exports, compared to the prior year quarter.

Canadian Propane Adjusted Gross Profit

	Three Months Ended December 31	
(millions of dollars)	**2021**	2020
Propane distribution [1]	**112.7**	108.7
Realized gains (losses) on derivatives related to commodity risk management [1]	**6.1**	1.1
Adjusted gross profit related to propane distribution	**118.8**	109.8
Other services [1]	**5.3**	5.3
Adjusted gross profit [2]	**124.1**	115.1

[1] The sum of propane distribution and other services agrees to segment disclosure in the annual consolidated financial statements reduced by the results for the nine months ended September 30, 2021. Realized gains (losses) are derivatives related to commodity risk management and are reconciled to Gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures" on page 41 for more information.

[2] Adjusted gross profit from operations is a Non-GAAP financial measure. See "Non-GAAP Financial Measures" on page 41.

Adjusted gross profit related to propane distribution for three months ended December 31, 2021 was $118.8 million, an increase of $9.0 million or 8% from the prior year quarter primarily due to increased sales of carbon offset credits and higher sales volumes.

Total sales volumes were 643 million litres, an increase of 35 million litres or 6% compared to the prior year quarter, primarily due to increased demand from wholesale customers as public health measures and restrictions related to COVID-19 were eased. Average weather across Canada for the three months ended December 31, 2021, as measured by degree days was 2% colder than the prior year and 3% warmer than the five-year average. Residential sales volumes were 1 million litres or 2% higher than the prior year quarter due to the acquisitions completed earlier in the year. Commercial sales volumes increased by 8 million litres or 3% due to cold weather in Western Canada and the impact of acquisitions completed earlier in the year. Wholesale propane volumes increased by 26 million litres or 9% compared to the prior year quarter due to reduced COVID-19 restrictions, and to a lesser extent sales and marketing efforts to increase third-party spot-price wholesale propane sales.

Average propane sales margins were 18.5 cents per litre, an increase of 0.4 cents from 18.1 cents per litre in the prior year quarter due primarily to the sale of incremental carbon offset credits.

Other services gross profit primarily includes equipment rental, billable repairs and maintenance work, installation fees and customer minimum use charges. Other services gross profit was consistent with the prior year quarter.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application [1]

	Three Months Ended December 31	
(millions of litres)	**2021**	2020
Residential	**59**	58
Commercial	**262**	254
Wholesale	**322**	296
Total	**643**	608

Canadian Propane Distribution Sales Volumes

Volumes by Region [1]

	Three Months Ended December 31	
(millions of litres)	**2021**	2020
Western Canada	**218**	220
Eastern Canada	**156**	143
Atlantic Canada	**41**	38
United States	**228**	207
Total	**643**	608

(1) Regions: Western Canada region consists of British Columbia, Alberta, Saskatchewan, Manitoba, Northwest Ontario, Yukon and Northwest Territories; Eastern Canada region consists of Ontario (except for Northwest Ontario) and Quebec; Atlantic Canada region consists of New Brunswick, Newfoundland & Labrador, Nova Scotia and Prince Edward Island. United States region consists primarily of California, Colorado, Delaware, Illinois, Kansas, Maine, Maryland, Michigan, Minnesota, Montana, Nevada, New Hampshire, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Utah and Washington.

Operating Costs and Selling, Distribution and Administrative Costs

Operating costs were $60.9 million, an increase of $11.4 million or 23% compared to the prior year quarter. The increase in operating costs was primarily due to the impact of there being no CEWS benefit recorded during the current quarter and to a lesser extent higher volume related costs.

SD&A includes amortization, depreciation and transaction, restructuring and other costs, whereas operating costs exclude these expenses, and is used in the determination of Adjusted EBITDA. SD&A costs were $79.5 million, an increase of $11.4 million or 17% from the prior year quarter. SD&A costs increased for the above reasons, partially offset by a loss on disposal of assets compared to a gain on disposal of assets in the prior year quarter. The Canadian Propane segment recorded a total of $nil million related to the CEWS program during the three months ended December 31, 2021 (2020 – $12.0 million).

Earnings before tax

Earnings before income tax of $28.5 million, decreased by $22.6 million or 44% over the prior year quarter, due to a lower unrealized gain on derivative financial instruments as a result of the increased commodity prices and the aforementioned reasons.

Consolidated Capital Expenditure Summary

Superior classifies its capital expenditures into three main categories: efficiency, process improvement and growth-related; maintenance capital; and investment in leased assets.

Efficiency, process improvement and growth-related expenditures include expenditures such as the acquisition of new customer equipment to facilitate growth, system upgrades and initiatives to facilitate improvements in customer service. The capital expenditures are discretionary and non-recurring.

Maintenance capital expenditures include required regulatory spending on tank refurbishments, replacement of chlorine railcars, replacement of plant equipment and any other required expenditures related to maintaining operations.

Investment in leased assets generally includes vehicles for the Energy Distribution segments to support growth and replace aging vehicles, renewing railcar leases in the Specialty Chemicals segment and the wholesale business and timing of renewing property leases across the entire company.

Superior's capital expenditures:

	Three Months Ended December 31	
(millions of dollars)	**2021**	2020 [1]
Efficiency, process improvement and growth-related [2]	**23.4**	9.1
Maintenance capital [2]	**22.7**	9.6
	46.1	18.7
Proceeds on disposition of assets	**(3.4)**	(4.7)
Property, plant and equipment acquired through acquisition [3]	**16.9**	41.3
Total net capital expenditures	**59.6**	55.3
Investment in leased assets net of proceeds from refinanced vehicles [3]	**15.5**	7.4
Total expenditures including finance leases	**75.1**	62.7

(1) Comparative figures have been reclassified to exclude the results of the divested Specialty Chemicals segment.

(2) The amounts disclosed in the consolidated statements of cash flows for the year ended December 31, 2021 and 2020 is made up of the sum of these amounts and the cash flows used in investing activities related to discontinued operations.

(3) Property, plant and equipment acquired through acquisitions is disclosed in Note 4 of the annual audited consolidated financial statements. Investment in leased assets net of proceeds from refinanced vehicles is calculated by using the lease additions from continuing operations disclosed in Note 16 and subtracting the proceeds received from vehicle refinancing disclosed in the statements of cash flows included in the annual audited consolidated financial statements.

Efficiency, process improvement and growth-related expenditures were $23.4 million for the three months ended December 31, 2021 compared to $9.1 million in the prior year quarter. The increase over the prior year quarter is primarily due to timing of integration activity.

Maintenance capital expenditures were $22.7 million for the three months ended December 31, 2021 compared to $9.6 million in the prior year quarter, and were primarily related to required maintenance capital. The increase is primarily due to timing of expenditures, the impact of acquisitions and the impact from deferring expenditures in the prior year quarter related to capital preserving initiatives in response to the COVID-19 pandemic.

Property, plant and equipment acquired through acquisition is the allocation of fair value to acquired assets.

Superior entered into $15.5 million of leases net of proceeds from refinancing previously acquired vehicles for the three months ended December 31, 2021 compared to a net investment of $7.4 million in the prior year quarter. The increase is primarily due to timing of renewing property leases and acquiring vehicles leases.

Capital expenditures were funded from a combination of operating cash flow and revolving-term bank credit facilities and credit provided through lease liabilities.

Corporate Operating Costs and SD&A

Corporate administrative costs for the three months ended December 31, 2021 were $4.6 million, a decrease of $1.2 million or 21% compared to $5.8 million in the prior year quarter. The decrease is primarily due to lower long-term incentive plan costs and to a lesser extent timing of expenses. Corporate operating costs included in Adjusted EBITDA exclude depreciation, amortization and transaction, restructuring and other costs.

Corporate SD&A costs were $8.9 million for the three months ended December 31, 2021, a decrease of $0.8 million or 8% from $9.7 million in the prior year quarter primarily due to the above and lower transaction costs.

Corporate administration costs included in Adjusted EBITDA exclude depreciation, amortization and transaction, restructuring and other costs. Corporate SD&A costs were $35.9 million, an increase of $6.1 million or 20% from $29.8 million in the prior year primarily due to an increase in incentive plan costs and higher transaction, restructuring and other costs.

Finance and Interest Expense

Finance expense was $17.2 million for the three months ended December 31, 2021, a decrease of $6.8 million, compared to $24.0 million in the prior year quarter. The decrease is primarily due to lower average debt balances, and lower interest rates compared to the prior year quarter.

Interest expense included in AOCF excludes interest earned on the Vendor Note, premiums and other losses on the redemption of senior unsecured notes and the unwinding of discounts on decommissioning liabilities and non-cash financing expenses. Interest expense was $17.7 million, a decrease of $4.9 million, compared to $22.6 million in the prior year quarter. The decrease is due to lower average debt balances and lower average interest rates. Debt balances are lower primarily as the net proceeds from the divestiture of Specialty Chemicals in the year was used to pay down debt prior to the completion of acquisitions and average interest rates are lower as a result of refinancing the senior unsecured notes.

Transaction, Restructuring and Other Costs

Superior's transaction, restructuring and other costs have been categorized together and excluded from segmented results. The table below summarizes these costs:

	Three Months Ended December 31	
(millions of dollars except per share amounts)	**2021**	2020 [1]
Total transaction, restructuring and other costs	**8.3**	8.5

[1] Comparative figures have been reclassified to exclude the results of the divested Specialty Chemicals segment.

For the three months ended December 31, 2021, Superior incurred $8.3 million in costs related primarily to the acquisition and integration of tuck-in acquisitions and other acquisition activity. The costs in the prior year quarter related primarily to the integration of acquisitions, the strategic review of Specialty Chemicals and tuck-in acquisitions.

Quarterly Financial and Operating Information

IFRS Measures

(millions of dollars, except per share amounts)	**Q4 2021**	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue [1]	**824.9**	362.6	365.6	839.5	561.9	256.8	305.6	682.6
Gross profit [1]	**281.9**	132.6	149.1	349.1	277.5	120.7	169.3	346.2
Net earnings (loss) from continuing operations [1]	**13.8**	(35.9)	(36.1)	75.4	87.9	(26.1)	(0.1)	1.1
Per share, basic [1]	**$0.04**	$(0.24)	$(0.24)	$0.36	$0.42	$(0.18)	$–	$0.01
Per share, diluted [1]	**$0.04**	$(0.24)	$(0.24)	$0.36	$0.42	$(0.18)	$–	$0.01
Net working capital (deficit) [2]	**11.8**	(111.5)	(65.1)	36.9	22.3	(14.9)	(0.8)	144.7

[1] Prior periods have been restated to comply with the current presentation.

[2] Net working capital is comprised of trade and other receivables, prepaid expenses and deposits and inventories, less trade and other payables, contract liabilities, and dividends payable.

Non-GAAP Financial Measures [(1)]

(millions of dollars, except per share amounts)	**Q4 2021**	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Adjusted EBITDA	**142.2**	13.0	31.6	211.6	144.1	10.8	39.1	185.4
AOCF before transaction, restructuring and other costs	**131.6**	(4.8)	9.0	185.3	134.0	(12.7)	14.5	156.4
Per share, basic	**$0.64**	(0.02)	0.04	0.90	0.65	(0.06)	0.08	0.89
Per share, diluted	**$0.64**	(0.02)	0.04	0.90	0.65	(0.06)	0.08	0.89
AOCF	**123.3**	(11.7)	4.7	175.9	125.5	(17.2)	9.5	150.8
Per share, basic	**$0.60**	(0.06)	0.02	0.85	0.61	(0.09)	0.05	0.86
Per share, diluted	**$0.60**	(0.06)	0.02	0.85	0.61	(0.09)	0.05	0.86

(1) Adjusted EBITDA, AOCF before transaction, restructuring and other costs, AOCF and the related per share amounts, are Non-GAAP financial measures, see " Non-GAAP financial measures and reconciliations" on page 41. Prior periods have been restated to comply with the current presentation.

Fluctuations in Superior's individual quarterly results are subject to seasonality. Sales typically peak in the first quarter when approximately one-third of annual propane and other refined fuels sales volumes and gross profits are generated due to the demand of heating from end-use customers. They then decline through the second and third quarters, rising seasonally again in the fourth quarter with heating demand. In addition, acquisitions and divestitures may impact quarterly results. For information on acquisitions see Note 4 in the 2021 audited consolidated financial statements.

Volumes

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
U.S. propane sales volumes (millions of litres)	**400**	168	212	547	386	155	190	422
Canadian propane sales volumes (millions of litres)	**643**	352	392	717	608	341	360	729

U.S propane sales by end-use application are as follows

(millions of litres)	**Q4 2021**	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Residential	**224**	61	97	342	224	59	97	257
Commercial	**170**	103	110	195	155	91	88	153
Wholesale	**6**	4	5	10	7	5	5	12
Total	**400**	168	212	547	386	155	190	422

[(1)] Comparative figures have been reclassified to reflect the current period presentation of end use.

Canadian propane sales by end-use application are as follows

(millions of litres)	**Q4 2021**	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Residential	**59**	20	27	74	58	20	27	66
Commercial	**262**	149	170	289	254	150	161	316
Wholesale	**322**	183	195	354	296	171	172	347
Total	**643**	352	392	717	608	341	360	729

Non-GAAP Financial Measures and Reconciliations

Throughout the MD&A, Superior has used the following terms that are not defined by IFRS, but are used by management to evaluate the performance of Superior and its business. These measures may also be used by investors, financial institutions and credit rating agencies to assess Superior's performance and ability to service debt. Non-GAAP financial measures do not have standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Securities regulations require that Non-GAAP financial measures be clearly defined, qualified and reconciled to their most comparable IFRS financial measures. Except as otherwise indicated, these Non-GAAP financial measures are calculated and disclosed on a consistent basis from period to period. Specific items may only be relevant in certain periods.

The intent of Non-GAAP financial measures is to provide additional useful information to investors and analysts, and the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Non-GAAP financial measures differently. Investors should be cautioned that AOCF, EBITDA from operations, and Adjusted EBITDA should not be construed as alternatives to net earnings, cash flow from operating activities or other measures of financial results determined in accordance with GAAP as an indicator of Superior's performance.

Management has included the impact of CEWS in the determination of its Non-GAAP Financial Measures as management believes this benefit forms part of the net impact of COVID-19 on the financial results of Superior. Non-GAAP financial measures are identified and defined as follows:

AOCF and AOCF per Share

AOCF is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital, other expenses, non-cash interest expense, current income taxes and finance costs. Superior may deduct or include additional items in its calculation of AOCF; these items would generally, but not necessarily, be related to acquiring businesses, integration activities, restructuring provisions and other costs associated with the acquisition and integration of businesses and could distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring. AOCF and AOCF per share are presented before and after transaction, restructuring and other costs.

AOCF per share before transaction, restructuring and other costs is calculated by dividing AOCF before transaction, restructuring and other costs by the weighted average number of shares outstanding assuming the conversion of preferred shares into common shares. AOCF per share is calculated by dividing AOCF by the weighted average number of shares outstanding.

AOCF is a performance measure used by management and investors to evaluate Superior's ongoing performance of its businesses and ability to generate cash flow. AOCF represents cash flow generated by Superior that is available for, but not necessarily limited to, changes in working capital requirements, investing activities and financing activities.

The seasonality of Superior's individual quarterly results must be assessed in the context of annualized AOCF. Adjustments recorded by Superior as part of its calculation of AOCF include, but are not limited to, the impact of the seasonality of Superior's businesses, principally the Propane Distribution segments, by adjusting for non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Superior's revenue and expenses, which can differ significantly from quarter to quarter.

Interest expense

Interest expense included in AOCF is equal to finance expense as defined by IFRS, adjusted for unwinding of discount on debentures, borrowing and decommissioning liabilities and other non-cash items, interest earned on Vendor Note and premiums and other losses on redemption of senior unsecured notes.

Adjusted current tax (expense) recovery

Adjusted current tax (expense) recovery is included in AOCF and is equal to the current tax expense as defined by IFRS, adjusted for a current tax recovery associated with the divestiture, see Note 19. The current tax recovery is a result of the discontinued operations presentation that resulted in a current tax expense being recorded in the results from discontinued operations and a current tax recovery related to continuing operations.

Adjusted EBITDA

Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization, losses (gains) on disposal of assets, finance expense, restructuring costs, transaction, restructuring and other costs, and unrealized gains (losses) on derivative financial instruments. Adjusted EBITDA is used by Superior and investors to assess its consolidated results and ability to service debt. Adjusted EBITDA is reconciled to earnings before income taxes.

Adjusted EBITDA is a significant performance measure used by management and investors to evaluate Superior's ongoing performance of its businesses. Adjusted EBITDA is also used as one component in determining short-term incentive compensation for certain management employees.

The seasonality of Superior's individual quarterly results must be assessed in the context of annualized Adjusted EBITDA.

EBITDA from operations

EBITDA from operations is defined as the sum of US Propane Adjusted EBITDA and Canadian Propane Adjusted EBITDA. Management uses EBITDA from operations to set targets for Superiors' operating segments (including annual guidance and variable compensation targets). EBITDA from operations, US Propane Adjusted EBITDA and Canadian Propane Adjusted EBITDA is reconciled to earnings before income taxes.

Reconciliation of net earnings to EBITDA, Adjusted EBITDA and AOCF

The below information is derived from Note 21 Supplemental Disclosure of the Consolidated Statements of Net Earnings, Note 29 Reportable Segment Information and Note 19 Income Taxes of the audited consolidated financial statements as at and for the year ended December 31, 2021 and 2020.

For the Year Ended December 31, 2021	**Propane Distribution U.S.**	**Propane Distribution Canada**	**Results from operations**	**Corporate**	**Total**
Earnings (loss) from continuing operations before income taxes	**99.8**	**99.7**	**199.5**	**(176.6)**	**22.9**
Adjusted for:					
Amortization and depreciation included in selling, distribution and administrative costs	**125.5**	**74.9**	**200.4**	**0.7**	**201.1**
Finance expense	**5.2**	**4.0**	**9.2**	**145.8**	**155.0**
EBITDA	**230.5**	**178.6**	**409.1**	**(30.1)**	**379.0**
Loss (gain) on disposal of assets and other	**0.2**	**(0.6)**	**(0.4)**	**–**	**(0.4)**
Transaction, restructuring and other costs	**13.6**	**4.2**	**17.8**	**11.1**	**28.9**
Unrealized gains (losses) on derivative financial instruments [1]	**(18.1)**	**1.5**	**(16.6)**	**7.5**	**(9.1)**
Adjusted EBITDA	**226.2**	**183.7**	**409.9**	**(11.5)**	**398.4**
Adjust for:					
Adjusted current income tax expense [2]	**–**	**–**	**–**	**(1.2)**	**(1.2)**
Transaction, restructuring and other costs	**(13.6)**	**(4.2)**	**(17.8)**	**(11.1)**	**(28.9)**
Interest expense	**(3.7)**	**(4.0)**	**(7.7)**	**(68.4)**	**(76.1)**
AOCF	**208.9**	**175.5**	**384.4**	**(92.2)**	**292.2**

(1) Unrealized gains (losses) on derivative financial instruments includes the realized foreign exchange gain on the settlement of the US$350 million senior notes, see Note 15.

(2) The 2021 current income tax expense has been adjusted by $85.0 million recovery representing the impact of reporting the divestiture as a discontinued operation, see Note 19.

For the Year Ended December 31, 2020	Propane Distribution U.S.	Propane Distribution Canada	Results from operations	Corporate	Total
Earnings (loss) from continuing operations before income taxes	92.5	123.2	215.7	(88.6)	127.1
Adjust for:					
Amortization and depreciation included in selling, distribution and administrative costs	118.5	74.2	192.7	0.6	193.3
Finance expense	5.2	4.4	9.6	88.9	98.5
EBITDA	216.2	201.8	418.0	0.9	418.9
Loss on disposal of assets and other	2.5	1.1	3.6	(0.1)	3.5
Transaction, restructuring and other costs	14.4	0.4	14.8	8.8	23.6
Unrealized losses on derivative financial instruments	(26.2)	(8.3)	(34.5)	(32.1)	(66.6)
Adjusted EBITDA	206.9	195.0	401.9	(22.5)	379.4
Adjust for:					
Current income tax recovery	–	–	–	4.6	4.6
Transaction, restructuring and other costs	(14.4)	(0.4)	(14.8)	(8.8)	(23.6)
Interest expense	(3.7)	(4.2)	(7.9)	(83.9)	(91.8)
AOCF	188.8	190.4	379.2	(110.6)	268.6

For the Three Months Ended December 31, 2021 [1]	**Propane Distribution U.S.**	**Propane Distribution Canada**	**Results from operations**	**Corporate**	**Total**
Earnings (loss) from continuing operations before income taxes	**13.6**	**28.5**	**42.1**	**(21.0)**	**21.1**
Adjust for:					
Amortization and depreciation included in selling, distribution and administrative costs	**32.3**	**19.6**	**51.9**	**0.1**	**52.0**
Finance expense	**1.4**	**0.9**	**2.3**	**14.9**	**17.2**
EBITDA	**47.3**	**49.0**	**96.3**	**(6.0)**	**90.3**
Loss on disposal of assets and other	**–**	**(1.4)**	**(1.4)**	**–**	**(1.4)**
Transaction, restructuring and other costs	**3.7**	**0.4**	**4.1**	**4.2**	**8.3**
Unrealized gains on derivative financial instruments	**28.9**	**15.2**	**44.1**	**0.9**	**45.0**
Adjusted EBITDA	**79.9**	**63.2**	**143.1**	**(0.9)**	**142.2**
Adjust for:					
Adjusted current income tax recovery	**–**	**–**	**–**	**7.1**	**7.1**
Transaction, restructuring and other costs	**(3.7)**	**(0.4)**	**(4.1)**	**(4.2)**	**(8.3)**
Interest expense	**(1.0)**	**(1.0)**	**(2.0)**	**(15.7)**	**(17.7)**
AOCF	**75.2**	**61.8**	**137.0**	**(13.7)**	**123.3**

[1] Amounts for the three months ended December 31, 2021 are derived by subtracting the annual results by the results for the nine months ended September 30, 2021.

For the Three Months Ended December 31, 2020 [1]	Propane Distribution U.S.	Propane Distribution Canada	Results from operations	Corporate	Total
Earnings from continuing operations before income taxes	55.5	51.1	106.6	14.1	120.7
Adjust for:					
Amortization and depreciation included in selling, distribution and administrative costs	33.5	18.4	51.9	–	51.9
Finance expense	1.0	1.0	2.0	22.0	24.0
EBITDA	90.0	70.5	160.5	36.1	196.6
Loss on disposal of assets and other	0.6	0.3	0.9	(0.1)	0.8
Transaction, restructuring and other costs	4.6	(0.1)	4.5	4.0	8.5
Unrealized losses on derivative financial instruments	(14.8)	(5.1)	(19.9)	(41.9)	(61.8)
Adjusted EBITDA	80.4	65.6	146.0	(1.9)	144.1
Adjust for:					
Current income tax recovery	–	–	–	12.5	12.5
Transaction, restructuring and other costs	(4.6)	0.1	(4.5)	(4.0)	(8.5)
Interest expense	(0.7)	(1.1)	(1.8)	(20.8)	(22.6)
AOCF	75.1	64.6	139.7	(14.2)	125.5

[1] Amounts for the three months ended December 31, 2020 are derived by subtracting the annual results by the results for the nine months ended September 30, 2020.

Adjusted Gross Profit

Adjusted gross profit represents revenue less cost of sales adjusted for realized gains and losses on commodity derivative instruments related to risk management. Managements uses Adjusted Gross Profit to set margin targets and measure results. Unrealized gains and losses on commodity derivative instruments are excluded because of the accounting mis-match that exists as a result of the customer contract not being included in the determination of the fair value for this risk management activity.

Reconciliation of Gross Profit to Adjusted Gross Profit

For the Year Ended December 31, 2021	**Propane Distribution U.S.**	**Propane Distribution Canada**	**Total**
Gross Profit	**527.6**	**385.1**	**912.7**
Realized gains on derivatives related to commodity risk management	**35.5**	**12.8**	**48.3**
Adjusted gross profit	**563.1**	**397.9**	**961.0**

For the Year Ended December 31, 2020	Propane Distribution U.S.	Propane Distribution Canada	Total
Gross Profit	513.9	399.8	913.7
Realized losses on derivatives related to commodity risk management	(14.6)	(1.0)	(15.6)
Adjusted gross profit	499.3	398.8	898.1

For the Three Months Ended December 31, 2021 [(1)]	**Propane Distribution U.S.**	**Propane Distribution Canada**	**Total**
Gross Profit	**163.9**	**118.0**	**281.9**
Realized gains on derivatives related to commodity risk management	**12.7**	**6.1**	**18.8**
Adjusted gross profit	**176.6**	**124.1**	**300.7**

[(1)] Amounts for the three months ended December 31, 2021 are derived by subtracting the annual results by the results for the nine months ended September 30, 2021.

For the Three Months Ended December 31, 2020 [(1)]	Propane Distribution U.S.	Propane Distribution Canada	Total
Gross Profit	163.5	114.0	277.5
Realized gains on derivatives related to commodity risk management	2.6	1.1	3.7
Adjusted gross profit	166.1	115.1	281.2

[(1)] Amounts for the three months ended December 31, 2020 are derived by subtracting the annual results by the results for the nine months ended September 30, 2020.

Realized gains (losses) on derivatives related to commodity risk management and foreign currency hedging contracts reconcile to total gains (losses) as follows:

Reconciliation of realized gains (losses) on derivatives to total gains (losses)

For the Three Months Ended December 31, 2021[1]	**Propane Distribution U.S.**	**Propane Distribution Canada**	**Results from operations**	**Corporate**	**Total**
Realized gains on derivatives related to commodity risk management	**12.7**	**6.1**	**18.8**	**–**	**18.8**
Realized gains on foreign currency hedging contracts	**–**	**–**	**–**	**3.7**	**3.7**
Realized gains (losses) included in AOCF	**12.7**	**6.1**	**18.8**	**3.7**	**22.5**
Unrealized losses on derivatives related to commodity risk management	**(29.0)**	**(15.2)**	**(44.2)**	**–**	**(44.2)**
Unrealized losses on foreign currency hedging contracts	**–**	**–**	**–**	**(2.0)**	**(2.0)**
Unrealized losses on equity derivative contracts	**–**	**–**	**–**	**(0.8)**	**(0.8)**
Unrealized losses on contingent consideration	**–**	**–**	**–**	**(0.6)**	**(0.6)**
Unrealized foreign exchange gain on US dollar debt and lease liabilities	**–**	**–**	**–**	**2.6**	**2.6**
Unrealized gains (losses) excluded in AOCF	**(29.0)**	**(15.2)**	**(44.2)**	**(0.8)**	**(45.0)**
Total gains (losses) on derivatives and foreign currency translation of borrowings	**(16.3)**	**(9.1)**	**(25.4)**	**2.9**	**(22.5)**

[1] Amounts for the three months ended December 31, 2021 are derived by subtracting the annual results by the results for the nine months ended September 30, 2021.

For the Three Months Ended December 31, 2020 [1]	Propane Distribution U.S.	Propane Distribution Canada	Results from operations	Corporate	Total
Realized gains on derivatives related to commodity risk management	2.6	1.1	3.7	–	3.7
Realized gains on foreign currency hedging contracts	–	–	–	3.9	3.9
Realized gains (losses) included in AOCF	2.6	1.1	3.7	3.9	7.6
Unrealized gains on derivatives related to commodity risk management	14.8	5.1	19.9	–	19.9
Unrealized gains on foreign currency hedging contracts	–	–	–	14.8	14.8
Unrealized gains on equity derivative contracts	–	–	–	0.8	0.8
Unrealized foreign exchange gain on US dollar debt and lease liabilities	–	–	–	26.3	26.3
Unrealized gains (losses) excluded in AOCF	14.8	5.1	19.9	41.9	61.8
Total gain on derivatives and foreign currency translation of borrowings	17.4	6.2	23.6	45.8	69.4

[1] Amounts for the three months ended December 31, 2020 are derived by subtracting the annual results by the results for the nine months ended September 30, 2020.

For the Year Ended December 31, 2021	**Propane Distribution U.S.**	**Propane Distribution Canada**	**Results from operations**	**Corporate**	**Total**
Realized gains on derivatives related to commodity risk management	**35.5**	**12.8**	**48.3**	**12.6**	**60.9**
Realized foreign exchange gain on U.S. dollar debt	**–**	**–**	**–**	**20.0**	**20.0**
Realized gains (losses) included in AOCF	**35.5**	**12.8**	**48.3**	**32.6**	**80.9**
Unrealized gains (losses) on derivatives related to commodity risk management	**18.1**	**(1.5)**	**16.6**	**–**	**16.6**
Unrealized losses on foreign currency hedging contracts	**–**	**–**	**–**	**(8.2)**	**(8.2)**
Unrealized gains on equity derivative contracts	**–**	**–**	**–**	**0.1**	**0.1**
Unrealized losses on contingent consideration	**–**	**–**	**–**	**(0.6)**	**(0.6)**
Unrealized foreign exchange loss on US dollar debt and lease liabilities	**–**	**–**	**–**	**(18.8)**	**(18.8)**
Unrealized gains (losses) excluded in AOCF	**18.1**	**(1.5)**	**16.6**	**(27.5)**	**(10.9)**
Total gains on derivatives and foreign currency translation of borrowings	**53.6**	**11.3**	**64.9**	**5.1**	**70.0**

For the Year Ended December 31, 2020	Propane Distribution U.S.	Propane Distribution Canada	Results from operations	Corporate	Total
Realized losses on derivatives related to commodity risk management	(14.6)	(1.0)	(15.6)	–	(15.6)
Realized losses on foreign currency hedging contracts	–	–	–	(2.0)	(2.0)
Realized gains (losses) included in AOCF	(14.6)	(1.0)	(15.6)	(2.0)	(17.6)
Unrealized gains on derivatives related to commodity risk management	26.2	8.3	34.5	–	34.5
Unrealized gains on foreign currency hedging contracts	–	–	–	19.9	19.9
Unrealized gains on equity derivative contracts	–	–	–	2.9	2.9
Unrealized foreign exchange gain on US dollar debt and lease liabilities	–	–	–	9.3	9.3
Unrealized gains (losses) excluded in AOCF	26.2	8.3	34.5	32.1	66.6
Total gains on derivatives and foreign currency translation of borrowings	11.6	7.3	18.9	30.1	49.0

Operating Costs

Operating costs for the US and Canadian Propane Distribution segments include wages and benefits for employees, drivers, service and administrative labour, fleet maintenance and operating costs, freight and distribution expenses excluded from cost of sales, along with the costs associated with owning and maintaining land, buildings and equipment, such as rent, repairs and maintenance, environmental, utilities, insurance and property tax costs. Operating costs exclude gains or losses on disposal of assets, depreciation and amortization, transaction, restructuring and integration costs.

Operating costs are defined as SD&A expenses adjusted for amortization and depreciation, gains or losses on disposal of assets and transaction, restructuring and other costs.

Corporate operating costs include wages and benefits for employees, professional fees and other costs associated with the corporate function. Corporate operating costs are defined as SD&A expenses related to the corporate office adjusted for amortization and depreciation, gains or losses on disposal of assets and transaction, restructuring and other costs.

Reconciliation of SD&A to Operating Costs

For the Year Ended December 31, 2021	**Propane Distribution U.S.**	**Propane Distribution Canada**	**Results from operations**	**Corporate**	**Total**
Selling, distribution and administrative expense	**476.2**	**292.7**	**768.9**	**35.9**	**804.8**
Amortization and depreciation included in selling, distribution and administrative costs	**(125.5)**	**(74.9)**	**(200.4)**	**(0.7)**	**(201.1)**
Transaction, restructuring and other costs	**(13.6)**	**(4.2)**	**(17.8)**	**(11.1)**	**(28.9)**
Loss on disposal of assets and other	**(0.2)**	**0.6**	**0.4**	**–**	**0.4**
Operating Costs	**336.9**	**214.2**	**551.1**	**24.1**	**575.2**

For the Year Ended December 31, 2020	Propane Distribution U.S.	Propane Distribution Canada	Results from operations	Corporate	Total
Selling, distribution and administrative expense	427.8	279.5	707.3	29.8	737.1
Amortization and depreciation included in selling, distribution and administrative costs	(118.5)	(74.2)	(192.7)	(0.6)	(193.3)
Transaction, restructuring and other costs	(14.4)	(0.4)	(14.8)	(8.8)	(23.6)
Loss on disposal of assets and other	(2.5)	(1.1)	(3.6)	–	(3.6)
Operating Costs	292.4	203.8	496.2	20.4	516.6

For the Three Months Ended December 31, 2021	**Propane Distribution U.S.**	**Propane Distribution Canada**	**Results from operations**	**Corporate**	**Total**
Selling, distribution and administrative expense	**132.7**	**79.5**	**212.2**	**8.9**	**221.1**
Amortization and depreciation included in selling, distribution and administrative costs	**(32.3)**	**(19.6)**	**(51.9)**	**(0.1)**	**(52.0)**
Transaction, restructuring and other costs	**(3.7)**	**(0.4)**	**(4.1)**	**(4.2)**	**(8.3)**
Loss on disposal of assets and other	**–**	**1.4**	**1.4**	**–**	**1.4**
Operating Costs	**96.7**	**60.9**	**157.6**	**4.6**	**162.2**

For the Three Months Ended December 31, 2020	Propane Distribution U.S.	Propane Distribution Canada	Results from operations	Corporate	Total
Selling, distribution and administrative expense	124.4	68.1	192.5	9.7	202.2
Amortization and depreciation included in selling, distribution and administrative costs	(33.5)	(18.4)	(51.9)	–	(51.9)
Transaction, restructuring and other costs	(4.6)	0.1	(4.5)	(4.0)	(8.5)
Loss on disposal of assets and other	(0.6)	(0.3)	(0.9)	–	(0.9)
Operating Costs	85.7	49.5	135.2	5.7	140.9

Net Debt, Pro Forma Adjusted EBITDA and Leverage Ratio

Pro Forma Adjusted EBITDA, Net debt and Leverage ratio are Non-GAAP financial measures. Superior uses Pro Forma Adjusted EBITDA and Net debt to calculate its Leverage ratio. This ratio is used by Superior, investors and other users of financial information to assess its ability to service debt.

Pro Forma Adjusted EBITDA is Adjusted EBITDA calculated on a 12-month trailing basis giving pro forma effect to acquisitions and dispositions adjusted to the first day of the calculation period. Pro Forma Adjusted EBITDA is used by Superior to calculate its Leverage Ratio.

Net Debt is calculated by the sum of borrowings before deferred financing fees and lease liabilities reduced by Superior cash and cash equivalents. Net Debt is used by Superior to calculate its Leverage Ratio.

Leverage ratio is determined by dividing Superior's Net Debt by their Pro Forma Adjusted EBITDA.

Reconciliation of Net debt and Pro Forma Adjusted

(in millions)	**2021**	2020 [1]
Current borrowings	**11.4**	7.1
Current lease liabilities	**44.9**	53.3
Non-current borrowings	**1,444.9**	1,554.4
Non-current lease liabilities	**129.6**	213.5
	1,630.8	1,828.3
Add back deferred financing fees and discounts	**22.1**	22.3
Deduct cash and cash equivalents	**(28.4)**	(24.1)
Net debt	**1,624.5**	1,826.5
Adjusted EBITDA for the year ended	**398.4**	495.9
Pro-forma adjustment	**18.4**	26.7
Pro-forma Adjusted EBITDA for the year ended	**416.8**	522.6
Leverage Ratio	**3.9X**	3.5X

[1] The comparative figures include the results of the Specialty Chemicals segment and haven't been restated. Removing the results and reducing the debt for the cash received does not provide a meaningful ratio as the proceeds were used to fund further acquisitions.

Risk Factors to Superior

The risks factors and uncertainties detailed below are a summary of Superior's assessment of its material risk factors as detailed in Superior's most recent Annual Information Form ("AIF") under "Risks associated with our business" which is filed on the Canadian Securities Administrators' website, www.sedar.com, and on Superior's website, www.superiorplus.com. The AIF describes some of the most material risks to Superior's business by type of risk: financial; strategic; operational; and legal.

General risks to Superior are as follow:

Catastrophic Events, Natural Disasters, Severe Weather and Disease

Superior may be negatively impacted to varying degrees by a number of events which are beyond our control, including cyber-attacks, unauthorized access, energy blackouts, pandemics, terrorist attacks, acts of war, earthquakes, hurricanes, tornados, fires, floods, ice storms or other natural or manmade catastrophes. While we engage in emergency preparedness, including business continuity planning, to mitigate risks, such events can evolve very rapidly and their impacts can be difficult to predict. As such, there can be no assurance that in the event of such a catastrophe that our operations and ability to carry on business will not be disrupted. The occurrence of such events may not release us from performing our obligations to third parties. A catastrophic event, including an outbreak of infectious disease, a pandemic or a similar health threat, such as the evolving 2019 Novel Coronavirus outbreak, or fear of any of the foregoing, could adversely impact us by causing operating or supply chain delays and disruptions, labour shortages, expansion project delays and facility shutdowns which could have a negative impact on our ability to conduct our business and increase our costs. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result. Any of these events in isolation or in combination, could have a material negative impact on our financial condition, operating results and cash flows.

Cash Dividends to Shareholders are Dependent on the Performance of Superior LP

Superior depends entirely on the operations and assets of Superior LP. Superior's ability to make dividend payments to its shareholders depends on Superior LP's ability to make distributions on its outstanding limited partnership units, as well as on the operations and business of Superior LP.

There is no assurance regarding the amount of cash to be distributed by Superior LP or generated by Superior LP and, therefore, there is no assurance regarding funds available for dividends to shareholders. The amount distributed in respect of the limited partnership units will depend on a variety of factors including, without limitation, the performance of Superior LP's operating businesses, the effect of acquisitions or dispositions on Superior LP, and other factors that may be beyond the control of Superior LP or Superior. In the event significant sustaining capital expenditures are required by Superior LP or the profitability of Superior LP declines, there would be a decrease in the amount of cash available for dividends to shareholders and such decrease could be material.

Superior's dividend policy and the distribution policy of Superior LP are subject to change at the discretion of the Board of Directors of Superior or the Board of Directors of Superior General Partner Inc., the general partner of Superior LP, as applicable. Superior's dividend policy and the distribution policy of Superior LP are also limited by contractual agreements including agreements with lenders to Superior and its affiliates and by restrictions under corporate law.

Additional Shares

In the event the Board of Directors of Superior decides to issue additional common shares, preferred shares or securities convertible into common shares, existing shareholders may suffer significant dilution.

Access to Capital

The credit facilities and U.S. notes of Superior LP contain covenants that require Superior LP to meet certain financial tests and that restrict, among other things, the ability of Superior LP to incur additional debt, dispose of assets or pay dividends/distributions in certain circumstances. These restrictions may preclude Superior LP from returning capital or making distributions on the limited partnership units.

The payout by Superior LP of substantially all of its available cash flow means that capital expenditures to fund growth opportunities can only be made in the event that other sources of financing are available. Lack of access to such additional financing could limit the future growth of the business of Superior LP and, over time, have a material adverse effect on the amount of cash available for dividends to shareholders.

To the extent that external sources of capital, including public and private markets, become limited or unavailable, Superior's and Superior LP's ability to make the necessary capital investments to maintain or expand the current business and to make necessary principal payments and debenture redemptions under its term credit facilities may be impaired.

Interest Rates

Superior maintains floating interest rate exposure through a combination of floating interest rate borrowing and uses derivative instruments at times, to mitigate this risk. Demand for a significant portion of Propane Distribution's sales are affected by general economic trends. Generally speaking, when the economy is strong, interest rates increase, as does demand from Superior's customers, thereby increasing Superior's sales and its ability to pay higher interest costs. The opposite is also true. In this way, there is a common relationship among economic activity levels, interest rates and Superior's ability to pay higher or lower rates. Increased interest rates will, however, affect Superior's borrowing costs, which will have an adverse effect.

Foreign Exchange Risk

A portion of Superior's net cash flow is denominated in U.S. dollars. Accordingly, fluctuations in the Canadian/U.S. dollar exchange rate can impact profitability. Superior attempts to mitigate this risk with derivative financial instruments.

Changes in Legislation and Expected Tax Profile

There can be no assurance that income tax laws, rules or associated regulations applicable to Superior, given the number of jurisdictions in which Superior operates, will not be changed, interpreted or administered in a manner which adversely affects Superior and its shareholders. In addition, there can be no assurance that the tax agencies in the jurisdictions that Superior operates in will agree with how Superior calculates its income for tax purposes or that these various tax agencies referenced herein will not change their administrative practices to the detriment of Superior or its shareholders.

Acquisitions and Divestitures

Superior may not be able to find or buy appropriate acquisition targets on economically acceptable terms. Superior's acquisition agreements will contain certain representations, warranties and indemnities from the respective vendors subject to certain applicable limitations and thresholds and Superior will conduct due diligence prior to completion of such acquisitions. If, however such representations and warranties are inaccurate or limited in applicability or if any liabilities that are discovered exceed such limits or are not covered by the representations, warranties or indemnities, or the applicable vendors default in their obligations or if certain liabilities are not identified in such agreements, Superior could become liable for any such liabilities which may have an adverse effect on Superior. In addition, there may be liabilities or risks that were not discovered in such due diligence investigations which could have an adverse effect on Superior.

Acquiring complementary businesses is required to optimally execute Superior's business strategy. Distribution systems, technologies, key personnel or businesses of companies Superior acquires may not be effectively assimilated into its business, or its alliances may not be successful. There is also no assurance regarding the completion of a planned acquisition as Superior may be unable to obtain shareholder approval for a planned acquisition or Superior may be unable to obtain government and regulatory approvals required for a planned acquisition, or required government and/or regulatory approvals may result in delays. There may be penalties associated with not completing a planned acquisition. Superior may not be able to successfully complete certain divestitures on satisfactory terms, if at all. Divestitures may reduce Superior's total revenue and net earnings by more than the sales price. The terms and conditions, representations, warranties and indemnities, if any, associated with divestiture activity may hold future risks.

As part of the material terms of the Specialty Chemical divestiture, a Vendor Note of $125 million was issued by the buyer. Its principal amount and accrued and unpaid interest are due October 2026. The collectability of the amounts owed to Superior is subject to the going concern of the buyer. As of December 31, 2021, Superior does not have any concerns about the financial strength of the buyer. Superior will continuously monitor the credit risk associated with this Vendor Note. Based on the current valuation, Superior has estimated a liability of $1.4 million related to the contingent consideration included in the divestiture. The fair value has been calculated based on an estimate of the EBITDA during the thirty-six-months subsequent to the divestiture. This estimate is subject to change and will be updated as new information becomes available.

Information Technology and Cyber Security

Superior utilizes a number of information technology systems for the management of its business and the operation of its facilities. The reliability and security of these systems is critical. If the functioning of these systems is interrupted or fails and cannot be restored quickly, or if the technologies are no longer supported, Superior's ability to operate its facilities and conduct its business could be affected. Superior has continued to mature its approach to technology planning. Superior continually assesses and monitors its cyber security risk. In an effort to mitigate such risks, Superior has employed a fully managed third party cyber security service that deploys industry leading technology, conducted comprehensive employee training and utilizes monitoring software to protect its systems.

Although the technology systems Superior utilizes are intended to be secure and Superior has employed various methods to mitigate cyber risks, there is still a risk that an unauthorized third party could access the systems. Such a security breach could lead to a number of adverse consequences, including but not limited to, the unavailability, disruption or loss of key functions within Superior's control systems and the unauthorized disclosure, corruption or loss of sensitive company, customer or personal information. Superior attempts to prevent such breaches through the implementation of various technology security measures, segregation of control systems from its general business network, engaging skilled consultants and employees to manage Superior's technology applications, conducting periodic audits and adopting policies and procedures as appropriate.

As previously announced, on December 12, 2021, Superior was alerted to a ransomware cyber-attack on its information technology systems. Superior temporarily disabled certain information technology systems while it investigated the incident and in order to safely bring such systems back online. Superior immediately engaged third-party experts to evaluate the event, implement security counter-measures, and assist with restoration of Superior's information technology environment. Superior was able to quickly restore operations after the cyber-attack and to continue making deliveries to customers with no material impact to operations, including customer deliveries, service or billings.

During the course of the investigation, which is ongoing, Superior determined that there was unauthorized access to certain employee personal information, and is in the process of identifying affected individuals to notify them as appropriate. Superior has already applied knowledge gathered from the investigation of the event to enhance its cyber security defenses. Superior expects the net financial impact from the incident will not exceed $1.5 million.

Competition

Propane is sold in competition with other energy sources such as natural gas, electricity and fuel oil, some of which are less costly on an energy-equivalent basis. While propane is usually more cost-effective than electricity, electricity is a major competitor in most areas. Fuel oil is also used as a residential, commercial and industrial source of heat and, in general, is less costly on an equivalent-energy basis, although operating efficiencies, environmental and air quality factors help make propane competitive with fuel oil. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas with natural gas service. Other alternative energy sources such as compressed natural gas, methanol and ethanol are available or could be further developed and could have an impact on the future of the propane industry in general and Canadian propane distribution in particular. The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane demand and Canadian Propane Distribution's sales. Increases in the cost of propane encourage customers to reduce fuel consumption and to invest in more energy efficient equipment, reducing demand. Propane commodity prices are affected by crude oil and natural gas commodity prices.

Automotive propane demand depends on propane pricing, the market's acceptance of propane conversion options and the availability of infrastructure. Superior Propane has strategic partnerships with companies focused on after-market conversion technologies. This segment has been impacted by the development of more fuel efficient and complicated engines which increase the cost of converting engines to propane and reduce the savings per kilometre driven.

Competition in the U.S. propane distribution business' markets generally occurs on a local basis between large, full-service, national marketers and smaller, independent local marketers. Marketers primarily compete based on price and service and tend to operate in close proximity to customers, typically within a 60-kilometer marketing radius from a central depot, in order to minimize delivery costs and provide prompt service.

Volume Variability, Weather Conditions and Economic Demand

Weather, general economic conditions and the volatility in the cost of propane affect propane market volumes. Weather influences the demand for propane, primarily for home and facility heating uses and also for agricultural applications, such as crop drying.

Harsh weather can create conditions that exacerbate demand for propane, impede the transportation and delivery of propane, or restrict the ability of Superior to obtain propane from its suppliers. Such conditions may also increase Superior's operating costs and may reduce customers demand for propane, any of which may have an adverse effect on Superior. Conversely, low prices tend to make customers less price sensitive and less focused on their consumption volume.

Spikes in demand caused by weather or other factors can stress the supply chain and hamper Superior's ability to obtain additional quantities of propane. Transportation providers (railways and trucking companies) have limited ability to provide resources in times of extreme peak demand. Changes in propane supply costs are normally passed through to customers, but timing lags (between when Superior purchases the propane and when the customer purchases the propane) may result in positive or negative gross margin fluctuations.

For U.S. propane distribution, demand from end-use heating applications is predictable. Weather and general economic conditions, however, affect distillates and propane market volumes. Weather influences the immediate demand, primarily for heating, while longer-term demand declines due to economic conditions as customer's trend towards conservation and supplement heating with alternative sources such as electricity and to a lesser extent wood pellets and solar energy.

Demand, Supply and Pricing

Superior offers its customers various fixed-price propane and heating oil programs. In order to mitigate the price risk from offering these services, Superior uses its physical inventory position, supplemented by forward commodity transactions with various third parties having terms and volumes substantially the same as its customer's contracts. In periods of high propane price volatility, the fixed-price programs create exposure to over or under-supply positions as the demand from customers may significantly exceed or fall short of supply procured. In addition, if propane prices decline significantly subsequent to customers signing up for a fixed-price program, there is a risk that customers will default on their commitments. Current unit margins may not be sustainable if market conditions change significantly.

Political Uncertainties

Unforeseen political events, legal proceedings or political uncertainty in markets where we own and operate assets, sell or transport our products and may look to for further growth of our businesses may create economic uncertainty or otherwise impact our operations and have a negative impact on our financial performance. An uncertain political environment may arise from frequent changes in governments and related governmental priorities and policies, political conflict or the implementation, or threat, of protectionist measures. In addition, political outcomes in the markets in which we operate may also result in legal uncertainty and potentially divergent national, state and/or provincial laws and regulations, which can contribute to general economic uncertainty. Such uncertainty could cause disruptions to our businesses, including affecting the business of and/or our relationships with our customers and suppliers.

Currently there is uncertainty resulting from the on-going legal proceedings related to the continuing operations of the Line 5 Pipeline in Michigan which we utilize to transport natural gas liquids in our businesses. The Line 5 Pipeline delivers light oil and natural gas liquids to Michigan, Ohio, Ontario and elsewhere. If these proceedings result in a disruption of service, this could have an adverse effect on Superior's ability to service customer demand and have a negative impact on our financial condition, operating results and cash flows.

Transportation Network Disruptions

Both of Superior's business segments rely on rail as a mode of delivering product and/or receiving materials and goods across Canada and the US to service customer demand. Due to the integrated nature of North America's freight transportation infrastructure, Superior's operations may be negatively affected by service disruptions with their transportation provider or other transportation links such as railroads that interchange with our transportation provider(s). A significant prolonged service disruption of one or more of these entities could have an adverse effect on Superior's ability to carry on its business and service customer demand and on our results of operations. Service disruptions can be caused by, but are not limited to, severe weather and natural disasters such as extreme cold or heat, flooding, droughts, fires, hurricanes and earthquakes as well as labour disruptions and political disruptions, which include protests and intentional blockades and acts of terrorism.

Current Economic Conditions

During the first quarter of 2020, the rapid outbreak of the novel strain of the coronavirus, specifically identified as the COVID-19 pandemic, caused governments worldwide to enact emergency measures and restrictions to combat the spread of the virus. These measures and restrictions, which include the implementation of travel bans, mandated and voluntary business closures, self-imposed and mandatory quarantine periods, isolation orders and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Superior monitors applicable government relief programs to determine if Superior qualifies to participate in them.

COVID-19 has also resulted in a significant decrease on global demand for crude oil. In addition to the impact of COVID-19, production levels during March and April of 2020 by OPEC+ countries, contributed to excess global supply and caused the price of oil to be exceptionally volatile. Propane is a derivative of natural gas processing and oil refining, so continued volatility in the price of oil could lead to disruptions in the supply of propane if the production of oil and natural gas is further curtailed.

The future impact of these events on liquidity, volatility, credit availability and market and financial conditions generally, could change at any time. The duration and ultimate impact on the economy are unknown at this time, and, as a result, it is difficult to estimate the longer-term impact on our operations and the markets for our products. At the current time, we expect an impact to our business as it relates to our customers that operate in industries governments have classified as non-essential and customers required to operate at reduced capacities. During the quarter ended December 31, 2021, the impact of these events caused a decrease in sales volumes and sales prices for our Canadian Propane Distribution operating segment and to a lesser extent our U.S. Propane Distribution operating segment. Management has taken steps to reduce capital and selling, distribution and administrative costs to minimize the impact these events have had on our business. The impact of COVID-19 on the Canadian Propane Distribution segment has been lessened by the CEWS recorded.

Superior's operating segments provide essential services in all provinces, states and territories in which Superior operates. In response to COVID-19, and in-line with recommendations from local health authorities, enhanced operating procedures and protocols were instituted to protect our employees and customers and to maintain our sites and facilities to even higher levels of cleanliness.

Management is continuing to monitor these situations and may be required to take further actions that may materially alter operations.

Health, Safety and Environment

Superior's operations are subject to the risks associated with handling, storing and transporting propane in bulk. To mitigate risks, Superior has established a comprehensive environmental, health and safety protection program. It consists of an environmental policy, codes of practice, periodic self-audits, employee training, quarterly and annual reporting and emergency prevention and response.

The U.S. propane distribution business, through a centralized safety and environment management system, ensures that safety practices and regulatory compliance are an important part of its business. The storage and delivery of refined fuels pose the risk of spills which could adversely affect the soil and water of storage facilities and customer properties.

Superior's fuel distribution businesses are based and operate in Canada and the United States and, as a result, such operations could be affected by changes to laws, rules or policies which could either be more favourable to competing energy sources or increase compliance costs or otherwise negatively affect the operations of Propane Distribution in comparison with such competing energy sources. Any such changes could have an adverse effect on the operations of Propane Distribution.

Employee and Labour Relations

Approximately 3% of the U.S. propane distribution business employees and 19% of Superior's Canadian propane distribution business employees are unionized. Collective bargaining agreements are renegotiated in the normal course of business. While labour disruptions are not expected, there is always risk associated with the renegotiation process that could have an adverse impact on Superior.

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements of Superior Plus Corp. (Superior) are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards and include certain estimates that are based on management's best judgments. Actual results may differ from these estimates and judgments. Management has ensured that the consolidated financial statements are presented fairly in all material respects.

Management has developed and maintains a system of internal controls to provide reasonable assurance that Superior's assets are safeguarded, transactions are accurately recorded, and the financial statements report Superior's operating and financial results in a timely manner. Financial information presented elsewhere in this annual report has been prepared on a basis consistent with that in the consolidated financial statements.

The Board of Directors of Superior is responsible for reviewing and approving the consolidated financial statements and, primarily through its Audit Committee, ensures that management fulfills its responsibilities for financial reporting. The Audit Committee meets with management and Superior's external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for approval of the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditor.

The consolidated financial statements have been audited by Ernst & Young LLP, who were appointed at Superior's last annual meeting.

(s) "Luc Desjardins"

Luc Desjardins
President and Chief Executive Officer
Superior Plus Corp.

(s) "Beth Summers"

Beth Summers
Executive Vice-President and Chief Financial Officer
Superior Plus Corp.

Toronto, Ontario
February 17, 2022

Independent Auditor’s Report

To the Shareholders and the Board of Directors of Superior Plus Corp.

Opinion

We have audited the accompanying consolidated financial statements of **Superior Plus Corp**. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2021 and 2020, and the consolidated statements of changes in equity, consolidated statements of net earnings and total comprehensive earnings, and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards [“IFRS”].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment of goodwill	
As detailed in Note 10 Goodwill of the consolidated financial statements, the Group has $1,319.6 million of goodwill as at December 31, 2021. For purposes of impairment testing, goodwill is allocated to each of Superior's cash generating units ("CGUs"). CGUs to which goodwill have been allocated are tested for impairment annually or more frequently upon indication of impairment, in accordance with IAS 36 *Impairment of Assets.* Recoverable amount estimates are determined using an income approach or a market approach. As detailed in Note 10 of the consolidated financial statements, the Group did not recognize any goodwill impairment for the year ended December 31, 2021. Auditing the Group's annual goodwill impairment tests was complex, given the degree of judgment and subjectivity in evaluating the Group's estimates and assumptions in determining the recoverable amount of the CGUs established using the income approach. Significant assumptions included earnings forecasts, terminal growth rate estimates, and discount rates, which are affected by expectations about future performance as well as market and economic conditions.	To test the estimated recoverable amount of the CGUs, our audit procedures included, among others, assessing methodologies and the significant assumptions and underlying data used by the Group in its analysis. To assess the reliability of earnings forecasts and terminal growth rates used in the estimation of the recoverable amount we performed the following procedures, among others: • Compared financial performance and growth rates implicit in current forecasts to historical results; • Compared historical forecasts to actual financial performance to assess the completeness and accuracy of Group's forecasts and to evaluate the ability of the CGUs to achieve the forecasted cashflows; • Considered other factors relevant to comparability of historical actual results, such as experienced heating degree days, and the impact of significant acquisitions or disposals; • Involved our valuation specialists to compare forecasted growth rates relative to comparable industry participants; and • Involved our valuation specialists to perform sensitivity analyses on growth rates implicit within the earnings forecasts and terminal growth rates to evaluate the impact on the recoverable amount. We involved our valuation specialists to assess the Group's model, valuation methodology applied, and the various inputs utilized in determining the discount rate by referencing current industry, economic, and comparable Group information, as well as Group and cash-flow specific risk premiums. We also involved our valuation specialists to assess the overall reasonableness of the recoverable amounts estimated by comparing and reconciling the Group's estimated recoverable amounts against the Group's market capitalization. We also assessed the adequacy of the Group's disclosures included in Note 10 of the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Acquisitions	
As detailed in Note 4 Acquisitions of the consolidated financial statements, on an ongoing basis the Group executes acquisitions and accounts for them using the acquisition method in accordance with IFRS 3 *Business Combinations*. *Acquisitions* either occurring in the current period or for which the accounting was finalized in the current period represent a total of $582.8 million worth of consideration transferred. The Group applies valuation techniques to determine the acquisition date fair value of property, plant, and equipment and customer relationship intangible assets. The measurement period for acquisitions ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. As disclosed by the Group, the purchase price allocation for several acquisitions is considered preliminary. Auditing significant acquisitions was complex due to the subjective nature of estimating the fair values of certain identified assets. The fair value of property, plant and equipment is determined in reference to subjective inputs including replacement cost quotations, market data, and estimated remaining useful lives. The fair value of customer relationship intangible assets is determined in reference to subjective inputs including estimated customer attrition, discount rates, projection period, projected revenues and forecasted gross profit. The determination of the existence and ownership of property, plant and equipment acquired is complex due to the highly decentralized nature of these assets (e.g. trucks, storage tanks). As a result, significant judgement and specialized skills were required to assess Group's conclusions.	To assess the existence and ownership of property, plant and equipment acquired, we compared to third-party data including signed fuel delivery data, tax assessment records and registration statements. To test the Group's estimated fair valuation of property, plant and equipment and customer relationship intangible assets, we performed the following procedures, among others: • Assessed the competence, capabilities, and objectivity of the third-party valuators, when engaged by the Group; • Evaluated customer attrition estimates as compared to historical attrition rates experienced at comparable operations owned by the Group; • Involved our valuation specialists to assess the valuation methodology applied to estimate customer relationship intangible assets, and the various inputs utilized to determine the attrition rate and discount rate by referencing current industry, economic, and comparable Group information as well as Group and cash-flow specific risk premiums; • Performed a sensitivity analysis on the discount rate and attrition rate to evaluate its impact on the fair value ascribed; and • Involved our valuation specialists to evaluate the Group's fair value estimate models for property, plant and equipment, and to evaluate the useful life estimates against third-party studies. We evaluated the adequacy and completeness of the disclosure included in Note 4 of the consolidated financial statements based on the IFRS requirements.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tracy Brennan.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 17, 2022

Consolidated Balance Sheets

(millions of Canadian dollars)	Note	**As at December 31 2021**	As at December 31 2020 (i)
Assets			
Current Assets			
Cash and cash equivalents		**28.4**	24.1
Trade and other receivables	5	**319.4**	312.2
Prepaids and deposits	6	**52.8**	45.5
Inventories	7	**111.5**	124.0
Other current financial assets	18	**52.6**	43.7
Total Current Assets		**564.7**	549.5
Non-current Assets			
Property, plant and equipment	4, 8	**1,078.1**	1,624.4
Intangible assets	4, 9	**440.9**	432.1
Goodwill	4, 10	**1,319.6**	1,173.7
Notes, finance lease receivables and other investments	3	**130.5**	1.1
Employee future benefits	17	**7.0**	7.5
Deferred tax assets	19	**10.8**	28.3
Other non-current financial assets	18	**8.8**	13.2
Total Non-current Assets		**2,995.7**	3,280.3
Total Assets		**3,560.4**	3,829.8
Liabilities and Equity			
Current Liabilities			
Trade and other payables	12	**438.8**	431.8
Contract liabilities	13	**20.6**	19.1
Lease liabilities	16	**44.9**	53.3
Borrowings	15	**11.4**	7.1
Dividends payable		**12.5**	12.6
Other current financial liabilities	18	**7.1**	11.1
Total Current Liabilities		**535.3**	535.0
Non-current Liabilities			
Lease liabilities	16	**129.6**	213.5
Borrowings	15	**1,444.9**	1,554.4
Other liabilities	14	**16.0**	14.5
Provisions	11	**10.3**	126.4
Employee future benefits	17	**6.8**	29.0
Deferred tax liabilities	19	**101.7**	75.3
Other non-current financial liabilities	18	**3.6**	1.6
Total Non-current Liabilities		**1,712.9**	2,014.7
Total Liabilities		**2,248.2**	2,549.7
Equity			
Capital		**2,350.3**	2,350.3
Deficit		**(1,419.5)**	(1,475.6)
Accumulated other comprehensive earnings		**52.8**	74.5
Non-controlling interest		**328.6**	330.9
Total Equity	20	**1,312.2**	1,280.1
Total Liabilities and Equity		**3,560.4**	3,829.8

(i) Restated, see Note 4.

See accompanying Notes to the Consolidated Financial statements.

Consolidated Statements of Changes in Equity

(millions of Canadian dollars)	Share Capital (Note 20)	Contributed Surplus	Total Capital	Deficit	Accumulated Other Comprehensive Earnings	Non-controlling Interest (Note 20)	Total
As at January 1, 2021	**2,349.1**	**1.2**	**2,350.3**	**(1,475.6)**	**74.5**	**330.9**	**1,280.1**
Net earnings for the year	**–**	**–**	**–**	**182.9**	**–**	**23.8**	**206.7**
Unrealized foreign currency loss on translation of foreign operations	**–**	**–**	**–**	**–**	**(13.5)**	**(2.3)**	**(15.8)**
Realized foreign currency gain reclassified to net earnings (Note 3)	**–**	**–**	**–**	**–**	**(20.8)**	**–**	**(20.8)**
Actuarial defined-benefit gain	**–**	**–**	**–**	**–**	**16.3**	**–**	**16.3**
Income tax expense on other comprehensive loss	**–**	**–**	**–**	**–**	**(3.7)**	**–**	**(3.7)**
Total comprehensive earnings (loss)	**–**	**–**	**–**	**182.9**	**(21.7)**	**21.5**	**182.7**
Dividends and dividend equivalent declared to common shareholders	**–**	**–**	**–**	**(126.8)**	**–**	**–**	**(126.8)**
Dividends to non-controlling interest shareholders	**–**	**–**	**–**	**–**	**–**	**(23.8)**	**(23.8)**
As at December 31, 2021	**2,349.1**	**1.2**	**2,350.3**	**(1,419.5)**	**52.8**	**328.6**	**1,312.2**
As at January 1, 2020	2,338.7	1.2	2,339.9	(1,406.2)	105.3	–	1,039.0
Net earnings for the year	–	–	–	75.1	–	11.7	86.8
Unrealized foreign currency loss on translation of foreign operations	–	–	–	–	(21.9)	(22.9)	(44.8)
Actuarial defined-benefit loss	–	–	–	–	(12.1)	–	(12.1)
Income tax recovery on other comprehensive loss	–	–	–	–	3.2	–	3.2
Total comprehensive earnings (loss)	–	–	–	75.1	(30.8)	(11.2)	33.1
Common shares issued under dividend reinvestment plan	10.4	–	10.4	–	–	–	10.4
Preferred shares issued and issuance costs incurred	–	–	–	(18.1)	–	353.8	335.7
Dividends and dividend equivalent declared to common shareholders	–	–	–	(126.4)	–	–	(126.4)
Dividends to preferred shareholders	–	–	–	–	–	(11.7)	(11.7)
As at December 31, 2020	2,349.1	1.2	2,350.3	(1,475.6)	74.5	330.9	1,280.1

See accompanying Notes to the Consolidated Financial statements.

Consolidated Statements of Net Earnings and Total Comprehensive Earnings

(millions of Canadian dollars, except per share amounts)	Note	2021	2020 [i]
		Years Ended December 31	
Revenue	21, 24	**2,392.6**	1,806.9
Cost of sales (includes products and services)	21	**(1,479.9)**	(893.2)
Gross profit		**912.7**	913.7
Expenses			
Selling, distribution and administrative costs	21,22	**(804.8)**	(737.1)
Finance expense	21	**(155.0)**	(98.5)
Gains on derivatives and foreign currency translation of borrowings	18	**70.0**	49.0
		(889.8)	(786.6)
Earnings before income taxes	21	**22.9**	127.1
Income tax expense	19	**(5.7)**	(64.3)
Net earnings from continuing operations	21	**17.2**	62.8
Net earnings from discontinued operations, net of tax expense	3	**189.5**	24.0
Net earnings		**206.7**	86.8
Net earnings attributable to:			
Superior		**182.9**	75.1
Non-controlling interest		**23.8**	11.7
Net earnings (loss) per share from continuing operations attributable to Superior			
Basic and diluted	23	**$(0.04)**	$0.29
Net earnings per share attributable to Superior			
Basic and diluted	23	**$0.99**	$0.43
Other comprehensive earnings (loss)			
Items that may be reclassified subsequently to net earnings			
Unrealized foreign currency loss on translation of foreign operations		**(15.8)**	(44.8)
Realized foreign currency gain reclassified to net earnings	3	**(20.8)**	–
Items that will not be reclassified to net earnings			
Actuarial defined-benefit gain (loss)		**16.3**	(12.1)
Income tax recovery (expense) on other comprehensive loss		**(3.7)**	3.2
Other comprehensive loss for the year		**(24.0)**	(53.7)
Total comprehensive earnings for the year		**182.7**	33.1
Total comprehensive earnings (loss) for the year attributable to:			
Superior		**161.2**	44.3
Non-controlling interest		**21.5**	(11.2)

[i] The comparative figures have been restated to conform with the current year's presentation, see Note 2 and Note 3.
See accompanying Notes to the Consolidated Financial statements.

Consolidated Statements of Cash Flows

(millions of Canadian dollars)	Note	Years Ended December 31 2021	2020 (i)
Operating Activities			
Net earnings for the year		**206.7**	86.8
Adjustments for:			
Depreciation included in selling, distribution and administrative costs	8	**114.3**	113.4
Depreciation of right-of-use assets included in selling, distribution and administrative costs	8	**16.1**	16.9
Depreciation and amortization included in discontinued operations	8	**9.6**	73.8
Amortization of intangible assets included in selling, distribution and administrative costs	9	**70.7**	63.0
Loss (gain) on disposal of assets, impairments, and other non-cash items		**(0.5)**	5.9
Unrealized gain on financial and non-financial derivatives and foreign exchange gain on U.S. Dollar debt and lease liabilities	18	**(9.1)**	(67.3)
Gain on disposal of discontinued operations	3	**(229.3)**	–
Finance expense recognized in net earnings, including discontinued operations		**157.0**	106.5
Income tax expense recognized in net earnings, including discontinued operations		**63.0**	71.9
Changes in non-cash operating working capital and other	26	**(60.6)**	(0.1)
Net cash flows from operating activities before income taxes and interest paid		**337.9**	470.8
Income taxes paid		**(15.2)**	(11.6)
Interest paid		**(90.7)**	(99.0)
Cash flows from operating activities		**232.0**	360.2
Investing Activities			
Acquisitions, net of cash acquired	4	**(301.4)**	(280.4)
Purchase of property, plant and equipment and intangible assets	29	**(105.1)**	(116.3)
Proceeds on disposal of property, plant and equipment		**6.8**	12.5
Proceeds on divestiture	3	**571.7**	–
Cash flows from (used in) investing activities		**172.0**	(384.2)
Financing Activities			
Proceeds of revolving term bank credit facilities and other debt		**1,567.4**	2,319.7
Repayment of revolving term bank credit facilities and other debt		**(1,737.5)**	(2,474.0)
Principal repayment of lease obligations		**(41.9)**	(51.9)
Redemption of 7% senior unsecured debentures		**(472.3)**	–
Redemption of 5.25% senior unsecured debentures		**(410.5)**	–
Redemption of 5.125% senior unsecured debentures		**(384.2)**	–
Issuance of 4.5% senior unsecured notes		**753.7**	–
Issuance of 4.25% senior unsecured debenture		**500.0**	–
Proceeds from preferred share issuance		**–**	353.8
Preferred share issuance cost		**–**	(18.1)
Debt issue costs credit facility		**(1.6)**	–
Debt issue costs 4.25% senior unsecured note		**(8.7)**	–
Debt issue costs 4.5% senior unsecured note		**(13.3)**	–
Proceeds from vehicle refinancing		**–**	18.6
Dividends paid to shareholders		**(150.7)**	(125.6)
Cash flows from (used in) financing activities		**(399.6)**	22.5
Net increase (decrease) in cash and cash equivalents from continuing operations		**4.4**	(1.5)
Cash and cash equivalents, beginning of the year		**24.1**	26.5
Effect of translation of foreign currency-denominated cash and cash equivalents		**(0.1)**	(0.9)
Cash and cash equivalents, end of the year		**28.4**	24.1

(i) The comparative figures have been restated to conform with the current year's presentation, see Note 2 and Note 3.
See accompanying Notes to the Consolidated Financial statements.

Notes to the Consolidated Financial Statements

(Tabular amounts in millions of Canadian dollars, except per share amounts. Tables labelled “2021” and “2020” are as at and for the year ended December 31)

1. Organization

Superior Plus Corp. (“Superior” or the “Company”) is a diversified business corporation, incorporated under the Canada Business Corporations Act. The registered office is located at Suite 401, 200 Wellington Street West, Toronto, Ontario. Superior’s investment in Superior Plus LP is financed by share capital. Superior is a publicly traded company with its common shares trading on the Toronto Stock Exchange under the exchange symbol SPB.

These audited consolidated financial statements were authorized for issue by the Board of Directors on February 17, 2022.

Reportable Operating Segments

Superior operates two reportable operating segments: Canadian Propane Distribution and United States (“U.S.”) Propane Distribution. The Canadian Propane Distribution segment includes the Canadian retail business and wholesale business with operations in Canada and California. The U.S. Propane Distribution segment distributes propane gas and liquid fuels along the Eastern U.S., and into the Midwest and California. In prior years, Superior included its Specialty Chemicals business as an operating segment however, this segment was divested on April 9, 2021 and its net earnings have been reported as a discontinued operation, see Note 3.

References to Energy Distribution in the notes below refers to both Canadian Propane Distribution and U.S. Propane Distribution because of the inherent similarities of the businesses.

2. Basis of Presentation

(a) Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements were prepared on a going concern basis.

The consolidated financial statements were prepared on the historical cost basis, except for the revaluation of certain financial instruments and incorporate the accounts of Superior and its subsidiaries. Subsidiaries are all entities over which Superior has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The results of subsidiaries are included in Superior’s consolidated statements of net earnings and total comprehensive earnings from date of acquisition, or in the case of disposals, up to the effective date of disposal. Where Superior’s interest is less than 100 percent, the interest attributable to outside shareholders is reflected in non-controlling interest (“NCI”). A subsidiary of Superior has outstanding cumulative preference shares that are classified as equity and are held by non-controlling interest. Superior computes its share of net earnings after deducting for the dividend entitlement on these NCI on preference shares. The NCI is translated using exchange rates prevailing at the end of each reporting period with the foreign exchange translation included in other comprehensive earnings for the year.

All transactions and balances between Superior and Superior’s subsidiaries are eliminated upon consolidation. The assets and liabilities of Superior’s foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences are recognized in other comprehensive earnings for the year. If Superior loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recorded in profit or loss. Any investment retained is recognized at fair value.

(b) Reclassification of Comparative Figures

As a result of the transaction disclosed in Note 3, the net earnings of the Specialty Chemicals operating segment have been reported as a discontinued operation. Management has restated the comparative figures in the consolidated statements of net earnings to conform to this presentation.

During the year, Superior finalized the purchase price allocations for acquisitions that were completed in the prior year. As disclosed in Note 4, Superior has restated the balance sheet as at December 31, 2020 to record the impact of the final purchase allocations as if the accounting for the business combination had been completed at the acquisition date. The consolidated statements of changes in equity, net earnings and total comprehensive earnings and cash flows for the year ended December 31, 2020 remain unchanged since the impact of the changes made was not significant to these consolidated statements.

Other comparative figures may have changed to conform to the current presentation.

(c) Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid short-term investments which, on the date of acquisition, have a term to maturity of three months or less. For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. As at December 31, 2021, cash equivalents amounted to $10.8 million with a maturity of less than 30 days (December 31, 2020 – $7.1 million).

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs of inventories are determined either on a weighted average cost or first-in, first-out basis. The net realizable value of inventory is based on estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

Financial Instruments and Derivative Financial Instruments

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated balance sheets when the Company becomes a party to the financial instrument or derivative contract.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories; i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); ii) those to be measured subsequently at fair value through other comprehensive loss; and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL. For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss, or other comprehensive loss. Realized gains and losses on derivative financial instruments are recorded as a component of gains (losses) on derivatives and foreign currency translation of borrowings together with the unrealized gains (losses) on derivatives.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

For classification of the Company's consolidated financial assets and financial liabilities, refer to Note 18.

Measurement
All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through the consolidated statements of net earnings and total comprehensive earnings. For financial liabilities measured subsequently at FVTPL, changes in fair value due to own credit risk are recorded in other comprehensive loss.

Impairment
The Company recognizes expected credit losses for trade and other receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable. The Company recognizes an allowance for expected credit losses for all debt instruments not held at FVTPL.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Trade receivables and debt instruments are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward-looking macro-economic factors in the measurement of the expected credit losses associated with its financial assets carried at amortized cost. The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Derivative Financial Instruments
Superior enters into a variety of derivative and non-financial derivative instruments to manage its exposure to certain financial risks. Such instruments arise from contracts comprising natural gas financial swaps, electricity financial swaps, fixed-price electricity purchase, propane forward purchase and sale, foreign currency forwards, interest rate swaps, and equity hedges. For commodity contracts, if physical delivery is effected based on Superior's expected procurement, sale or usage requirements, the requirements of the so-called "own use exemption" under IFRS 9 are met, which do not represent derivative financial instruments in terms of IFRS 9, but represent pending purchase and sale transactions, which are assessed for possible impending losses in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. If the requirements for the own use exemption are not met (for example, by transactions for short-term optimization), the contracts are recorded as derivatives in accordance with IFRS 9. Further details of derivative and non-financial derivative instruments are disclosed in Note 18.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are measured subsequently at FVTPL. The resulting gain or loss is recognized in net earnings. Realized gains and losses on derivatives are recorded as part of the gains (losses) on derivatives and foreign currency translation of borrowings which also includes unrealized gains and losses on derivatives. Derivatives embedded in other financial liabilities and non-financial contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in net earnings.

Superior does not formally designate and document economic hedges, in accordance with the requirements of applying hedge accounting under IFRS and, therefore, does not apply hedge accounting.

Classification as Debt or Equity
Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments
An equity instrument is any contract that has a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Superior or its subsidiaries are recorded at the proceeds received, net of direct issuance costs.

Derecognition of Financial Liabilities
Superior derecognizes financial liabilities solely when Superior's obligations are discharged, cancelled or expire.

Financial Guarantees at FVTPL
Financial guarantees are classified as FVTPL when the financial liability is designated as FVTPL upon initial recognition. Financial guarantees at FVTPL are stated at fair value with any resulting gain or loss recognized in net earnings. Fair value is determined in the manner described in Note 18.

Discontinued Operations
A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resell.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 3. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Property, Plant and Equipment
Cost
Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Major renewals and improvements that provide future economic benefits and can be reliably measured are capitalized, while repair and maintenance expenses are charged to operations as incurred. Property, plant and equipment in the course of construction are carried at cost less any recognized impairment losses. Cost includes directly attributable expenses, professional fees and, for qualifying assets, borrowing costs capitalized in accordance with Superior's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use. Disposals are derecognized at carrying costs less accumulated depreciation and impairment losses, with any resulting gain or loss reflected in net earnings.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial time to ready for their intended use or sale, are included in the cost of those assets, until such time as the assets are available for their intended use. All other borrowing costs are recognized in net earnings in the period in which they are incurred.

Depreciation

Depreciation is calculated using the straight-line method, based on the estimated useful life. Land is not depreciated. Depreciation of property in the course of construction commences when the assets are available for their intended use. In the majority of cases, residual value is estimated to be insignificant. Depreciation by class of assets is as follows:

Buildings	15 to 40 years
Leasehold improvements	Over the lease term up to 10 years
Energy Distribution tanks and cylinders	30 years
Energy Distribution truck tank bodies, chassis and other	5 to 15 years
Furniture and fixtures	1–10 years
Computer equipment	3–5 years

Useful life, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date, which is defined as the date at which the right-of-use asset is available for use by the Company.

Right-of-use assets

The right-of-use asset is initially measured at cost comprising the following:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located; and
- less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option as defined below.

Lease terms range from:	
Office space and buildings	1 to 99 years
Railcars	1 to 11 years
Leased trucks	1 to 11 years

The Company's leases relate to railcars, office space and buildings, trucks and manufacturing equipment. Lease contracts are typically made for periods of 5 to 20 years, but may have extension options. Extension and termination options are included in a number of building and equipment leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Superior's obligations under some leases are secured by the lessors' title to the leased assets.

The Company has recorded the right-of-use assets as part of property, plant and equipment.

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities
The lease liability is initially measured at the present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate is the rate of interest the lessee would have to pay to borrow over a similar term with similar security.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate for similar collateral and term at the lease commencement date when the interest rate implicit in the lease was not readily determinable. The Company used a single discount rate to a portfolio of leases with reasonably similar characteristics. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in the rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its leases for which the lease term ends within 12 months from the commencement date and do not contain a purchase option; and the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Sale-leasebacks and refinancing of vehicles
From time to time Superior will purchase vehicles and then enter into a financing arrangement or will refinance leases for vehicles. These transactions will result in cash proceeds to Superior and a lease liability to the lessor. Any gains or losses on these transactions are nominal and expensed as incurred.

Intangible Assets
Intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. For intangible assets with a determinate life, amortization is charged on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill when they satisfy the recognition criteria. The initial cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately. Software costs are capitalized for new systems if there are significant enhancements to existing systems. In addition to the cost of software, the capitalized costs include cost of installation and consulting services related to the system implementation or enhancement.

Intangible assets recorded as part of a business combination generally consist of customer relationships, non-compete agreements, royalty agreements, trade names and other intangible assets. The assets are recorded at fair value, which is generally based on the future expected earnings. Software and technology patents are valued based on the cost to acquire these assets.

Useful life, residual values and amortization methods are reviewed at least annually, with the effect of any changes in estimate being accounted for on a prospective basis. Superior's amortization rates related to its intangible assets are summarized as follows:

Non-compete agreements	Term of the agreements (1 to 15 years)
Royalty agreements	1 to 10 years
Software	1 to 5 years
Technology patents	Approximately 10 years
Customer relationships	5 to 12 years

Trade names have an indefinite useful life since they do not expire. These are recorded at cost, are not amortized and are tested for impairment annually or more frequently should events or changes in circumstances indicate that they might be impaired.

As a result of propane distribution activity in Québec, Nova Scotia and California, Superior is required to purchase sufficient Compliance Instruments to offset its carbon footprint. Costs incurred to acquire these Compliance Instruments are recorded as intangible assets and measured at cost. As the Compliance Instruments do not diminish over time, they are classified as intangible assets with an indefinite life and are not amortized. The assets are subject to impairment testing subsequent to initial recognition. The Compliance Instruments are classified as non-current and reclassified as current at the end of the compliance period. The assets are settled against the corresponding cap and trade liabilities at the end of the compliance period to which they relate.

Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

At each consolidated balance sheet date and when circumstances indicate that the carrying value may be impaired, Superior reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss to confirm whether the assets have indeed suffered an impairment loss. If so, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, Superior estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. A CGU is the smallest level of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups.

Recoverable amount is the higher of fair value less costs of disposal ("FVLCOD") and value-in-use.

An impairment loss is recognized if the carrying amount of an asset, CGU or group of CGUs exceeds its recoverable amount. Impairment losses are recognized immediately as a separate line item in the consolidated statements of net earnings and total comprehensive earnings.

A previous impairment, if any, is subsequently assessed for any indication that the impairment has been reduced or no longer exists. An impairment loss is reversed if there has been an increase in the recoverable amount of an asset or CGU over its carrying value. Impairment losses are reversed only to the extent that the asset's or CGU's carrying amount would not exceed the carrying amount that would have been reported if no impairment loss had been recognized.

Business Combinations

All business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the acquisition date of the assets given up, the liabilities incurred or assumed and equity instruments issued by Superior in exchange for control of the acquiree. Transaction costs, other than those associated with the issuance of debt or equity securities that Superior incurs in connection with a business combination are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, *Business Combinations* are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12, *Income Taxes* and IAS 19, *Employee Benefits*, respectively;
- Liabilities or equity instruments related to the replacement by Superior of an acquiree's share-based payment awards are measured in accordance with IFRS 2, *Share-based Payment*; and
- Assets or disposals that are classified as held for sale in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the amount that would be recognized in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Intangible assets arising on acquisition are recognized at fair value at the date of acquisition. The fair value is based on detailed cash flow models and other metrics depending on the type of intangible asset being recognized.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over Superior's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the net amounts assigned to the assets acquired and liabilities assumed exceed the cost of the purchase, then Superior is required to reassess the value of both the cost and net assets acquired and any excess remaining after this reassessment is recognized immediately in net earnings. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Superior will report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances at the acquisition date that, if known, would have affected the amounts recognized at that date.

The measurement period is the period from the date of acquisition to the date Superior obtains complete information about facts and circumstances as of the acquisition date, to a maximum of one year.

Goodwill

Goodwill arising in a business combination is recognized as an asset at the date control commences (the acquisition date). Goodwill is not amortized but is reviewed for impairment at least annually, on December 31. For purposes of impairment testing, goodwill is allocated to each of Superior's CGUs expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually or more frequently upon indication of impairment. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a group of assets, the attributable amount of goodwill is included in the determination of the net gain or loss on disposal.

Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer, which may occur at a point in time or over a period of time. The Company generates its revenue through its principal activities, which are separated by reportable segments.

The nature of the goods and services and the timing of satisfaction of performance obligations is as follows:

Energy Distribution

Propane sales contracts include supply of propane along with the loaning of storage tanks, equipment and related servicing and maintenance activities provided by the Company. Revenue from sale of propane is recognized when control of the goods has transferred, being when the goods are delivered to the customer (which occurs when the goods have been shipped to the specific location), the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Payment terms are generally 30 days from the delivery date. Customers may be required to provide a deposit depending on credit quality. These deposits are recorded as part of contract liabilities and recognized into income over the period that it relates to.

Revenue from loaning of storage tanks and maintenance activities is recognized as the performance obligations are satisfied over time, which is generally in accordance with the terms of the contract. The customer does not control the storage tank during the term of the contract. The customer does not have the right to direct the use of the storage tank, and there is no practical or contractual restriction on the Company's ability to transfer the storage tank to another customer. The Company is able to redirect the storage tank to another customer at little or no additional cost and therefore it has an alternative use to the Company. In many cases, propane sales and the loaning of storage tanks is included under one sales contract. Propane sales prices are consistent based on the customer geography and type and therefore, the residual amount is related to loaning of storage tanks. Customers typically pay for tank rentals annually, semi-annually or on a month-by-month basis. Rental payments received for periods greater than a month are recorded as part of contract liabilities and recognized into income over the period that the payments relate to.

Included in the U.S. Propane Distribution segment is revenue related to the distribution of heating oil and refined fuels in the northeastern U.S. Its products are generally used in home heating, water heating and motor vehicle fuel. Revenue from sale of refined fuels is also recognized when control of the goods has transferred, being when the goods are delivered to the customer (which occurs when the goods have been shipped to the specific location), the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Payment terms are generally 30 days from the delivery date. Customers may be required to provide a deposit depending on credit quality. These deposits are recorded as part of contract liabilities and applied against customer receivables when required.

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, for which it is probable that payment will be required to settle the obligation, and where the amount can be reliably estimated.

The amount is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefit required to settle a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the receivable can be measured reliably.

Decommissioning Costs

Liabilities for decommissioning costs are recognized when Superior has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Decommissioning costs are recorded at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in net earnings as a finance expense. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. A corresponding item of property, plant and equipment of an amount equal to the provision is also created. This is subsequently amortized as part of the asset. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Environmental Expenditures and Liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognized when a cleanup is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognized is the best estimate of the expenditure required. When the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure.

Restructuring

A restructuring provision is recognized when Superior has developed a detailed formal restructuring plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring.

Employee Future Benefits

Superior has a number of defined-benefit and defined-contribution plans providing pension and other post- employment benefits to most of its employees. Superior accrues its obligations under the plans and the related costs, net of plan assets.

Contributions to defined-contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined-benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each consolidated balance sheet date. The net obligation for each defined-benefit plan is discounted to determine the present value using the yield at the reporting date on high-quality Canadian corporate bonds. Plan assets are measured at fair value and the difference between the fair value of the plan assets and the present value of the defined-benefit obligation is recognized on the consolidated balance sheets as an asset or liability. Costs charged to the consolidated statements of net earnings and total comprehensive earnings include current service cost, any past service costs, any gains or losses from curtailments and interest on the net defined-benefit asset or liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive earnings in the period in which they occur.

The defined-benefit obligation recognized in the consolidated balance sheets represent the present value adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Government Grants

Government grants are recognized initially at fair value when there is reasonable assurance that it will be received and the Company will comply with the conditions associated with the grant. Government grants related to profit or loss are presented as part of Superior's consolidated statements of net earnings and total comprehensive earnings as a reduction of the related expense.

Income Taxes

Income tax expense represents the sum of current income taxes and deferred income taxes.

Current Income Taxes

Superior's income tax assets and liabilities are based on taxable net earnings for the year. Taxable net earnings differ from net earnings as reported in the consolidated statements of net earnings and total comprehensive earnings because they exclude items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. Superior's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Current income tax relating to items recognized directly in equity are recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in their tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Taxes

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable net earnings. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable net earnings will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences, except for the following:

- When the deferred tax liability arises from the initial recognition of goodwill;
- When an asset or liability in a transaction is not a business combination and, at the time of the transaction, affects neither the accounting net earnings or taxable net earnings; or
- In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by Superior and it is unlikely that the temporary differences will be reversed in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that they are expected to be reversed in the foreseeable future and it is probable that there will be sufficient taxable net earnings against which to utilize the benefits of the temporary differences. A deferred tax asset may also be recognized for the benefit expected from unused tax losses available for carry-forward, to the extent that it is probable that future taxable earnings will be available against which the tax losses can be applied.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and laws that have been enacted or substantively enacted by the consolidated balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Superior expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when they are related to income taxes levied by the same taxation authority and Superior intends to settle its current tax assets and liabilities on a net basis. Also, Superior recognizes any benefit associated with investment tax credits as deferred tax assets to the extent they are expected to be utilized in accordance with IAS 12, *Income Taxes*.

Uncertain Tax Positions
Superior is subject to taxation in numerous jurisdictions. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain. It is possible, however, that at some future date, liabilities in excess of Superior's provisions could result from audits by or litigation with tax authorities. Where changes in facts or circumstances change estimates from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Management reassesses positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current Tax and Deferred Tax for the Period
Current tax and deferred tax are recognized as an expense in net earnings, except where they relate to amounts recognized outside of net earnings (whether in other comprehensive earnings or directly in equity), in which case the current tax and deferred tax are also recognized outside of net earnings, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Foreign Currencies
The financial statements of each subsidiary of Superior are translated into the currency of the subsidiary's primary economic environment. For the purpose of the consolidated financial statements, the results and balance sheets of each subsidiary are expressed in Canadian dollars, Superior's presentation currency. Transactions are recognized at the rates of exchange prevailing at the transaction date. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the period-end. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value is measured. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting Superior's consolidated financial statements, the assets and liabilities of Superior's foreign operations, namely of Energy Distribution and Specialty Chemicals in the U.S., and of Specialty Chemicals in Chile, are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Goodwill and fair value measurements of identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive loss for the period.

Share-based Payments
Superior has established share-based compensation plans whereby notional restricted shares and/or notional performance shares may be granted to employees. The fair value of these notional shares is estimated using the period-end quoted market price and recorded as an expense with an offsetting amount to accrued liabilities, remeasured at each consolidated balance sheet date. All share-based payments are settled in cash.

Interest Rate Benchmark Reform

In August 2020, the IASB finalized the second phase through the issuance of “Interest Rate Benchmark Reform: Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16” (Phase 2 amendments), which addresses the issues that affect financial reporting once the existing rate is replaced with an alternative rate. The Phase 2 amendments are effective and have been adopted on January 1, 2021, and the effects of adoption has no impact on Superior’s audited consolidated financial statements.

For financial instruments measured using amortized cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognized. For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. These expedients are only applicable to changes that are required by interest rate benchmark reform when made on an economically equivalent basis.

Superior does not expect changes related to interest rate benchmark reform to have a material impact to Superior’s results. Superior’s exposure is limited to borrowings with a variable interest rate, see Note 15 of these consolidated financial statements.

(d) Significant Accounting Judgments, Estimates and Assumptions

The preparation of Superior’s audited consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosure. The estimates and associated assumptions are based on historical experience and various other factors deemed reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are as follows:

Estimates and Assumptions

Fair Value of Derivative and Non-Financial Derivative Instruments

Where the fair values of financial derivatives and non-financial derivatives cannot be derived from active markets, they are determined using valuation techniques including a discounted cash flow model. This requires assumptions concerning the amount and timing of estimated future cash flows and discount rates. Differences between actual values and assumed values will affect net earnings in the period when the difference is determined.

Allowance for Doubtful Accounts

Superior recognizes an allowance for doubtful accounts based on historical customer collection history, general economic indicators and other customer-specific information, all of which require Superior to make certain assumptions. Where the actual collectability of accounts receivable differs from these estimates, such differences will have an impact on net earnings in the period such a determination is made.

Property, Plant and Equipment and Intangible Assets

Capitalized assets, including property, plant and equipment and intangible assets, are amortized over their respective estimated useful lives. All estimates of useful lives are set out in the Significant Accounting Policies above.

Provisions

Provisions have been estimated for decommissioning costs, restructuring and environmental expenditures. The actual costs and timing of future cash flows depend on future events. Any differences between estimates and the actual future liability will be accounted for in the period when such determination is made. Determining decommissioning liabilities requires estimates regarding the useful life of certain operating facilities, the timing and cost of future remediation activities, discount rates and the interpretation and changes to various environmental laws and regulations. Differences between estimates and results will affect Superior’s accrual for decommissioning liabilities, with an effect on net earnings. See COVID-19 below for the related impact during the year.

Employee Future Benefits

Superior has a number of defined-benefit pension plans and other benefit plans. The cost of defined-benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. These require assumptions including the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the valuation's complexity, its underlying assumptions and long-term nature, a defined benefit obligation is highly sensitive to changes in the underlying assumptions.

Income Tax Assets and Liabilities

Superior recognizes expected tax assets and liabilities based on estimates of current and future taxable net earnings, which may require significant judgment regarding the ultimate tax determination of certain items. If taxable net earnings differ from the estimates, there may be an impact on current and future income tax provisions in the period when the difference is determined.

Asset Impairments

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value.

Recoverable amounts are based on a calculation of expected future cash flows, which includes management assumptions and estimates of future performance.

Contingent Consideration

Superior received $600 million in cash proceeds, less a working capital adjustment of $17.0 million and $125 million in the form of a 6% unsecured note from the sale of its Specialty Chemicals business. The purchase price is subject to adjustment based on the average EBITDA of the Specialty Chemical business for the three consecutive 12-month periods following the closing date. The fair value of this contingent consideration is based on future earnings of the Specialty Chemical business, which includes assumptions and estimates of future performance that are discussed in more detail in Note 3.

COVID-19

The outbreak of the novel strain of the coronavirus in the first quarter of 2020, specifically identified as the COVID-19 pandemic, has caused governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. COVID-19 did not significantly impact the carrying values of the Company's assets and liabilities as at December 31, 2021, except for the employee future benefits, and provisions in relation to the decommissioning costs that were affected by lower interest rates. At this time, given the continued uncertainty surrounding COVID-19, it is not possible to reliably estimate the full impact this will have on Superior's financial position and operating results. Certain expenses were eligible under the Canadian Emergency Wage Subsidy ("CEWS") program instituted by the Government of Canada. The CEWS program allowed Superior to recover a portion of eligible employee costs incurred, see Note 22. The Government of Canada continues to make amendments to the CEWS program and Superior may be eligible for future claims. Judgments, estimates and assumptions made by management during the preparation of these consolidated financial statements may also change as conditions related to COVID-19 change. Changes in assumptions including, but not limited to, foreign exchange rates, interest rates and commodity prices could impact the measurement of items including derivative and non-derivative instruments, allowance for doubtful accounts, provisions and employee future benefits.

Judgements

Impairment of Property, Plant and Equipment

An impairment evaluation involves consideration of whether there are indicators of impairment. Indicators include but are not limited to: significant underperformance relative to historical or projected operating results, significant changes in the manner in which an asset is used or in Superior's overall business strategy, or significant negative industry or economic trends. In some cases, these events are clear. In many cases, however, there is no clearly identifiable event. Instead, a series of individually insignificant events, some of them only later known, leads to an indication that an asset may be impaired. Management continually monitors Superior's segments, the markets, and the business environment, and makes judgments and assessments about conditions and events in order to conclude whether there may be an impairment.

Income Taxes

Preparation of the consolidated financial statements involves making an estimate of, or provision for, income taxes in each of the jurisdictions in which Superior operates. The process also involves estimating taxes currently payable and taxes expected to be payable or recoverable in future periods, referred to as deferred income taxes. Deferred income taxes result from the effects of temporary differences due to items that are treated differently for tax and accounting purposes. The tax effects of these differences are reflected in the consolidated balance sheets as deferred income tax assets and liabilities. An assessment must also be made to determine the likelihood that Superior's future taxable income will be sufficient to permit the recovery of deferred income tax assets. To the extent that such recovery is not probable, recognized deferred income tax assets must be reduced. Judgment is required in determining the income tax expense (recovery) and recognition of deferred income tax assets and liabilities.

Management must also exercise judgment in its assessment of continually changing tax interpretations, regulations and legislation, to ensure deferred income tax assets and liabilities are complete and fairly presented. The effects of differing assessments and applications could be material.

Purchase Price Allocation

All business combinations are accounted for using the acquisition method. This requires management to recognize all identifiable assets, liabilities and contingent liabilities at the acquisition date fair values with a few exceptions. The allocation of the purchase price to property, plant and equipment and intangible assets requires management to exercise judgment when determining the acquisition fair value of each asset and its respective useful life. Consideration paid in a business combination that exceeds the net fair value of assets and liabilities acquired is allocated to goodwill. Goodwill is reviewed for impairment at least annually. As disclosed in Note 3, a number of acquisitions were completed during 2021. Changes in the purchase price allocation could occur during the 12-month period following acquisition. Changes to the fair value of the assets and liabilities acquired could affect the purchase price allocation and the Energy Distribution's net income.

Financial Instruments
The fair value of financial instruments is determined and classified in three categories, which are outlined below and discussed in more detail in Note 18.

Level I
Fair values in Level I are determined using quoted prices in active markets for identical instruments.

Level II
Fair values in Level II are determined using quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and value drivers are observable in active markets.

Level III
Fair values in Level III are determined using valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The fair value measurement of a financial instrument is included in only one of the three levels, the determination of which is based on the lowest-level input that is significant to the derivation of the fair value. Classification of financial instruments requires management to use judgment in respect of both the determination of fair value and the lowest-level input of significance.

Revenue from Sale of Propane, Including Storage Tanks
Certain propane supply contracts entered into by the Company include sale of propane along with the loaning of storage tanks and equipment by the Company. Because these contracts include multiple performance obligations, the transaction price must be allocated to the performance obligations.

Management estimates the standalone selling price using the residual approach. The price of propane charged is consistent by geography and customer type, whereas fees and discounts associated with loaning storage tank can vary. Management allocates revenue to the sale of propane based on the consistent price by customer geography and region and the residual amount is applied to loaning the storage tank. Revenue from the sale of propane is recognized when delivered and revenue from storage tanks and equipment is recognized over the contract period.

Determining the Lease Term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The initial assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and that it is within the control of the lessee.

(e) Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1"), to Clarify Requirements for Classifying Liabilities as Current or Non-current
On January 23, 2020, the IASB issued amendments to IAS 1 (the "amendments") to clarify the requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.
- The amendments clarify the situations that are considered settlement of a liability.

The new guidance will be effective for annual periods starting on or after January 1, 2023. Superior is monitoring and in the process of assessing the impacts of the amendments on the Company's consolidated financial statements.

Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), "Onerous Contracts – Costs of Fulfilling a Contract"

On May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments to IAS 37 apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The new guidance will be effective for annual periods starting on or after January 1, 2022 and must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. Superior plans to adopt the amendments to IAS 37 beginning January 1, 2022 and the adoption is not expected to have a significant impact on the Company's consolidated financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3

The Board added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a significant impact on the Company's consolidated financial statements.

Amendments to IAS 8, *Accounting Policies, Changes in Accounting estimates and Errors* ("IAS 8"), to introduce a definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments to IAS 8 are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2, *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to IAS 1 and IFRS Practice Statement 2 to determine the impact they will have on the Company's accounting policy disclosures.

3. Discontinued Operations

On April 9, 2021, Superior completed the previously announced sale of its Specialty Chemicals business for total consideration of $725 million (the "Transaction"). Superior received $600 million in cash proceeds, less a working capital adjustment of $17.0 million and $125 million in the form of a 6% unsecured note ("Vendor Note"). The principal amount of the Vendor Note and accrued and unpaid interest are due October 9, 2026. The purchase price is subject to adjustment based on the average EBITDA of the business for the three consecutive 12-month periods following the closing date. If the average EBITDA, adjusted to remove the impact of IFRS 16, is higher than $115 million the purchase price will be increased by multiplying the difference by 4.5 and the buyer will issue an additional note to Superior, up to a maximum of $100 million which includes accumulated interest. The note will bear interest at the same rate as the Vendor Note and interest will accrue from the closing date. If the average EBITDA, adjusted to remove the impact of IFRS 16, is lower than $100 million, the purchase price will be decreased by multiplying the difference by 4.5 and a note will be issued by the seller up to a maximum of $100 million which includes accumulated interest. The note will bear interest at the same rate as the Vendor Note and interest will accrue from the closing date. The fair value of the contingent consideration at April 9, 2021 was estimated to be a liability of $1.4 million and has been included in costs to sell and on the balance sheet as part of other non-current financial liabilities. Changes in the fair value of the contingent consideration are recorded in the consolidated statements of net earnings as part of the gain on derivatives and foreign currency translation of borrowings. Interest earned on the vendor note is recorded net of finance expense, see Note 21.

The Transaction included all assets and liabilities Superior held in its Specialty Chemical operating segment. Management has presented the results of the Specialty Chemicals operating segment as a discontinued operation and no longer presents these results in the Reportable Segment Information note. The consideration received exceeded the carrying amount of the net assets and therefore, no impairment was required to be recorded.

The gain on sale of Specialty Chemicals is calculated as follows:

Cash proceeds (net of working capital and other adjustments of $19.6 million)	**580.4**
Vendor note [i]	**125.0**
Costs to sell	**(10.1)**
Net proceeds	**695.3**
Trade and other receivables	74.1
Prepaid expenses	3.6
Inventories	49.4
Property, plant and equipment	624.1
Employee future benefits	7.4
Intangible assets and goodwill	4.8
Trade and other payables	(59.3)
Lease liability (Note 16)	(105.3)
Other liabilities	(1.2)
Provisions (Note 11)	(98.1)
Employee future benefits	(12.7)
Carrying value of the net assets	**486.8**
Recognition of foreign currency translation gain previously recorded in AOCI	**(20.8)**
Gains on sale of ERCO	**229.3**

[i] $125.0 million of vendor note is included in Notes, Finance Lease Receivables and Other Investments on the Consolidated Balance Sheets.

Net earnings reported in the consolidated statements of net earnings and total comprehensive income for the comparative period has been restated to separately present results from the Specialty Chemical segment as discontinued operations. Net earnings from discontinued operations reported in the consolidated statements of net earnings for the year ended 2021 and 2020 are as follows:

	Years Ended December 31	
	2021	2020
Revenue	**157.5**	587.4
Cost of sales	**(101.2)**	(352.6)
Depreciation included in COS	**(5.6)**	(42.8)
Gross profit	**50.7**	192.0
Expenses		
SD&A costs, including a loss on disposal of $0.5 million (2020 – $2.3 million)	**(27.8)**	(122.1)
Depreciation included in SD&A	**(1.0)**	(7.7)
Depreciation of right-of-use asset included in SD&A	**(2.9)**	(22.2)
Amortization of intangible assets included in SD&A	**(0.1)**	(1.1)
Finance expense	**(2.0)**	(8.0)
Unrealized gain on foreign currency translation of leases	**0.6**	0.7
	(33.2)	(160.4)
Net earnings from discontinued operations before gain on disposal and income taxes	**17.5**	31.6
Gain on disposal including $20.8 million currency translation adjustment	**229.3**	–
	246.8	31.6
Current income tax expense	**(106.4)**	(15.7)
Deferred income tax recovery	**49.1**	8.1
Net earnings from discontinued operations	**189.5**	24.0
Other comprehensive earnings from discontinued operations		
Items that may be reclassified subsequently to net earnings		
Unrealized foreign currency loss on translation of foreign operations	**–**	(1.6)
Realized foreign currency gain on translation of foreign operations	**(20.8)**	–
Items that will not be reclassed to net earnings		
Actuarial defined-benefit gain (loss)	**15.1**	(17.5)
Income tax expense (recovery) on other comprehensive earnings loss	**(4.0)**	4.7
Other comprehensive loss related to discontinued operations	**(9.7)**	(14.4)
Total comprehensive earnings related to discontinued operations	**179.8**	9.6

Cash flows from discontinued operations reported in the consolidated statements of cash flows for the year ended 2021 and 2020 are as follows:

	Years Ended December 31	
	2021	2020
Cash flows from operating activities	**17.4**	109.7
Cash flows used in investing activities	**(7.4)**	(43.0)
Cash flows used in financing activities	**(6.7)**	(20.4)
Cashflows from discontinued operations	**3.3**	46.3

4. Acquisitions

	Hopkins	**Mountain Energy**	**Williams**	**Freeman Gas**	**Holden Oil**	**Miller Propane**	**Highlands Propane**
Year of acquisition	**2021**	**2021**	**2021**	**2021**	**2021**	**2021**	**2021**
Accounts receivable	**–**	**–**	**0.1**	**–**	**0.9**	**0.3**	**0.6**
Inventories	**2.3**	**–**	**0.4**	**3.9**	**0.2**	**0.4**	**0.4**
Property, plant and equipment	**11.0**	**0.9**	**11.8**	**69.1**	**6.0**	**2.3**	**7.9**
Intangible assets	**3.8**	**0.7**	**15.0**	**53.2**	**7.3**	**2.4**	**1.6**
Trade and other payables and contract liabilities	**(3.4)**	**(0.6)**	**–**	**(2.9)**	**(1.3)**	**(0.4)**	**–**
Long-term debt and lease liabilities	**(0.2)**	**–**	**(0.5)**	**(16.0)**	**(1.1)**	**–**	**(0.3)**
Provisions and other liabilities	**–**	**–**	**–**	**–**	**–**	**(0.5)**	**–**
Deferred tax liabilities	**–**	**–**	**–**	**–**	**–**	**(0.9)**	**–**
Net identifiable assets and liabilities	**13.5**	**1.0**	**26.8**	**107.3**	**12.0**	**3.6**	**10.2**
Consideration transferred							
Fair value of deferred consideration	**3.6**	**0.3**	**11.0**	**–**	**5.1**	**–**	**3.2**
Cash paid on acquisition	**17.3**	**2.3**	**37.4**	**209.2**	**17.3**	**7.5**	**11.8**
Total consideration transferred	**20.9**	**2.6**	**48.4**	**209.2**	**22.4**	**7.5**	**15.0**
Goodwill arising on acquisition	**7.4**	**1.6**	**21.6**	**101.9**	**10.4**	**3.9**	**4.8**

The acquisition costs directly attributable to the above acquisitions were expensed and are included in selling, distribution and administrative costs. The goodwill recognized represents the expected synergies from operations and the intangible assets that do not qualify for separate recognition. Goodwill arising on acquisition is deductible for tax purposes unless otherwise noted.

If the 2021 acquisitions had occurred on January 1, 2021, revenue and net earnings from continuing operations for the year ended December 31, 2021 would have increased by $68.8 million and $12.9 million, respectively.

The purchase price allocations discussed below, are considered preliminary, and as a result, may be adjusted during the 12-month period following the acquisition once all the required information pertaining to the ownership, remaining useful lives and a quantification of tanks, cylinders, vehicles and intangibles is obtained and assessed. Superior has allocated the purchase price to the identified assets and liabilities based on fair value estimates using current information available. The amounts presented are based on their estimated fair value and management expects that any further changes will relate to finalizing the fair value of property, plant and equipment, intangible assets and goodwill.

Hopkins Propane ("Hopkins")

On December 21, 2021, Superior acquired the assets of a retail propane distribution company operating under the tradename Hopkins Propane ("Hopkins") for an aggregate purchase price of approximately US$16.2 million (C$20.9 million) before adjustments for working capital. Goodwill arising on this acquisition forms part of the U.S. Propane Distribution segment.

Mountain Energy Gas ("Mountain Energy")

On December 21, 2021, Superior acquired the assets of a retail propane distribution company based in Waynesville, North Carolina operating under the tradename Mountain Energy Gas ("Mountain Energy") for an aggregate purchase price of approximately US$2.0 million (C$2.6 million) before adjustments for working capital. Goodwill arising on this acquisition forms part of the U.S. Propane Distribution segment.

The following purchase price allocations for acquisitions completed in 2021, are considered final and there were not any changes to the previously disclosed fair values.

Freeman Gas and Electric Co., Inc. ("Freeman")

On June 16, 2021, Superior acquired the assets of a retail propane distribution company based in South Carolina, operating under the tradename, Freeman Gas and Electric Co., Inc. ("Freeman") for an aggregate purchase price of approximately US$170.4 million (C$209.2 million) before adjustments for working capital. Goodwill arising on this acquisition forms part of the U.S. Propane Distribution segment.

Subsequent to the acquisition date, the acquisition contributed revenue and net earnings of US$38.8 million and US$8.4 million respectively (C$48.9 million and C$10.6 million) for the year ended December 31, 2021.

During the three months ended December 31, 2021, the estimated purchase price was updated from the prior estimate. Property, plant and equipment increased $0.6 million and intangible assets decreased by $0.1 million primarily due to updating the estimated fair value of tanks. Working capital amounts decreased by approximately $1.3 million, provisions and other liabilities decreased by $1.0 million and cash paid on acquisition decreased by $2.3 million as a result of finalizing the working capital adjustment. These changes resulted in a net decrease to goodwill in the amount of $2.6 million.

Williams Energy Group ("Williams")

On July 7, 2021, Superior acquired the assets of a retail propane distribution company based in North Carolina, operating under the tradename, Williams Energy Group ("Williams Energy") for an aggregate purchase price of approximately US$38.8 million (C$48.4 million). Goodwill arising on this acquisition forms part of the U.S. Propane Distribution segment.

Subsequent to the acquisition date, the acquisition contributed revenue and net earnings of US$8.7 million and US$2.2 million (C$10.9 million and C$2.8 million), respectively to the U.S. Propane Distribution segment for the year ended December 31, 2021.

During the three months ended December 31, 2021, the estimated purchase price was updated from the prior estimate. Property, plant and equipment increased $0.3 million and intangible assets decreased by $0.1 million primarily due to updating the estimated fair value of tanks, provisions and other liabilities decreased by $0.3 million and cash paid on acquisition decreased by $0.2 million. These changes resulted in a net decrease to goodwill in the amount of $0.6 million.

Holden Oil ("Holden")

On January 26, 2021 Superior acquired 100% interest in the assets of a retail propane and distillate distribution company, operating in Massachusetts under the tradename Holden Oil ("Holden") for a total consideration of US$17.7 million (C$22.4 million). Goodwill arising on this acquisition forms part of the U.S. Propane Distribution segment.

Subsequent to the acquisition date, the acquisition contributed revenue and net earnings of US$16.6 million and US$2.7 million respectively (C$20.9 million and C$3.4 million) for year ended December 31, 2021.

Miller Propane ("Miller")

On February 1, 2021 Superior acquired a 100% equity interests of a retail propane distribution company, operating in Quebec under the tradename Miller Propane ("Miller") for a total consideration of $7.5 million. Goodwill arising on this acquisition forms part of the Canadian Propane Distribution segment and is not deductible for tax purposes.

Subsequent to the acquisition date, the acquisition contributed revenue and net earnings of $4.6 million and $0.9 million respectively to the Canadian Propane Distribution segment for the year ended December 31, 2021.

Highlands Propane ("Highlands")

On February 11, 2021, Superior acquired the assets and shares of an Ontario retail propane distribution company, operating under the tradename Highlands Propane ("Highlands") for a total consideration of $15.0 million. Goodwill arising on the acquisition forms part of the Canadian Propane Distribution segment.

Subsequent to the acquisition date, the acquisition contributed revenue and net earnings of $9.7 million and $0.8 million respectively to the Canadian Propane Distribution segment for the year ended December 31, 2021.

Acquisitions in 2020

	Western	Champagne	Rymes	Central Cost	Southern Propane
Year of acquisition	2020	2020	2020	2020	2020
Cash	0.9	–	–	0.2	–
Accounts receivable	0.9	0.5	0.9	0.2	0.2
Prepaid expenses	0.1	–	–	–	–
Inventories	0.2	0.4	2.3	–	0.1
Other assets	–	–	0.3	–	–
Property, plant and equipment	8.5	11.0	82.7	1.9	6.5
Intangible assets	9.4	11.8	55.0	7.5	1.4
Trade and other payables and contract liabilities	(1.1)	(2.2)	(10.1)	(0.3)	(0.5)
Lease liabilities	(2.3)	(0.8)	(1.3)	(0.3)	(1.0)
Deferred tax liabilities	(2.5)	–	–	(2.5)	–
Net identifiable assets and liabilities	14.1	20.7	129.8	6.7	6.7
Consideration transferred					
Fair value of deferred consideration	5.2	–	–	2.0	–
Cash paid on acquisition	24.6	35.3	196.3	15.1	8.1
Total consideration transferred	29.8	35.3	196.3	17.1	8.1
Goodwill arising on acquisition	15.7	14.6	66.5	10.4	1.4

During the year ended December 31, 2021, Superior has finalized the purchase price allocations for the following acquisitions completed in 2020. As a result, the following adjustments were made to the purchase price allocations and balances as at December 31, 2020 were restated accordingly:

Purchase Price Adjustments	Champagne	Rymes	Southern Propane	Central Coast	Total
Accounts receivable	0.5	(1.3)	0.1	–	(0.7)
Property, plant and equipment	(1.5)	(20.6)	(1.0)	(0.3)	(23.4)
Intangible assets	1.1	5.6	–	–	6.7
Trade and other payables and contract liabilities	(1.5)	(2.9)	(0.2)	(0.3)	(4.9)
Net identifiable assets and liabilities	(1.4)	(19.2)	(1.1)	(0.6)	(22.3)
Consideration transferred					
Cash paid on acquisition	(1.1)	(0.4)	0.1	–	(1.4)
Total consideration transferred	(1.1)	(0.4)	0.1	–	(1.4)
Goodwill arising on acquisition	0.3	18.8	1.2	0.6	20.9

Working capital including accounts receivables and trade payables was decreased by $5.6 million. Property, plant and equipment and intangibles changed by a net decrease of $16.7 million as a result of updating estimates to the assumed age and quantity of tanks and equipment acquired. Cash paid was decreased by $1.4 million as a result of finalizing the consideration paid related to working capital acquired. As a result of these adjustments, goodwill was increased by $20.9 million. The consolidated statements of changes in equity, net earnings and total comprehensive earnings and cash flows for the year ended December 31, 2020 remain unchanged since the effect of the above-noted changes was not significant to these consolidated statements.

5. Trade and Other Receivables

A summary of trade and other receivables is as follows:

	2021	2020 (i)
Trade receivables, net of allowances	**300.1**	270.0
Accounts receivable – other (ii)	**19.3**	42.2
Trade and other receivables	**319.4**	312.2

(i) Restated, see Note 4.

(ii) This balance consists of accounts receivable related to CEWS, indirect tax, final settlements related to acquisitions and other miscellaneous balances. The amount of CEWS included in this balance is $nil million (December 31, 2020 – $15.7 million), see Note 22.

Pursuant to their respective terms, trade receivables, before the deduction for an allowance for doubtful accounts, are aged as follows:

	2021	2020
Current	**211.0**	209.2
Past due less than 90 days	**84.6**	56.9
Past due over 90 days	**17.4**	15.9
Trade receivables	**313.0**	282.0

Superior's trade receivables are stated after deducting an allowance of $12.9 million as at December 31, 2021 (December 31, 2020 – $12.0 million). The movement in the allowance for doubtful accounts is as follows:

	2021	2020
Allowance for doubtful accounts, January 1	**(12.0)**	(9.3)
Impairment losses recognized on receivables	**(8.0)**	(5.3)
Amounts written off during the year as uncollectible	**6.4**	1.5
Impact of divestiture (Note 3)	**1.0**	–
Amounts recovered	**0.5**	0.5
Foreign exchange impact and other	**(0.8)**	0.6
Allowance for doubtful accounts, end of the year	**(12.9)**	(12.0)

6. Prepaids and deposits

A summary of prepaids and deposits is as follows:

	2021	2020
Prepaid insurance	**14.1**	17.0
Tax installments	**13.4**	11.8
Deposits	**14.0**	1.5
Leases and licenses	**4.4**	3.6
Storage and rent	**1.0**	1.1
Miscellaneous prepaids and other	**5.9**	10.5
	52.8	45.5

7. Inventories

A summary of inventories is as follows:

	2021	2020
Propane, heating oil and other refined fuels	**97.9**	65.9
Propane retailing materials, supplies, appliances and other	**13.6**	11.0
Chemical finished goods and raw materials	**–**	27.6
Chemical stores, supplies and other	**–**	19.5
	111.5	124.0

8. Property, Plant and Equipment

Cost	Land	Buildings	Specialty Chemicals Plant and Equipment [i]	Energy Distribution Retailing Equipment	Leasehold Improvements	Total
Balance as at December 31, 2019	73.8	361.8	1,125.5	1,323.3	12.7	2,897.1
Additions – right-of-use assets	–	31.7	6.4	45.5	–	83.6
Additions – property, plant and equipment	1.4	4.4	37.9	58.3	0.4	102.4
Additions through business combinations (Note 4) [ii]	8.6	21.6	–	80.3	0.1	110.6
Adjustments related to ARO and provisions	–	12.6	2.1	0.4	–	15.1
Disposals and other	(1.6)	(3.7)	(11.4)	(40.3)	–	(57.0)
Net foreign currency exchange differences and other	(5.2)	7.6	(11.5)	(49.9)	(1.3)	(60.3)
Balance as at December 31, 2020	77.0	436.0	1,149.0	1,417.6	11.9	3,091.5
Additions – right-of-use assets	**–**	**9.0**	**1.7**	**29.1**	**–**	**39.8**
Additions – property, plant and equipment	**–**	**4.2**	**5.6**	**80.8**	**5.0**	**95.6**
Additions through business combinations (Note 4)	**4.7**	**22.5**	**–**	**81.8**	**–**	**109.0**
Adjustments related to ARO and provisions	**–**	**(17.0)**	**(0.7)**	**0.1**	**–**	**(17.6)**
Disposals and other	**(1.0)**	**(6.1)**	**(0.4)**	**(21.9)**	**–**	**(29.4)**
Net foreign currency exchange differences and other	**0.1**	**(2.9)**	**(6.3)**	**2.6**	**(0.1)**	**(6.6)**
Divestiture (Note 3)	**(4.8)**	**(260.8)**	**(1,148.9)**	**–**	**–**	**(1,414.5)**
Balance as at December 31, 2021	**76.0**	**184.9**	**–**	**1,590.1**	**16.8**	**1,867.8**
Accumulated Depreciation						
Balance as at December 31, 2019	–	115.5	652.0	547.5	6.5	1,321.5
Depreciation expense – property, plant and equipment	–	13.1	40.3	102.2	1.4	157.0
Depreciation of right-of-use assets	–	12.5	20.0	13.3	0.2	46.0
Eliminated on disposal of assets	–	(2.9)	(7.8)	(29.4)	–	(40.1)
Net foreign currency exchange differences and other	–	(4.4)	(7.5)	(3.9)	(1.5)	(17.3)
Balance as at December 31, 2020	–	133.8	697.0	629.7	6.6	1,467.1
Depreciation expense – property, plant and equipment	**–**	**7.6**	**0.9**	**92.5**	**1.1**	**102.1**
Depreciation of right-of-use assets	**–**	**10.1**	**5.4**	**22.2**	**–**	**37.7**
Eliminated on disposal of assets	**–**	**(4.6)**	**(0.1)**	**(17.0)**	**–**	**(21.7)**
Net foreign currency exchange differences and other	**–**	**(1.1)**	**(4.2)**	**0.2**	**–**	**(5.1)**
Impact of Divestiture (Note 3)	**–**	**(91.4)**	**(699.0)**	**–**	**–**	**(790.4)**
Balance as at December 31, 2021	**–**	**54.4**	**–**	**727.6**	**7.7**	**789.7**

(i) This amortization expense is recorded to discontinued operations.

Carrying Amount						
As at December 31, 2020 [ii]	77.0	302.2	452.0	787.9	5.3	1,624.4
As at December 31, 2021	**76.0**	**130.5**	**–**	**862.5**	**9.1**	**1,078.1**

(ii) Restated, see Note 4.

The carrying amounts of the right-of-use assets included in the above are as follows:

Carrying Amount	Land	Buildings	Specialty Chemicals Plant and Equipment	Energy Distribution Retailing Equipment	Leasehold Improvements	Total
As at December 31, 2020	–	80.8	78.5	113.2	–	272.5
As at December 31, 2021	**–**	**66.7**	**–**	**117.6**	**–**	**184.3**

Included in the above right-of-use assets table, are vehicle and other fleet leases of $105.9 million as at December 31, 2021 (December 31, 2020 – $94.8 million).

Depreciation per cost category:

	Years Ended December 31	
	2021	2020
Selling, distribution and administrative costs		
Property, plant and equipment	**114.3**	113.4
Right-of-use asset	**16.1**	16.9
Discontinued operations		
Property, plant and equipment	**6.6**	50.5
Right-of-use asset	**2.9**	22.2
Total Depreciation	**139.9**	203.0

Superior evaluated the property, plant and equipment as at December 31, 2021 and 2020 for indicators of impairment and no impairment was identified. Therefore, the carrying value was not adjusted. See Note 10 for further details on testing of property, plant and equipment impairment in CGUs.

9. Intangible Assets

Cost	Customer Relationships	Cap and Trade Emissions Units Purchased	Energy Distribution Trademarks, Non-Compete and Royalty Agreements, Patents and Software	Specialty Chemicals Royalty Assets and Patents [i]	Total
Balance as at December 31, 2019	383.7	15.7	123.8	7.3	530.5
Additions through business combinations (Note 4) [ii]	85.1	–	–	–	85.1
Additions acquired separately	–	7.4	13.9	–	21.3
Reclassifications	–	–	5.3	–	5.3
Net foreign currency exchange differences and other	(4.7)	(0.1)	(2.4)	(0.2)	(7.4)
Balance as at December 31, 2020	464.1	23.0	140.6	7.1	634.8
Additions through business combinations (Note 4)	**83.1**	**–**	**0.9**	**–**	**84.0**
Additions acquired separately	**–**	**9.5**	**9.5**	**–**	**19.0**
Reclassifications	**(0.5)**	**–**	**0.5**	**–**	**–**
Disposals	**–**	**(17.7)**	**–**	**–**	**(17.7)**
Net foreign currency exchange differences and other	**(2.6)**	**–**	**0.5**	**–**	**(2.1)**
Divestiture (Note 3)	**–**	**–**	**–**	**(7.1)**	**(7.1)**
Balance as at December 31, 2021	**544.1**	**14.8**	**152.0**	**–**	**710.9**

Accumulated Amortization					
Balance as at December 31, 2019	56.8	–	82.8	2.1	141.7
Amortization expense	56.7	–	6.3	1.1	64.1
Net foreign currency exchange differences and other	(1.0)	–	(2.1)	–	(3.1)
Balance as at December 31, 2020	112.5	–	87.0	3.2	202.7
Amortization expense	**59.0**	**–**	**11.7**	**0.1**	**70.8**
Net foreign currency exchange differences and other	**(0.2)**	**–**	**–**	**–**	**(0.2)**
Divestiture (Note 3)	**–**	**–**	**–**	**(3.3)**	**(3.3)**
Balance as at December 31, 2021	**171.3**	**–**	**98.7**	**–**	**270.0**

(i) This amortization expense is recorded to discontinued operations.

Carrying value					
As at December 31, 2020 [ii]	351.6	23.0	53.6	3.9	432.1
As at December 31, 2021	**372.8**	**14.8**	**53.3**	**–**	**440.9**

(ii) Restated, see Note 4.

Superior evaluated intangible assets as at December 31, 2021 and 2020 for indicators of impairment and the Company did not identify any impairment. Therefore, the carrying value was not adjusted for the current year. Amortization of $0.1 million (2020 – $1.1 million) is related to and is included in discontinued operations.

During the year, the Company invested $9.5 million (2020 – $13.9 million) in new software systems and enhancements to existing systems. These additions include the cost of the software, the installation and consulting services relating to the enhancements and implementation of these systems.

10. Goodwill

	2021	2020
Balance, beginning of the year	**1,173.7**	1,080.9
Additional amounts recognized from business combinations during the year (Note 4)	**151.6**	108.6
Divestiture (Note 3)	**(1.0)**	–
Effect of foreign currency differences	**(4.7)**	(15.8)
Balance, end of the year	**1,319.6**	1,173.7

Goodwill is a result of a number of previous business combinations and is generally attributable to anticipated synergies expected and other intangible assets that are not required to be separately identified. Goodwill by definition has an indefinite life and, therefore, is not amortized.

Impairment of Property, Plant and Equipment, Goodwill and Intangible Assets

Goodwill is subject to impairment tests at least annually. For purposes of impairment testing, Superior assesses goodwill at the CGU level.

The carrying amount of goodwill as at December 31 was allocated to the segments as follows:

	2021	2020
U.S. Propane Distribution	**967.6**	829.3
Canadian Propane Distribution	**352.0**	343.4
Specialty Chemicals	**–**	1.0
	1,319.6	1,173.7

Superior conducts assessments for indicators of impairment on a quarterly basis and performs a detailed impairment assessment at least annually. As at December 31, 2021 and 2020, an impairment test was performed for all CGUs with allocated goodwill and no impairment was identified.

The recoverable amount of each CGU for Energy Distribution, which includes property, plant and equipment and intangible assets, was based on its value in use and was determined by estimating the future cash flows that would be generated from the continuing use of the CGU, incorporating the following assumptions:

Basis on which recoverable amount was determined

The recoverable amount for each CGU is determined using a detailed cash flow model which is based on evidence from an internal budget approved by the Board of Directors. Management's internal budgets are based on past experience and are adjusted to reflect market trends and economic conditions.

Key rates used in calculation of recoverable amount

Growth rate to perpetuity

The first five years of cash flow projections used in the model are based on management's internal budgets and projections after five years are extrapolated using growth rates in line with historical long-term growth rates. The long-term growth rate used in determining the recoverable amount for each CGU is 2.0% (2020 – 2.0%). Cash flow projections exclude any costs related to expansions through acquisitions and other related initiatives.

Discount rates

Cash flows in the model are discounted using a discount rate specific to each CGU which is adjusted based on risk assessments for each CGU. Discount rates reflect the current market assessments of the time value of money and are derived from the CGU's weighted average cost of capital and are adjusted for tax. The after-tax discount rates used in determining the recoverable amount for the CGUs range from 8.1% to 8.7% (2020 – 8.7% to 9.3%).

Inflation rates

Inflation rates used in the cash flow model are based on a blend of a number of publicly available inflation forecasts. The inflation rate used in determining the recoverable amount for each CGU in 2021 is 2.0% (2020 – 2.0%).

Key assumptions

In determining the recoverable amount of each CGU, business, market and industry factors were considered.

11. Provisions

A summary of provisions is as follows:

	Restructuring	Decommissioning	Other	Total
Balance as at December 31, 2019	4.9	108.4	7.2	120.5
Additions	1.8	2.1	–	3.9
Utilization	(4.1)	(0.6)	(1.7)	(6.4)
Amounts reversed during the year	(0.3)	(1.1)	–	(1.4)
Unwinding of discount	–	1.5	–	1.5
Impact of change in discount rate	–	15.1	–	15.1
Net foreign currency exchange difference	–	(2.5)	–	(2.5)
Balance as at December 31, 2020	2.3	122.9	5.5	130.7
Additions	**2.8**	**(0.2)**	**–**	**2.6**
Utilization	**(2.2)**	**(0.1)**	**(1.9)**	**(4.2)**
Unwinding of discount	**–**	**0.4**	**–**	**0.4**
Impact of change in discount rate	**–**	**(17.6)**	**–**	**(17.6)**
Divestiture (Note 3)	**(0.8)**	**(97.3)**	**–**	**(98.1)**
Net foreign currency exchange difference	**–**	**(0.7)**	**–**	**(0.7)**
Balance as at December 31, 2021	**2.1**	**7.4**	**3.6**	**13.1**

	2021	2020
Current (Note 12)	**2.8**	4.3
Non-current	**10.3**	126.4
	13.1	130.7

Restructuring

Provisions for restructuring are recorded in provisions, except for the current portion, which is recorded in trade and other payables. As at December 31, 2021, the current portion of restructuring costs was $2.1 million (2020 – $2.3 million). The restructuring cost of Specialty Chemicals business has been reclassified into discontinued operations.

Decommissioning

The provisions are on a discounted basis and are based on existing technologies at current prices or long-term price assumptions, depending on the expected timing of the activity.

U.S. Propane Distribution

Superior records a provision for the future costs of decommissioning certain assets associated with the Energy Distribution segment. Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $8.5 million as at December 31, 2021 (2020 – $8.8 million) which will be paid over the next 11 years. The discount rate of 1.7% as at December 31, 2021 (2020 – 1.2%) was used to calculate the present value of the estimated cash flows.

Other

Environmental

Provisions for environmental remediation are made when a cleanup is probable and the amount of the obligation can be reliably estimated. Generally, this coincides with the commitment to a formal plan or, if earlier, on divestment or closure of inactive sites. Superior estimates the total undiscounted expenditures required to settle its environmental expenditures to be approximately $2.9 million as at December 31, 2021, (2020 – $2.9 million) which will be paid over the next year. The provision for environmental expenditures has been estimated using existing technology at current prices. No discount rate has been applied as the liability is to be settled within 12 months. The extent and cost of future remediation programs are inherently difficult to estimate. They depend on the scale of any possible contamination, the timing and extent of corrective actions, and Superior's share of the liability.

Supply contract

As part of a prior acquisition, Superior was required to enter into a five-year supply agreement with the seller. The supply agreement was for terms that were unfavourable to Superior based on current supply arrangements under contract. As a result, Superior has recorded a provision with a balance of $0.8 million as at December 31, 2021, (2020 – $2.6 million) related to this contract. The supply agreement ends March 31, 2022.

Other claims

Superior is subject to various claims and potential claims in the normal course of business, but the Company does not expect the ultimate settlement of any of these to have a material effect on its financial results. The outcomes of all the proceedings and claims against Superior are subject to future resolution that includes the uncertainties of litigation. It is not possible for Superior to predict the result or magnitude of the claims due to the various factors and uncertainties involved in the legal process. Based on information currently known to Superior, it is not probable that the ultimate resolution of any proceedings and claims, individually or in total, will have a material effect on the consolidated statements of net earnings and total comprehensive earnings or consolidated balance sheets. If it becomes probable that Superior is liable, Superior will record a provision in the period the change in probability occurs, and the resulting impact could be material to the consolidated statements of net earnings and total comprehensive earnings or consolidated balance sheets.

12. Trade and Other Payables

A summary of trade and other payables is as follows:

	2021	2020 [(i)]
Trade payables	**297.0**	285.4
Provisions (Note 11)	**2.8**	4.3
Accrued liabilities and other payables	**103.9**	111.8
Current taxes payable	**12.6**	15.2
Share-based payments, current portion	**22.5**	15.1
Trade and other payables	**438.8**	431.8

(i) Restated, see Note 4.

The average credit period on purchases by Superior is 28.5 days (2020 – 28.2 days). No interest is charged on the trade payables up to 10 days (2020 – 10 days) from the date of the invoice. Thereafter, interest is charged at a rate of up to 18.0% (2020 – 18.0%) per annum on the balance. Superior's financial risk management policies ensure that payables are normally paid within the pre-agreed credit terms.

13. Contract Liabilities

	2021	2020
Balance, beginning of the year	**19.1**	18.1
Acquisitions	**–**	(0.1)
Additions during the year	**44.6**	56.6
Divestiture (Note 3)	**(0.3)**	–
Recognized in net earnings	**(42.8)**	(55.0)
Foreign exchange impact	**–**	(0.5)
Balance, end of the year	**20.6**	19.1

The Company does not generally receive deposits for periods longer than 12 months in advance of performing the related service.

14. Other Liabilities

A summary of other liabilities is as follows:

	2021	2020
Quebec cap and trade payable	**4.2**	–
California cap and trade payable	**6.0**	3.8
Nova Scotia cap and trade payable	**1.8**	1.1
Share-based payments and others	**4.0**	8.4
Other long-term payables	**–**	1.2
Other liabilities	**16.0**	14.5

Superior operates in California, Nova Scotia, and Quebec, and is required to participate in the respective government cap and trade programs, which requires Superior to settle any liability with compliance instruments at the end of each compliance period. Intangible assets are recorded when compliance instruments are purchased, and cap and trade liabilities are recorded upon the import of propane. These are included in the consolidated statements of cash flows net of the liability that has been accrued related to cap and trade as part of changes in non-cash working capital. The Quebec cap and trade liability of $nil million (2020 – $11.1 million) is included into trade payables.

15. Borrowings

A summary of borrowings is as follows:

	Maturity	Rate	2021	2020
Revolving Term Bank Credit Facilities [1]				
Bankers' Acceptances ("BA")	2026	Floating BA rate plus 1.70%	**35.0**	225.0
Canadian Prime Rate Loan (Prime and Swing line)	2026	Prime rate plus 0.70%	**10.0**	7.1
LIBOR Loans (US$93.0 million; 2020 – US$75.0 million)	2026	Floating LIBOR rate plus 1.70%	**117.5**	95.4
U.S. Base Rate Loans (Prime and Swing line) (US $14.0 million; 2020 - US$12.6 million)	2026	U.S. Prime rate plus 0.70%	**17.7**	16.1
			180.2	343.6
Other Debt				
Deferred consideration and other	2022–2026	1.74%–8.74%	**40.0**	24.8
			40.0	24.8
Senior Unsecured Notes				
Senior unsecured notes [3]	2024	5.250%	**–**	400.0
Senior unsecured notes [3]	2025	5.125%	**–**	370.0
Senior unsecured notes [2]	2026	7.000%	**–**	445.4
Senior unsecured notes [3]	2028	4.250%	**500.0**	–
Senior unsecured notes [2]	2029	4.500%	**758.2**	–
			1,258.2	1,215.4
Total borrowings before deferred financing fees			**1,478.4**	1,583.8
Deferred financing fees and discounts			**(22.1)**	(22.3)
Total borrowings before current maturities			**1,456.3**	1,561.5
Current maturities			**(11.4)**	(7.1)
Total non-current borrowings			**1,444.9**	1,554.4

[1] As at December 31, 2021, Superior had $30.1 million of outstanding letters of credit (December 31, 2020 – $40.6 million) and $325.8 million of outstanding financial guarantees on behalf of its businesses (December 31, 2020 - $289.0 million). The fair value of Superior's revolving term bank credit facilities, other debt, letters of credit, and financial guarantees approximates their carrying value as a result of the market-based interest rates and the short-term nature of the underlying debt instruments. On April 9, 2021, Superior extended and restated its syndicated credit facility with 10 lenders, with no material changes to the financial covenants to May 8, 2026. The credit facilities are secured by substantially all of the assets of Superior. The lender commitments remain at $750.0 million and can be expanded to $1,050.0 million on condition that no event of default has occurred and lender consent is provided.

[2] On March 11, 2021, Superior's subsidiaries, Superior Plus LP and Superior General Partner Inc issued at par US$600 million of 4.5% senior unsecured notes due March 15, 2029, and redeemed in full Superior's US$350 million senior unsecured notes at a redemption price of 107.444% plus accrued and unpaid interest, if any, to but excluding the redemption date. The fair value of the outstanding US$600 million senior unsecured notes is $779.7 million (December 31, 2020 – $nil million), and the redeemed 7.00% notes (December 31, 2020 – $476.8 million) based on prevailing market prices. Upon redemption of the US$350 million senior unsecured note, a net foreign exchange translation gain of $5.8 million was recognized, see Note 18. There was an unrealized foreign exchange translation loss on the US$600 million senior unsecured note of $4.6 million for the year ended December 31, 2021.

[3] On May 18, 2021, Superior's wholly-owned subsidiary, Superior Plus LP has completed a private placement of CDN$500 million of 4.25% senior unsecured notes, at par value, due May 18, 2028, which are guaranteed by Superior and certain of its subsidiaries. The proceeds from the notes issuance along with borrowing under its credit facility and cash on hand were used to redeem the CDN $400 million of 5.25% senior unsecured notes and the CDN $370 million of 5.125% senior unsecured notes, at the respective prescribed rates in their indentures along with accrued and unpaid interest. The fair value of the senior unsecured notes based on prevailing market rates is as follows: 4.25% notes, is $503.4 million (December 31, 2020 – $nil million), redeemed 5.25% notes (December 31, 2020 – $413.5 million), redeemed 5.125% notes (December 31, 2020 – $386.9 million).

Repayment requirements of borrowings before deferred financing fees are as follows:

Current maturities	11.4
2022–2023	11.3
2023–2024	6.9
2024–2025	5.7
2025–2026	184.1
2026–2027	0.9
Thereafter	1,258.1
Total	**1,478.4**

16. Leasing Arrangements

The lease liabilities by operating segment are as follows:

	Propane Distribution		Specialty		
	Canada	U.S.	Chemicals	Corporate	Total
Lease liabilities as at December 31, 2019	72.7	46.3	113.9	1.5	234.4
combination	–	5.7	–	–	5.7
Additions	20.6	42.2	20.8	–	83.6
Finance expense on lease liabilities	4.1	3.6	6.5	0.1	14.3
Lease payments	(20.9)	(18.5)	(26.5)	(0.3)	(66.2)
Impact of changes in foreign exchange rates and other	–	(2.4)	(2.6)	–	(5.0)
Lease liabilities as at December 31, 2020	76.5	76.9	112.1	1.3	266.8
Lease liabilities assumed as part of a business combination	**0.3**	**17.8**	**–**	**–**	**18.1**
Additions	**18.4**	**19.7**	**1.7**	**–**	**39.8**
Finance expense on lease liabilities	**4.0**	**3.7**	**1.6**	**0.1**	**9.4**
Lease payments	**(20.9)**	**(21.4)**	**(8.7)**	**(0.3)**	**(51.3)**
Impact of changes in foreign exchange rates and other	**(0.4)**	**(1.2)**	**(1.4)**	**–**	**(3.0)**
Divestiture (Note 3)	**–**	**–**	**(105.3)**	**–**	**(105.3)**
Lease liabilities as at December 31, 2021	**77.9**	**95.5**	**–**	**1.1**	**174.5**

	2021	2020
Current portion of lease liabilities	**44.9**	53.3
Non-current portion of lease liabilities	**129.6**	213.5
Total lease liabilities	**174.5**	266.8

Included in the above lease liabilities, as at December 31, 2021, are vehicle and other fleet lease obligations of $90.1 million (December 31, 2020 – $85.7 million). The assets related to the vehicle and fleet lease obligations are included in right-of-use assets included in property, plant and equipment, see Note 8.

During the year ended December 31, 2021, the discount rate applied was 1.9% to 4.6% (December 31, 2020 – 3.5% to 5.6%).

The present value of lease payments are as follows:

	Minimum Rental Payments		Present Value of Minimum Rental Payments	
	2021	2020	**2021**	2020
Not later than one year	**48.4**	62.4	**44.9**	53.3
Later than one year and not later than five years	**106.6**	176.5	**90.0**	147.3
Later than five years	**53.1**	97.2	**39.6**	66.2
Less: future finance charges	**(33.6)**	(69.3)	**–**	–
Present value of minimum rental payments	**174.5**	266.8	**174.5**	266.8

Future minimum lease payments under non-cancellable, low-value, short-term leases and leases with variable lease payments are summarized below.

	2021	2020
Not later than one year	**2.7**	3.6
Later than one year and not later than five years	**0.6**	3.8
	3.3	7.4

17. Employee Future Benefits

In accordance with IAS 19 the most recent actuarial accounting of plan assets and the present value of the defined-benefit obligation were calculated on December 31, 2021. The present value of the defined-benefit obligation, and the related current and past service costs, were measured using the projected unit credit method, which is the same as that applied in calculating the accrued defined-benefit obligation recognized in the consolidated balance sheets.

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	Defined-benefit Plans		Other Benefit Plans	
	2021	2020	**2021**	2020
Average discount rate	**2.7%**	2.4%	**2.5%**	1.8%
Expected rate of compensation increase	**3.0%**	3.0%	**3.0%**	3.0%
Mortality rate [i]	**108%–112%**	95%–112%	**106%–109%**	97%–109%

[i] 2014 Canadian Private Sector Pensioners' Mortality Table combined with mortality improvement scale MI-2017.

Canadian Propane Distribution have defined-benefit and defined-contribution pension plans (the "Plans") covering most employees. The benefits provided under the plans are based on the individual employee's years of service and the highest average earnings for a specified number of consecutive years. The objective of the Plans when managing their net assets available for benefits, which represent the capital of the Plans, is to provide members with the retirement benefits prescribed in the Plans. The Specialty Chemicals pension plans were divested earlier in the year except for one non-funded Supplemental Retirement Arrangement plan with four members which has been assumed by Superior. All other benefit plans and the rest of the management objectives, policies and procedures are unchanged since 2020. The Plan assets are managed by the Human Resources and Compensation Committee of the Board of Directors on behalf of beneficiaries. The Human Resources and Compensation Committee of the Board of Directors retains independent managers and advisors.

Information about Superior's defined-benefit and other post-retirement benefit plans as at December 31, 2021 and 2020 in aggregate is as follows:

Recognized net (asset) liability arising from defined-benefit obligation

	Canadian Propane Distribution Pension Benefit Plans	Specialty Chemicals Pension Benefit Plans	Other Benefit Plans
Balance as at December 31, 2021			
Present value of defined-benefit obligations	**29.9**	–	**6.8**
Fair value of plan assets	**(36.9)**	–	**–**
Net (asset) liability arising from defined-benefit obligation	**(7.0)**	–	**6.8**
Balance as at December 31, 2020			
Present value of defined-benefit obligations	33.9	156.4	22.7
Fair value of plan assets	(40.8)	(150.7)	–
Net (asset) liability arising from defined-benefit obligation	(6.9)	5.7	22.7

Movements in defined-benefit obligations and plan assets

	Canadian Propane Distribution Pension Benefit Plans		Specialty Chemicals Pension Benefit Plans		Other Benefit Plans	
	2021	2020	**2021**	2020	**2021**	2020
Movement in the present value of the defined-benefit obligation during the year:						
Benefit obligation as at January 1	**33.9**	35.3	**156.4**	142.5	**22.7**	21.2
Current service cost	**0.0**	–	**0.5**	1.8	**–**	0.4
Interest cost	**0.7**	1.0	**–**	4.4	**0.4**	0.6
Contributions by the plan participants	**–**	–	**–**	0.1	**–**	–
Past service cost	**–**	–	**–**	–	**0.1**	–
Actuarial gains (losses)	**(1.2)**	1.0	**(13.4)**	13.6	**(2.9)**	1.6
Benefits paid	**(3.5)**	(3.4)	**(0.2)**	(6.0)	**(0.8)**	(1.1)
Divestiture (Note 3)	**–**	–	**(143.3)**	–	**(12.7)**	–
Benefit obligation as at December 31	**29.9**	33.9	**–**	156.4	**6.8**	22.7
Movement in the fair value of the plan assets during the year:						
Fair value of plan assets as at January 1	**40.8**	41.1	**150.7**	148.7	**–**	–
Expected return on plan assets	**0.8**	1.2	**–**	4.5	**–**	–
Excess return (shortfall) on plan assets	**(1.2)**	1.7	**–**	2.4	**–**	–
Contributions by the employer	**0.1**	0.3	**0.2**	1.5	**0.8**	1.1
Contributions by plan participants	**–**	–	**–**	0.1	**–**	–
Benefits paid	**(3.5)**	(3.4)	**(0.2)**	(6.0)	**(0.8)**	(1.1)
Administration expenses	**(0.1)**	(0.1)	**–**	(0.5)	**–**	–
Divestiture (Note 3)	**–**	–	**(150.7)**	–	**–**	–
Fair value of plan assets as at December 31	**36.9**	40.8	**–**	150.7	**–**	–
Funded status – plan surplus (deficit)						
Net asset (obligation) arising from defined-benefit obligation	**7.0**	6.9	**–**	(5.7)	**(6.8)**	(22.7)
Non-current net benefit asset (obligation)	**7.0**	6.9	**–**	(5.7)	**(6.8)**	(22.7)

The accrued net pension asset related to the Canadian Propane Distribution pension benefit plan on December 31, 2021 was $7.0 million (December 31, 2020 – $6.9 million), and the expense for 2021 was $nil million (2020 – $nil million). The accrued net pension obligation related to the Specialty Chemicals pension benefit plan on December 31, 2021 was $nil million (December 31, 2020 – $5.7 million), and the expense for 2021 was $0.5 million (2020 – $2.1 million).

The accrued net benefit obligation related to the total other benefit plans of Canadian Propane Distribution and Specialty Chemicals plan on December 31, 2021 was $6.8 million (2020 – $22.7 million), and the expense for 2021 was $0.5 million (2020 – $1.0 million). Amounts recognized in net earnings (loss) in respect of these defined-benefit plans are as follows for the years ended December 31:

	2021	2020
Service cost		
Current service cost	**0.5**	2.2
Administrative expense	**0.1**	0.6
Past service cost	**0.1**	–
Net interest expense	**0.3**	0.3
Components of defined-benefit costs recognized in net earnings	**1.0**	3.1

The service cost, administrative expense and net interest expense related to Canadian Propane Distribution and assumed Specialty Chemicals plan on December 31, 2021 was $1.0 million (2020 – $3.1 million) and is included in selling, distribution and administrative costs.

The remeasurement of the net defined-benefit liability is included in other comprehensive earnings (loss). The amounts recognized in accumulated other comprehensive earnings in respect of these benefit plans are as follows:

	2021	2020
Actuarial defined-benefit gains (losses) (before income taxes)	**16.3**	(12.2)
Cumulative actuarial gains (losses) (before income taxes)	**3.8**	(12.5)

Remeasurement on the net benefit obligation:	**2021**	2020
Cumulative actuarial losses (before income taxes), beginning of the year	**(12.5)**	(0.3)
Actuarial asset experience gain (loss)	**(1.2)**	4.0
Actuarial gain arising from changes in demographic assumptions	**1.0**	–
Actuarial gain (loss) arising from changes in financial assumptions	**16.6**	(16.6)
Actuarial gain (loss) arising from changes in experience adjustments	**(0.1)**	0.4
Cumulative actuarial earnings (losses) (before income taxes), end of the year	**3.8**	(12.5)

Significant actuarial assumptions for the determination of the accrued defined-benefit obligation are discount rate, compensation increase, mortality scale and trend rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring as at December 31, 2021, while holding all other assumptions constant.

Discount Rate

A 1% change in the discount rate would result in a change to the accrued defined-benefit obligation related to Canadian Propane Distribution of $2.8 million as at December 31, 2021 (2020 – $3.5 million) and a change to the current service expense of $0.1 million as at December 31, 2021 (2020 – $0.1 million). A 1% change in the discount rate would result in a change to the accrued defined-benefit obligation related to the assumed Specialty Chemicals plan of $0.2 million and a change to the current service expense of $nil million at December 31, 2021.

Compensation Increase

A 1% change in the salary would result in a change to the accrued defined-benefit obligation related to Canadian Propane Distribution of $nil as at December 31, 2021 (2020 – $nil) and a change to the current service expense of $nil as at December 31, 2021 (2020 – $nil). A 1% change in salary would result in a change to the accrued defined-benefit obligation and expense related to the assumed Specialty Chemicals of $nil million as at December 31, 2021.

Mortality Scale

A 10% change in the mortality scale would result in a change to the accrued defined-benefit obligation related to Canadian Propane Distribution of $1.6 million as at December 31, 2021 (2020 – $1.8 million) and a change to the current service expense of $nil million as at December 31, 2021 (2020 – $nil million). A 10% change in the mortality scale would result in a change to the accrued defined-benefit obligation related to the assumed Specialty Chemicals plan of $0.1 million as at December 31, 2021 and a change to the current service expense of $nil million as at December 31, 2021.

Trend Rate

A 1% change in the trend rate would result in a change to the accrued defined-benefit obligation related to Canadian Propane Distribution of $0.2 million as at December 31, 2021 (2020 – $0.1 million) and a change to the current service expense of $nil as at December 31, 2021 (2020 – $nil).

The sensitivity presented above may not be representative of the actual change in the accrued defined-benefit obligation as it is unlikely that the change in assumptions would occur in isolation, as some of the assumptions may be correlated.

There were no changes in the methods or assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the net benefit obligation related to Canadian Propane Distribution is 7.1 years as at December 31, 2021 (2020 – 8.2 years) and related to the assumed Specialty Chemicals plan is 9.8 years as at December 31, 2021 (2020 – 10.5 years).

As at December 31, 2021, Superior expects to make a contribution to the Canadian Propane Distribution Pension Benefit Plans of $0.8 million and to the assumed Specialty Chemicals Pension Benefit Plans of $0.1 million during 2022.

The fair values of plan assets as at December 31, 2021, by major asset category, are as follows:

	Canadian Propane Distribution Pension Benefit Plans	
	Level 2 assets	Percentage
Canadian equities	**4.5**	**12.2%**
Fixed income	**32.3**	**87.5%**
Cash	**0.1**	**0.3%**
Total	**36.9**	**100%**

The fair values of plan assets as at December 31, 2020, by major asset category, are as follows:

	Canadian Propane Distribution Pension Benefit Plans		Specialty Chemicals Pension Benefit Plans	
	Level 2	Percentage	Level 2	Percentage
Canadian equities	4.1	10.0%	12.0	8.0%
Foreign equities	–	–	45.5	30.2%
Fixed income	36.6	90.0%	68.6	45.5%
Real estate	–	0%	24.6	16.3%
Cash	0.1	0%	–	0.0%
Total	40.8	100.0%	150.7	100.0%

The actual returns on Canadian Propane Distribution plan assets during the year ended December 31, 2021 were (0.9)% (2020 – 7.2%). The assumed Specialty Chemicals plan was not a funded plan. The return on the Specialty Chemicals funded plan assets during the year ended December 31, 2020 was 4.4%.

As part of the risk management process, Superior has established a diversification policy, set rate of return objectives, and developed specific investment guidelines.

As at December 31, 2021, the asset-matching strategic choices that are formulated in the actuarial and Superior's Statement of Investment Policies and Procedures ("SIPP") of the total defined-benefit plan assets are:

	Canadian Propane Distribution Pension Benefit Plans
	Range [i][ii]
Canadian equities	2.0%–7.0%
Global equities	2.0%–7.0%
Fixed income	86.0%–96.0%

(i) Based on Superior's SIPP.

(ii) Canadian Propane Distribution SIPP does not provide ranges for U.S. and foreign equities; instead it provides an aggregate range for global equities.

As at December 31, 2020, the asset-matching strategic choices that are formulated in the actuarial and Superior's Statement of Investment Policies and Procedures ("SIPP") of the total defined-benefit plan assets are:

	Canadian Propane Distribution Pension Benefit Plans	Specialty Chemicals Pension Benefit Plans
	Range [i][ii]	Range [i][ii]
Canadian equities	2.0%–7.0%	5.0%–11.0%
Global equities	2.0%–7.0%	24.0%–36.0%
Fixed income	89.0%–92.0%	37.0%–57.0%
Real estate	–	9.0%–22.0%

(i) Based on Superior's SIPP.

(ii) Canadian Propane Distribution SIPP does not provide ranges for U.S. and foreign equities; instead it provides an aggregate range for global equities.

18. Financial Instruments

IFRS requires disclosure around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Superior's market assumptions. These two types of input create the following fair value hierarchy:

- *Level 1* – Quoted prices in active markets for identical instruments.
- *Level 2* – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- *Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which Superior has immediate access (Level 1). Where bid and ask prices are unavailable, Superior uses the closing price of the instrument's most recent transaction. In the absence of an active market, Superior estimates fair values based on prevailing market rates (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal or external valuation models, such as discounted cash flow analysis using, to the extent possible, observable market-based inputs (Level 2). Superior uses internally developed methodologies and unobservable inputs to determine the fair value of some financial instruments when required (Level 3).

Fair values determined using valuation models require assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, Superior looks primarily to available readily observable external market inputs including forecast commodity price curves, interest rate yield curves, currency rates and price and rate volatilities as applicable.

All financial and non-financial derivatives are designated as FVTPL upon their initial recognition.

For items that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing their classification at the end of each reporting period. During the year ended December 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

As at December 31, 2021

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Foreign currency forward contracts, net sale	**13.0**	**–**	**–**	**13.0**
Equity derivative contract	**–**	**4.3**	**–**	**4.3**
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	**–**	**44.1**	**–**	**44.1**
Total assets	**13.0**	**48.4**	**–**	**61.4**
Liabilities				
Foreign currency forward contracts, net sale	**1.4**	**–**	**–**	**1.4**
Equity derivative contract	**–**	**0.5**	**–**	**0.5**
purchase and sale contracts	**–**	**6.8**	**–**	**6.8**
Contingent consideration (Note 3)	**–**	**–**	**2.0**	**2.0**
Total liabilities	**1.4**	**7.3**	**2.0**	**10.7**
Total net assets (liabilities)	**11.6**	**41.1**	**(2.0)**	**50.7**
Current portion of assets	**5.3**	**47.3**	**–**	**52.6**
Current portion of liabilities	**0.3**	**6.8**	**–**	**7.1**

As at December 31, 2020

	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts, net sale	22.0	–	–	22.0
Equity derivative contract	–	4.4	–	4.4
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	–	30.5	–	30.5
Total assets	22.0	34.9	–	56.9
Liabilities				
Foreign currency forward contracts, net sale	1.1	–	–	1.1
Cross-currency interest rate swaps	1.0	–	–	1.0
Equity derivative contract	–	0.6	–	0.6
purchase and sale contracts	–	10.0	–	10.0
Total liabilities	2.1	10.6	–	12.7
Total net assets	19.9	24.3	–	44.2
Current portion of assets	11.6	32.1	–	43.7
Current portion of liabilities	0.9	10.2	–	11.1

The following table outlines quantitative information about how the fair values of these financial and non-financial assets and liabilities are determined, including valuation techniques and inputs used:

Description	Notional	Term	Effective Rates	Valuation Technique(s) and Key Input(s)
Level 1 fair value hierarchy:				
Foreign currency forward contracts	US$310.8	2022–2026	$1.31	Quoted bid prices in the active market.
Foreign currency options USD/CAD calls	US$44.5	2022–2024	$1.21–$1.47	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Equity derivative contracts	C$18.4	2022–2024	$10.55	Discounted cash flows – Future cash flows are estimated based on the share price.
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	143.1 USG (i)	2022–2024	$0.72–$2.46	Quoted bid prices for similar products in an active market.
Level 3 fair value hierarchy:				
Contingent consideration	C$100 (ii)	2022–2026		Weighted average EBITDA outcomes based on scenarios using current and future earnings assumptions such as foreign exchange rates, average price assumptions and forecasted demand.

(i) Millions of United States gallons ("USG") purchased.

(ii) Maximum adjustment including 6% interest.

Superior's realized and unrealized financial instrument gains (losses) for the year ended December 31, 2021 and 2020 are as follows:

						Years Ended December 31
			2021			2020
Description	**Realized Gain**	**Unrealized Gain (Loss)**	**Total**	Realized Gain (Loss)	Unrealized Gain	Total
Foreign currency forward contracts – net sale and foreign currency options, USD/CAD calls	**12.6**	**(8.2)**	**4.4**	(2.0)	19.9	17.9
Equity derivative contracts	**–**	**0.1**	**0.1**	–	2.9	2.9
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	**48.3**	**16.6**	**64.9**	(15.6)	34.5	18.9
Total gains (losses) on financial and non-financial derivatives	**60.9**	**8.5**	**69.4**	(17.6)	57.3	39.7
Foreign exchange loss on contingent consideration	**–**	**(0.6)**	**(0.6)**	–	–	–
Foreign exchange gain (loss) on U.S. dollar debt	**20.0**	**(18.8)**	**1.2**	–	9.3	9.3
Total gains (losses)	**80.9**	**(10.9)**	**70.0**	(17.6)	66.6	49.0

The following summarizes Superior's classification and measurement of financial assets and liabilities:

	Classification	Measurement
Financial Assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Derivative assets, including contingent consideration	FVTPL	Fair Value
Notes and finance lease receivable	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other liabilities	Amortized cost
Dividends payable	Other liabilities	Amortized cost
Borrowings	Other liabilities	Amortized cost
Derivative liabilities, including contingent consideration	FVTPL	Fair Value

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables, dividends payable and revolving term bank credit facilities correspond to the respective carrying amounts due to their short-term nature and/or the interest rate on the asset is commensurate with market interest rates for the type of asset with similar duration and credit risk. The fair value of senior unsecured notes disclosed in Note 15 are determined by quoted market prices (Level 2 fair value hierarchy). The fair value of the Note receivable is approximately $126.4 million based on changes in market interest rates commensurate with this type of asset with a similar duration and credit risk. This estimate is subject to change and will be updated as new information becomes available (Level 3 fair value hierarchy).

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported on the consolidated balance sheets when Superior currently has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, Superior enters into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting, but do, however, still allow for the related amount to be set off in certain circumstances, such as bankruptcy or the termination of contracts. As at December 31, 2021 and 2020, Superior has not recorded any amount against other current and non-current financial liabilities.

Financial Instruments – Risk Management

Market Risk

Financial derivatives and non-financial derivatives are used by Superior to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Superior assesses the inherent risks of these instruments by grouping financial and non-financial derivatives according to the exposures these instruments mitigate. Superior's policy is not to use financial derivative or non-financial derivative instruments for speculative purposes. Superior does not formally designate its derivatives as hedges and, as a result, Superior does not apply hedge accounting and is required to designate its financial derivatives and non-financial derivatives as held for trading.

Energy Distribution enters into various propane forward purchase and sale agreements to manage the economic exposure of its wholesale customer supply contracts. Energy Distribution monitors its fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Energy Distribution maintains a substantially balanced fixed-price propane position in relation to its wholesale customer supply commitments.

Superior, on behalf of its operating divisions, enters into foreign currency forward contracts to manage the economic exposure of its operations to movements in foreign currency exchange rates. Energy Distribution contracts a portion of its fixed-price natural gas, and propane purchases and sales in U.S. dollars and enters into forward U.S.-dollar purchase contracts to create an effective Canadian-dollar fixed-price purchase cost. Superior enters into U.S.-dollar forward sales contracts on an ongoing basis to mitigate the impact of foreign exchange fluctuations on sales margins on production from its Canadian plants that is sold in U.S. dollars. Interest expense on Superior's U.S.-dollar debt is also used to mitigate the impact of foreign exchange fluctuations.

Superior manages its overall liquidity risk in relation to its general funding requirements by utilizing a mix of short-term and long-term debt instruments. Superior reviews its mix of short-term and long-term debt instruments on an ongoing basis to ensure it is able to meet its liquidity requirements.

Credit Risk

Superior utilizes a variety of counterparties in relation to its financial derivative and non-financial derivative instruments in order to mitigate its counterparty risk. Superior assesses the creditworthiness of its significant counterparties at the inception and throughout the term of a contract. Superior is also exposed to customer credit risk. Energy Distribution deals with a large number of small customers, thereby reducing this risk. Energy Distribution actively monitors the creditworthiness of its commercial customers. Overall, Superior's credit quality is enhanced by its portfolio of customers, which is diversified across geographical (primarily Canada and the U.S.) and end-use (primarily commercial, residential and industrial) markets.

Allowances for doubtful accounts and past due receivables are reviewed by Superior as at each consolidated balance sheet date. Superior updates its estimate of the allowance for doubtful accounts based on the evaluation of the recoverability of trade and other receivables with each customer, considering historical collection trends of past due accounts, current economic conditions and future forecasts. Trade and other receivables are written off once it is determined they are uncollectible.

As part of the material terms of the divestiture disclosed in Note 3, a Vendor Note of $125 million was issued by the buyer. Its principal amount and accrued and unpaid interest are due October 2026. The collectability of the amounts owed to Superior is subject to the going concern of the buyer. As of December 31, 2021, Superior does not have any concerns about the financial strength of the buyer. Superior will continuously monitor the credit risk associated with this Vendor Note.

Based on the current valuation, Superior has estimated a liability of $2.0 million related to this contingent consideration. The fair value has been calculated based on an estimate of the EBITDA during the thirty-six-months subsequent to the divestiture. If Superior's EBITDA assumptions used to value the contingent consideration were increased by 5% or decreased by 5% the fair value would increase by approximately $2.0 million and decrease by approximately $4.2 million respectively. This estimate is subject to change and will be updated as new information becomes available.

Liquidity Risk

Liquidity risk is the risk that Superior cannot meet a demand for cash or fund an obligation as it comes due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

To ensure it is able to react to contingencies and investment opportunities quickly, Superior maintains sources of liquidity at the corporate and subsidiary levels. The main sources of liquidity are cash and other financial assets, the undrawn committed revolving term bank credit facility, equity markets and debenture markets.

Superior is subject to the risks associated with debt financing, including the ability to refinance indebtedness at maturity. Superior believes these risks are mitigated through the use of long-term debt secured by high quality assets, maintaining debt levels that in management's opinion are appropriate, and by diversifying maturities over an extended period. Superior also seeks to include in its agreements terms that protect it from liquidity issues of counterparties that might otherwise affect liquidity.

Equity Price Risk

Equity price risk is the risk of volatility in earnings as a result of volatility in Superior's share price. Superior has equity price risk exposure to shares that it issues under various forms of share-based compensation programs, which affect earnings when outstanding units are revalued at the end of each reporting period. Superior uses equity derivatives to manage volatility derived from its share-based compensation program.

As at December 31, 2021, Superior estimates that a 10% increase in its share price would have resulted in a $2.3 million increase in earnings due to the revaluation of equity derivative contracts.

Superior's contractual obligations associated with its financial liabilities are as follows:

	Current	2023	2024	2025	2026	2027	Thereafter	Total
Borrowings before deferred financing fees and discounts	11.4	11.3	6.9	5.7	184.1	0.9	1,258.1	1,478.4
Lease liabilities	44.9	31.0	26.9	20.6	11.5	5.7	33.9	174.5
Non-cancellable, low-value, short-term leases and leases with variable lease payments	2.7	0.5	0.1	–	–	–	–	3.3
USD-foreign currency forward sales contracts	131.8	119.0	42.0	12.0	6.0	–	–	310.8
USD/CAD call options[(i)]	–	8.5	36.0	–	–	–	–	44.5
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	192.8	31.2	4.3	–	–	–	–	228.3

(i) USD/CAD call options expire in December 2023 and 2024 with strikes ranging from 1.21 to 1.47.

Superior's contractual obligations are considered normal-course operating commitments and do not include the impact of mark-to-market fair values on financial and non-financial derivatives. Superior expects to fund these obligations through a combination of cash flows from operations, proceeds on revolving term bank credit facilities and proceeds on the issuance of share capital. Superior's financial instruments' sensitivities are consistent as at December 31, 2021 and 2020.

Superior's financial instruments' sensitivities to changes in foreign currency exchange rates, interest rates and various commodity prices and the resulting impact to net earnings are detailed below:

	2021
Impact to net earnings of a $0.01 change in the CDN$ dollar compared to the US$ dollar	**+/- 0.3**
Impact to net earnings of a 0.5% change in interest rates	**+/- 0.5**
Impact to net earnings of a $0.04/litre change in the price of heating oil	**+/- 0.8**
Impact to net earnings of a $0.04/litre change in the price of propane	**+/- 0.9**

The calculation of Superior's sensitivity to changes in foreign currency exchange rates, interest rates and various commodity prices represent the change in fair value of the financial instrument without consideration of the value of the underlying variable, such as the underlying customer contracts. The recognition of the sensitivities identified above would have affected Superior's unrealized gain or loss on financial instruments and would not have had a material impact on Superior's cash flow from operations.

19. Income Taxes

Consistent with prior periods, Superior recognizes a provision for income taxes for its subsidiaries that are subject to current and deferred income taxes, including Canadian, U.S., Chilean and Luxembourg income taxes.

The income taxes differ from the amount computed by applying the corporate Canadian federal-provincial enacted statutory rate for 2021 of 26.01% (2020 – 26.61%). The statutory rates reflect previously enacted provincial tax rate decreases. The reasons for these differences are as follows:

	2021	2020 [i]
Net earnings from continuing operations	**17.2**	62.8
Income tax expense	**5.7**	64.3
Earnings before taxes	**22.9**	127.1
Computed income tax expense	**6.0**	33.8
Changes in effective foreign tax rates	**0.6**	0.2
Changes in tax rates	**(0.4)**	1.7
Non-deductible costs and other	**2.9**	(3.2)
Adjustments in respect of prior years	**(2.0)**	4.7
Change in amount of unrecognized asset	**0.1**	23.6
Other	**(1.5)**	3.5
Income tax expense	**5.7**	64.3

[i] The comparative figures have been restated to conform with the current year's presentation, see Note 2 and Note 3.

Income tax expense (recovery) for the years ended December 31, 2021 and 2020 is comprised of the following:

	2021	2020 [i]
Current income tax expense (recovery)		
Current income tax charge	**4.2**	(2.2)
Current tax charge associated with divestiture	**(85.0)**	–
Adjustments in respect of prior years	**(3.0)**	(2.4)
Total current income tax expense (recovery)	**(83.8)**	(4.6)
Deferred income tax expense (recovery)		
Relating to origination and reversal of temporary differences	**88.6**	36.5
Change in tax rates	**(0.4)**	1.7
Adjustments in respect of prior years	**1.0**	7.1
Change in amount of unrecognized asset	**0.1**	23.6
Other	**0.2**	–
Total deferred income tax expense	**89.5**	68.9
Income tax expense	**5.7**	64.3

[i] The comparative figures have been restated to conform with the current year's presentation, see Note 2 and Note 3.

Deferred tax for the years ended December 31, 2021 and 2020 is comprised of the following:

December 31, 2021	**Opening Balance**	**Credited (Charged) to Net Earnings**	**Credited (Charged) to Discontinued Operations**	**Credited (Charged) to Other Comprehensive Earnings**	**Acquisitions**	**Exchange Differences and Other**	**Closing Balance**
Property, plant and equipment	**(331.9)**	**(52.6)**	**112.2**	**–**	**(0.9)**	**1.3**	**(271.9)**
Reserves and employee benefits	**20.6**	**6.0**	**(3.8)**	**(3.7)**	**–**	**–**	**19.1**
Provisions	**33.7**	**(0.5)**	**(30.2)**	**–**	**–**	**–**	**3.0**
Finance Leases	**71.2**	**4.9**	**(29.5)**	**–**	**–**	**(0.2)**	**46.4**
Borrowing	**(8.2)**	**3.2**	**–**	**–**	**–**	**–**	**(5.0)**
Financing fees	**4.5**	**13.2**	**–**	**–**	**–**	**0.1**	**17.8**
Unrealized foreign exchange gains (losses)	**(11.7)**	**(1.9)**	**–**	**–**	**–**	**0.1**	**(13.5)**
Scientific research and development	**52.1**	**(30.7)**	**–**	**–**	**–**	**–**	**21.4**
Investment tax credits, net of tax	**52.9**	**(10.9)**	**–**	**–**	**–**	**(0.1)**	**41.9**
Non-capital losses	**70.2**	**(18.7)**	**–**	**–**	**–**	**(0.3)**	**51.2**
Other	**(0.4)**	**(1.5)**	**0.4**	**–**	**–**	**0.2**	**(1.3)**
Total	**(47.0)**	**(89.5)**	**49.1**	**(3.7)**	**(0.9)**	**1.1**	**(90.9)**

December 31, 2020	Opening Balance	Credited (Charged) to Net Earnings [i]	Credited (Charged) to Discontinued Operations [i]	Credited (Charged) to Other Comprehensive Earnings	Acquisitions	Exchange Differences and Other	Closing Balance
Property, plant and equipment	(280.0)	(64.5)	13.2	–	(5.6)	5.0	(331.9)
Reserves and employee benefits	18.7	(1.4)	0.2	3.2	–	(0.1)	20.6
Provisions	29.6	4.5	(0.1)	–	–	(0.3)	33.7
Finance Leases	61.4	15.3	(5.4)	–	0.7	(0.8)	71.2
Borrowing	(7.3)	(0.7)	–	–	–	(0.2)	(8.2)
Financing fees	6.8	(2.2)	–	–	–	(0.1)	4.5
Unrealized foreign exchange gains (losses)	4.6	(16.9)	0.2	–	–	0.4	(11.7)
Scientific research and development	54.8	(2.7)	–	–	–	–	52.1
Investment tax credits, net of tax	61.6	(8.7)	–	–	–		52.9
Non-capital losses	62.9	8.8	–	–	–	(1.5)	70.2
Other	(0.4)	(0.4)	–	–	–	0.4	(0.4)
Total	12.7	(68.9)	8.1	3.2	(4.9)	2.8	(47.0)

[i] The comparative figures have been restated to conform with the current year's presentation, see Note 2 and Note 3.

Deferred taxes reported in the two preceding tables are presented on a functional basis while deferred taxes reported on the consolidated balance sheets are on a legal-entity basis.

The net deferred income tax liability relates to the following tax jurisdictions as at December 31, 2021 and 2020:

	2021	2020
Canada	**7.0**	26.1
U.S.	**(97.9)**	(66.7)
Chile	**–**	(6.4)
Total net deferred income tax liability	**(90.9)**	(47.0)

Superior has available to carry forward the following as at December 31, 2021 and 2020:

	2021	2020
Canadian federal and provincial investment tax credits	**61.9**	76.2
Canadian scientific research expenditures	**91.4**	197.6
Canadian non-capital losses	**46.2**	44.6
U.S. non-capital losses	**235.6**	308.0

The federal and provincial investment tax credits available to reduce future years' taxable income expire as follows:

	Canada
2022	1.5
2023	14.8
2024	11.3
2025	8.6
Thereafter	25.7
Total	61.9

The Canadian scientific research expenditures may be carried forward indefinitely. The Canadian and U.S. non-capital loss carry-forwards are all due to expire beyond 2025.

As at December 31, 2021, Superior had $85.3 million of tax pools (2020 – $85.9 million) for which no deferred tax asset was recognized. For all other deferred tax assets, it is probable that the asset will be realized through a combination of future reversals of temporary differences and taxable income.

20. Total Equity

Superior is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares.

Common Shares

The holders of common shares are entitled to dividends if, as and when, declared by the Board of Directors; to one vote per share at shareholders' meetings; and upon liquidation, dissolution or winding up of Superior to receive pro rata the remaining property and assets of Superior, subject to the rights of any shares having priority over the common shares, of which the Preferred Shares of Superior Plus US Holdings are outstanding. See Preferred Shares issued by a subsidiary further below.

	Issued Number of Common Shares (Millions)	Total Capital Attributable to Common Shareholders	Equity Attributable to Common Shareholders
As at December 31, 2020	176.0	2,350.3	949.2
Net earnings for the year	–	–	**182.9**
Other comprehensive loss	–	–	**(21.7)**
Dividends declared to common shareholders	–	–	**(126.8)**
As at December 31, 2021	**176.0**	**2,350.3**	**983.6**

Preferred Shares of Superior Plus US Holdings

The Preferred Shares issued by Superior's subsidiary entitle the holders to a cumulative dividend of 7.25% per annum through to the end of Superior's second fiscal quarter in 2027. If dividends are paid on the common shares, Superior is required to pay the dividend in cash on the Preferred Shares, otherwise, the Preferred Share dividends can be paid or accrued at Superior's option. In the event that Superior declares a dividend on its common shares in excess of $0.06 per month, the holders of the Preferred Shares shall be entitled to an equivalent amount. Superior has the option to redeem all, but not less than all, the Preferred Shares at a date that is seven years after the issue date with not less than 30 days prior written notice to the holders of the Preferred Shares. The preferred shares can be redeemed at US$1,000 per share plus accrued and unpaid dividends. If Superior does not redeem the Preferred Shares, the dividend rate increases by 0.75% per annum for the next four years to a maximum of 10.25%. If the dividends are not paid in cash, the cumulative dividend increases by 1.0% per annum to a maximum of 14.25%.

The Preferred Shares may be exchanged, at the holder's option, into 30 million common shares of Superior ("Common Shares") or at Superior's option, on or after the third anniversary of the issue date if the volume-weighted average price of Superior's common shares during the then preceding 30 consecutive trading day period, converted to U.S. dollars at the applicable exchange rate, must be greater than 145% of the exchange price. On an as-exchanged basis, the investment currently represents approximately 15% of the diluted outstanding Common Shares. The exchange price of the Preferred Shares will be subject to adjustment from time to time in accordance with the terms of the Preferred Shares. These potential adjustments relate primarily to accrued and unpaid dividends, increased or additional dividends to common shareholders, in instances where there is a share split, share consolidation or a reorganization, the participation rate on the dividend reinvestment plan is greater than 35% and if common shares are issued below market value.

Holders of Preferred Shares will be entitled to vote on an as-exchanged basis for all matters on which holders of Superior's Common Shares vote, and to the greatest extent possible, will vote with the holders of Common Shares as a single class.

In the event of any liquidation, winding up or dissolution of Superior, the holders of Preferred Shares are entitled to receive prior, and in preference to, any distribution to the holders of common shares, an amount equal to the greater of a liquidation rate per share of US$1,400 plus accrued and unpaid dividends or the amount receivable had the preferred shares been converted to common shares immediately prior to the liquidation event. In the event that upon liquidation or dissolution, the assets and funds of Superior are insufficient to permit the payment to the holders of Preferred Shares of the full preferential amounts, then the entire assets and funds of Superior legally available for distribution are to be distributed ratably among the holders of Preferred Shares in proportion to the full preferential amount each is otherwise entitled to receive. After the distributions described above have been paid in full, the remaining assets of Superior available for distribution shall be distributed pro-rata to the holder of common shares.

Dividends declared to preferred shareholders for the year ended December 31, 2021 were US$18.1 million (C$23.8 million) or US$69.6 (C$91.5) per preferred share.

NCI	Issued Number of Preferred Shares (Millions)	Equity Attributable to NCI
As at December 31, 2020	0.3	330.9
Net earnings for the year	**–**	**23.8**
Other comprehensive loss, allocated to non-controlling interest	**–**	**(2.3)**
Dividends to preferred shareholders	**–**	**(23.8)**
As at December 31, 2021	**0.3**	**328.6**

Accumulated Other Comprehensive Earnings

	2021	2020
Accumulated other comprehensive earnings		
Currency translation adjustment		
Balance, beginning of the year	**83.7**	105.6
Unrealized foreign currency losses on translation of foreign operations	**(13.5)**	(21.9)
Realized foreign currency loss reclassified to net income (Note 3)	**(20.8)**	–
Balance, end of the year	**49.4**	83.7
Actuarial defined benefits		
Balance, beginning of the year	**(9.2)**	(0.3)
Actuarial defined-benefit gains (losses)	**16.3**	(12.1)
Income tax expense on other comprehensive earnings (loss)	**(3.7)**	3.2
Balance, end of the year	**3.4**	(9.2)
Accumulated other comprehensive earnings, end of the year	**52.8**	74.5

Other Capital Disclosure

Additional Capital Disclosure

Superior's objectives when managing capital are: (i) to maintain a flexible capital structure to preserve its ability to meet its financial obligations, including potential obligations from acquisitions; and (ii) to safeguard its assets while maximizing the growth of its businesses and returns to its shareholders.

In the management of capital, Superior includes shareholders' equity (excluding accumulated other comprehensive earnings) and current and long-term borrowings. Superior manages its capital structure and makes adjustments in light of changes in economic conditions and the nature of the underlying assets. In order to maintain or adjust the capital structure, Superior may adjust the amount of dividends to shareholders, issue additional share capital, conduct additional borrowing or issue convertible unsecured subordinated debentures, or conduct new borrowing or issue convertible unsecured subordinated debentures with different characteristics.

Superior monitors its capital based on the ratio of senior debt outstanding to net earnings before interest, taxes, depreciation, amortization and other non-cash expenses ("EBITDA"), as defined by its revolving term credit facility, and the ratio of total debt outstanding to EBITDA. Superior's reference to EBITDA as defined by its revolving term credit facility may be referred to as compliance EBITDA in its other public reports.

Superior is subject to various financial covenants in its credit facility agreements, including senior debt, total debt to EBITDA ratio and restricted payments tests, which are measured on a quarterly basis. As at December 31, 2021, Superior was in compliance with all of its financial covenants.

Superior's financial objectives and strategy related to managing its capital as described above remained unchanged from the prior year. Superior believes that its debt to EBITDA ratios are within reasonable limits, in light of Superior's size, the nature of its businesses and its capital management objectives.

21. Supplemental Disclosure of Consolidated Statements of Net Earnings

	Years Ended December 31	
	2021	2020 (iii)
Revenue		
Revenue from products (iv)	**2,309.9**	1,737.1
Revenue from the rendering of services	**63.4**	51.5
Tank and equipment rental	**19.3**	18.3
	2,392.6	1,806.9
Cost of sales		
Cost of products and services (i)	**(1,474.2)**	(889.3)
Low value, short-term and variable lease payments	**(5.7)**	(3.9)
	(1,479.9)	(893.2)
Selling, distribution and administrative costs		
Other selling, distribution and administrative costs	**(141.7)**	(144.2)
Restructuring, transaction and other costs	**(28.9)**	(23.6)
Employee future benefit expense	**(0.2)**	(0.1)
Employee costs (ii)	**(357.7)**	(304.1)
Vehicle operating costs	**(66.4)**	(60.6)
Facilities maintenance expense	**(7.6)**	(7.1)
Depreciation of right-of-use assets	**(16.1)**	(16.9)
Depreciation included in selling, distribution and administrative costs	**(114.3)**	(113.4)
Amortization of intangible assets	**(70.7)**	(63.0)
Low value, short-term and variable lease payments	**(2.1)**	(1.0)
Gain (loss) on disposal of assets	**0.4**	(3.5)
Realized gain on the translation of U.S.- denominated net working capital	**0.5**	0.4
	(804.8)	(737.1)
Finance expense		
Interest on borrowings	**(68.3)**	(84.0)
Interest earned on Vendor Note	**5.3**	–
Interest on lease liability	**(7.8)**	(7.8)
Premium and other losses on redemption of senior unsecured notes	**(58.6)**	–
Amortization of borrowing fees	**(24.1)**	–
Unwinding of discount on decommissioning liabilities and non-cash financing expenses	**(1.5)**	(6.7)
	(155.0)	(98.5)
Gains on derivatives and foreign currency translation of borrowings		
Realized gain (loss) on financial and non-financial derivatives and foreign currency translation	**80.9**	(17.6)
Unrealized gain (loss) on financial and non-financial derivatives and foreign currency translation	**(10.9)**	66.6
	70.0	49.0
Earnings before income taxes	**22.9**	127.1
Income tax recovery (expense)		
Current income tax recovery	**83.8**	4.6
Deferred income tax expense	**(89.5)**	(68.9)
	(5.7)	(64.3)
Net earnings from continuing operations	**17.2**	62.8

(i) During year ended December 31, 2021, the cost of products and services includes inventory write-down (reversal) of $2.5 million (year ended December 31, 2020 – $2.0 million).
(ii) Expense is shown net of the CEWS subsidy, see Note 22.
(iii) The comparative figures have been restated to conform with the current year's presentation, see Note 2 and Note 3.
(iv) Included in revenue from products are the sale of carbon credit of $16.3 million during the year ended December 31, 2021 (year ended December 31, 2020 – $4.0 million).

22. Government Grant

In response to COVID-19, the Government of Canada implemented the Canadian Emergency Wage Subsidy program. The CEWS program offers qualifying organizations government assistance in the form of a payroll subsidy to offset the cost of employees. The payroll subsidy was recognized as an offset to salary expense. For the year ended December 31, 2021 Superior recorded $21.7 million (2020 – $26.3 million) as a reduction to selling, distribution and administration costs and $1.4 million related to discontinued operations for the year ended December 31, 2021 (2020 – $7.0 million).

There are no unfulfilled conditions attached to this government assistance. As of December 31, 2021, $nil million (December 31, 2020 – $15.7 million) is included in trade and other receivables.

23. Net Earnings Per Share, Basic and Diluted

	Years Ended December 31	
Net earnings (loss) per share from continuing operations	**2021**	2020
Basic		
Net earnings (loss) from continuing operations attributable to common shareholders [i]	**$(6.6)**	$51.1
Weighted average shares outstanding (millions) – basic	**176.0**	175.7
Net earnings (loss) from continuing operations per share attributable to common shareholders	**$(0.04)**	$0.29
Diluted		
Net earnings from continuing operations attributable to common shareholders assuming preferred shares convert	**$17.2**	$62.8
Weighted average common shares outstanding (millions) assuming preferred shares convert	**206.0**	189.7
	$0.08	$0.33
Net earnings (loss) per share from continuing operations attributable to common shareholders	**$(0.04)**	$0.29

[i] No additional allocation to the NCI because there are no excess earnings.

	Years Ended December 31	
Net earnings per share from discontinued operations	**2021**	2020
Basic		
Net earnings attributable to common shareholders	**$189.5**	$24.0
Weighted average shares outstanding (millions) – basic	**176.0**	175.7
Net earnings per share from discontinued operations attributable to common shareholders	**$1.08**	$0.14
Diluted		
Net earnings attributable to common shareholders for the year	**$189.5**	$24.0
Weighted average common shares outstanding (millions) assuming preferred shares convert	**206.0**	189.7
	$0.92	$0.13
Net earnings per share from discontinued operations attributable to common shareholders	**$0.92**	$0.13

Net earnings per share	2021	2020
	Years Ended December 31	
Basic		
Net earnings attributable to common shareholders	**$182.9**	$75.1
Dividends declared to common shareholders	**126.8**	126.4
Excess earnings allocated to common shareholders	**47.9**	–
Total earnings allocated to common shareholders	**$174.7**	$75.1
Weighted average shares outstanding (millions) – basic	**176.0**	175.7
Net earnings per share attributable to common shareholders	**$0.99**	$0.43
Diluted		
Net earnings attributable to common shareholders for the year	**$206.7**	$86.8
Weighted average common shares outstanding (millions) assuming preferred shares convert	**206.0**	189.7
	$1.00	$0.46
Net earnings per share attributable to common shareholders	**$0.99**	$0.43

Superior uses the two-class method to compute net earnings per common share attributable to common shareholders because Superior's preferred shares are participating equity securities. For the purpose of computing earnings per share the preferred shares are considered participating because they contractually entitle the holders to participate in dividends with ordinary shares according to a predetermined formula (Note 20). The two-class method requires earnings for the period to be allocated between common shares and preferred shares based upon their respective rights to receive distributed and undistributed earnings.

Under the two-class method, the basic and diluted earnings per share are computed as follows:

a) earnings or loss attributable to Superior's common shareholders is adjusted (earnings reduced and a loss increased) by the amount of dividends declared in the period for each class of shares and by the contractual amount of dividends that must be paid for the period.

b) the remaining earnings or loss is allocated to Superior's common shares and participating equity instruments to the extent that each instrument shares in earnings as if all of the earnings or loss for the period had been distributed. The total earnings or loss allocated to each class of equity instrument is determined by adding together the amount allocated for dividends and the amount allocated for a participation feature.

c) the total amount of earnings or loss allocated to each class of equity instrument is divided by the weighted-average number of outstanding instruments (and dilutive potential common shares for diluted earnings per share) to which the earnings are allocated to determine the earnings per share for the instrument.

No such adjustment to earnings is made during periods with a net loss, as the holders of the preferred shares have no obligation to fund losses. The two-class equity method is performed on each period presented in reference to that period's earnings or loss. Consequently, the sum of the four quarters' earnings per share data will not necessarily equal the annual earnings per share data.

24. Disaggregation of Revenue

Revenue is disaggregated by primary geographical market, type of customer and major product and services lines.

For the Year Ended December 31, 2021				**Propane Distribution**
	Canada	**U.S.**	**Inter-segment**	**Total**
Revenue from sale of products	**865.1**	**1,474.5**	**(29.7)**	**2,309.9**
Revenue from services	**20.0**	**43.4**	**–**	**63.4**
Tank and equipment rental	**3.9**	**15.4**	**–**	**19.3**
Total revenue	**889.0**	**1,533.3**	**(29.7)**	**2,392.6**

For the Year Ended December 31, 2020				Propane Distribution
	Canada	U.S.	Other	Total
Revenue from sale of products	662.6	1,092.0	(17.5)	1,737.1
Revenue from services	17.6	33.9	–	51.5
Tank and equipment rental	4.9	13.4	–	18.3
Total revenue	685.1	1,139.3	(17.5)	1,806.9

25. Share-Based Compensation

Restricted and Performance Shares

Under Superior's long-term incentive program, restricted shares ("RSs"), performance shares ("PSs") and/or director shares ("DSs") can be granted to directors, senior officers and employees of Superior. All three types of shares entitle the holder to receive cash compensation in relation to the value of a specified number of underlying notional shares. RSs vest evenly over three years from the grant date, except for RSs issued to directors which vest three years from the grant date. Payments are made on the anniversaries of the RSs to the holders entitled to receive them on the basis of a cash payment equal to the value of the underlying notional shares. PSs vest three years from the grant date and their notional value depends on Superior's performance as compared to established benchmarks. DSs vest immediately on the grant date and payments are made to directors once they resign or retire based on the number of notional shares outstanding and the value of the shares on that date. Employee compensation expense for these plans is charged against net earnings or loss over the vesting period of the RSs, PSs, and DSs. The amount payable by Superior in respect of RSs, PSs and DSs changes as a result of dividends and share price movements. The fair value of all the RSs, PSs and DSs is equal to Superior's common share market price and the divisional notional share price if related to a divisional plan. In the event of an employee termination, any unvested shares are forfeited on that date.

For the year ended December 31, 2021, total compensation expense related to RSs, PSs and DSs was $15.8 million (2020 – $9.1 million). Exercises during the year ended December 31, 2021 under the long-term incentive plan were completed at a weighted average price of $13.18 per share (2020 – $12.52 per share) for RSs, and $14.45 per share (2020 – $12.52 per share) for PSs. For the year ended December 31, 2021, the total carrying amount of the liability related to RSs, PSs and DSs was $26.5 million (2020 – $23.5 million).

The movement in the number of shares under the long-term incentive program was as follows:

				2021				2020
	RSs	**PSs**	**DSs**	**Total**	RSs	PSs	DSs	Total
Opening number of shares	**806,019**	**1,179,466**	**596,198**	**2,581,683**	724,214	1,066,909	470,310	2,261,433
Granted	**300,021**	**300,021**	**142,902**	**742,944**	400,893	400,893	92,120	893,906
Performance factor adjustment and other	**–**	**249,112**	**–**	**249,112**	–	(176,303)	–	(176,303)
Dividends reinvested	**33,305**	**54,504**	**36,439**	**124,248**	48,286	77,313	36,398	161,997
Forfeited	**(60,976)**	**(80,484)**	**–**	**(141,460)**	(16,199)	(18,496)	(2,630)	(37,325)
Exercised	**(481,315)**	**(769,571)**	**–**	**(1,250,886)**	(351,175)	(170,850)	–	(522,025)
Ending number of shares	**597,054**	**933,048**	**775,539**	**2,305,641**	806,019	1,179,466	596,198	2,581,683

Superior entered into equity derivative contracts in order to manage the volatility and costs associated with its share-based compensation plans. As at December 31, 2021, Superior had outstanding notional values of $18.4 million (2020 – $21.8 million) of equity derivative contracts at an average share price of $10.55 (2020 – $10.29). See Note 18 for further details.

26. Supplemental Disclosure of Non-cash Operating Working Capital Changes

		Years Ended December 31
	2021	2020
Changes in non-cash operating working capital and other		
Trade and other receivables, and prepaids and deposits	**(89.8)**	39.4
Inventories	**(29.7)**	(6.8)
Trade and other payables and other liabilities	**58.9**	(32.7)
	(60.6)	(0.1)

	2021	2020
Changes in liabilities arising from financing activities		
Balance as at January 1	**1,828.3**	1,928.8
Net repayment of revolving term bank credits and other debt	**(170.1)**	(154.3)
Issuance of 4.25% senior unsecured debenture senior debt	**500.0**	–
Issuance of 4.5% senior unsecured notes	**753.7**	–
Redemption of 7% senior unsecured debentures senior debt	**(472.3)**	–
Redemption of 5.25% senior unsecured debentures senior debt	**(410.5)**	–
Redemption of 5.125% senior unsecured debentures senior debt	**(384.2)**	–
Premium and other losses on redemption of senior unsecured notes	**58.6**	–
Non-cash finance expense	**24.1**	5.0
Deferred acquisition payments	**15.2**	1.0
Lease additions net of repayments	**21.6**	37.4
Divestiture (Note 3)	**(105.3)**	–
Debt issue costs	**(23.6)**	–
Other, including foreign exchange	**(4.7)**	10.4
Balance as at December 31	**1,630.8**	1,828.3

27. Related-Party Transactions and Agreements

Transactions between Superior and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of directors and other key management personnel

The key management personnel of Superior are comprised of executives of Superior and presidents of Superior's business segments.

The remuneration paid to directors and other members of key management personnel over the past two years is as follows:

	2021	2020
Short-term employee benefits [i]	**4.2**	6.6
Other long-term employee benefits	**0.1**	0.1
Share-based payments	**5.1**	4.5
	9.4	11.2

[i] Short-term employee benefits paid to directors and other members of key management personnel include salaries and bonuses.

28. Group Entities

Significant Subsidiaries as at December 31, 2021		Country of Organization	Common Shares Ownership Interest (Direct and Indirect)
SP Reinsurance Company Limited		Bermuda	100%
Superior Plus LP		Canada	100%
Superior Gas Liquids Partnership		Canada	100%
Superior General Partner Inc.		Canada	100%
Superior International Inc.		Canada	100%
Superior Plus Canada Financing Inc.		Canada	100%
Stittco Utilities NWT Ltd.		Canada	100%
Stittco Utilities Man Ltd.		Canada	100%
Cal-Gas Inc.		Canada	100%
Superior Hungary Kft		Hungary	100%
Superior Luxembourg Sàrl		Luxembourg	100%
Superior Plus US Holdings Inc.	[i]	U.S.	100%
Superior Plus US Financing Inc.	[i]	U.S.	100%
Superior Plus US Capital Corp.	[i]	U.S.	100%
Superior Plus Energy Services Inc.	[i]	U.S.	100%
NGL Propane, LLC	[i]	U.S.	100%
Osterman Propane, LLC	[i]	U.S.	100%
Sheldon Gas Company	[i]	U.S.	100%
Sheldon Oil Company	[i]	U.S.	100%
Sheldon United Terminals, LLC	[i]	U.S.	100%
United Liquid Gas Company, Inc.	[i]	U.S.	100%
Central Coast Propane, Inc.	[i]	U.S.	100%
Western Propane Services	[i]	U.S.	100%

[i] As disclosed in Note 20, Superior Plus US Holdings Inc. has issued 260,000 Preferred Shares issued to a third party which are exchangeable into common shares of Superior. If converted these Preferred Shares represent a 15% of the common shares of Superior. Superior Plus US Holdings Inc. owns 100% of the common shares of these entities either directly or indirectly.

29. Reportable Segment Information

Superior operates two continuing operating segments: Canadian Propane Distribution and U.S. Propane Distribution. The Canadian Propane Distribution segment includes the Canadian retail business and wholesale business with operations in Canada and California. The U.S. Propane Distribution segment distributes propane gas and liquid fuels along the Eastern U.S., and into the Midwest and California.

Superior's Chief Operating Decision Maker, the President, reviews the operating results, assesses performance, and makes capital allocation decisions with respect to the Canadian Propane Distribution, U.S. Propane Distribution and the corporate office. Therefore, Superior has presented these as operating segments for financial reporting purposes in accordance with IFRS 8, *Operating Segments*.

Year Ended December 31, 2021	U.S. Propane Distribution	Canadian Propane Distribution	Corp.	Total Segments	Inter-segment	Consolidated
Revenue						
External customers	**1,178.0**	**1,214.6**	**–**	**2,392.6**	**–**	**2,392.6**
Inter-segment [i]	**–**	**29.7**	**–**	**29.7**	**(29.7)**	**–**
Total revenue	**1,178.0**	**1,244.3**	**–**	**2,422.3**	**(29.7)**	**2,392.6**
Cost of sales (includes products and services) [i]	**(620.7)**	**(859.2)**	**–**	**(1,479.9)**	**–**	**(1,479.9)**
Inter-segment [i]	**(29.7)**	**–**	**–**	**(29.7)**	**29.7**	**–**
Gross profit	**527.6**	**385.1**	**–**	**912.7**	**–**	**912.7**
Depreciation included in selling, distribution and administrative costs	**(70.9)**	**(43.3)**	**(0.1)**	**(114.3)**	**–**	**(114.3)**
Depreciation of right-of-use assets included in selling, distribution and administrative costs	**(5.0)**	**(10.8)**	**(0.3)**	**(16.1)**	**–**	**(16.1)**
Amortization of intangible assets included in selling, distribution and administrative costs	**(49.6)**	**(20.8)**	**(0.3)**	**(70.7)**	**–**	**(70.7)**
Selling, distribution and administrative costs	**(350.7)**	**(217.8)**	**(35.2)**	**(603.7)**	**–**	**(603.7)**
Finance expense	**(5.2)**	**(4.0)**	**(145.8)**	**(155.0)**	**–**	**(155.0)**
Gains on derivatives and foreign currency translation of borrowings	**53.6**	**11.3**	**5.1**	**70.0**	**–**	**70.0**
	(427.8)	**(285.4)**	**(176.6)**	**(889.8)**	**–**	**(889.8)**
Earnings (loss) before income taxes	**99.8**	**99.7**	**(176.6)**	**22.9**	**–**	**22.9**
Income tax expense	**–**	**–**	**(5.7)**	**(5.7)**	**–**	**(5.7)**
Net earnings (loss) from continuing operations	**99.8**	**99.7**	**(182.3)**	**17.2**	**–**	**17.2**

[i] Inter-segment revenues and cost of sales are eliminated upon consolidation and reflected in the 'inter-segment' column.

Year Ended December 31, 2020 [ii]	U.S. Propane Distribution	Canadian Propane Distribution	Corp.	Total Segments	Inter-segment	Consolidated
Revenue						
External customers	899.4	907.5	–	1,806.9	–	1,806.9
Inter-segment [i]	–	17.5	–	17.5	(17.5)	–
Total revenue	899.4	925.0	–	1,824.4	(17.5)	1,806.9
Cost of sales (includes products and services) [i]	(368.0)	(525.2)	–	(893.2)	–	(893.2)
Inter-segment [i]	(17.5)	–	–	(17.5)	17.5	–
Gross profit	513.9	399.8	–	913.7	–	913.7
Depreciation included in selling, distribution and administrative costs	(71.2)	(42.1)	(0.1)	(113.4)	–	(113.4)
Depreciation of right-of-use assets included in selling, distribution and administrative costs	(5.2)	(11.4)	(0.3)	(16.9)	–	(16.9)
Amortization of intangible assets included in selling, distribution and administrative costs	(42.1)	(20.7)	(0.2)	(63.0)	–	(63.0)
Selling, distribution and administrative costs	(309.3)	(205.3)	(29.2)	(543.8)	–	(543.8)
Finance expense	(5.2)	(4.4)	(88.9)	(98.5)	–	(98.5)
Gains on derivatives and foreign currency translation of borrowings	11.6	7.3	30.1	49.0	–	49.0
	(421.4)	(276.6)	(88.6)	(786.6)	–	(786.6)
Earnings (loss) before income taxes	92.5	123.2	(88.6)	127.1	–	127.1
Income tax expense	–	–	(64.3)	(64.3)	–	(64.3)
Net earnings (loss) from continuing operations	92.5	123.2	(152.9)	62.8	–	62.8

[i] Inter-segment revenues and cost of sales are eliminated upon consolidation and reflected in the 'inter-segment' column.

[ii] The comparative figures have been restated to conform with the current year's presentation, see Note 2 and Note 3.

Net Working Capital, Total Assets, Total Liabilities and Purchase of Property, Plant and Equipment

	U.S. Propane Distribution	Canadian Propane Distribution	Specialty Chemicals [ii]	Corporate	Total
As at December 31, 2021					
Net working capital [i]	**(12.6)**	**73.8**	**–**	**(49.4)**	**11.8**
Total assets	**2,150.4**	**1,211.8**	**–**	**198.2**	**3,560.4**
Total liabilities	**487.2**	**307.6**	**–**	**1,453.4**	**2,248.2**
As at December 31, 2020					
Net working capital [i]	(13.6)	14.7	62.4	(41.2)	22.3
Total assets [iii]	1,826.7	1,112.2	784.7	106.2	3,829.8
Total liabilities [iii]	364.6	266.4	351.5	1,567.2	2,549.7
For the year ended December 31, 2021					
Purchase of property, plant and equipment and intangible assets	**41.4**	**56.1**	**7.4**	**0.2**	**105.1**
For the year ended December 31, 2020					
Purchase of property, plant and equipment and intangible assets	33.3	39.0	43.0	1.0	116.3

[i] Net working capital is composed of trade and other receivables, prepaids and deposits, and inventories, less trade and other payables, contract liabilities and dividends payable.

[ii] The Specialty Chemicals segment has been shown as discontinued operations as of December 31, 2021, see Note 3.

[iii] Restated, see Note 4.

30. Geographical Information

	Canada	U.S.	Other	Total Consolidated
Revenue for the year ended December 31, 2021	**1,533.3**	**859.3**	**–**	**2,392.6**
Property, plant and equipment as at December 31, 2021	**557.5**	**336.3**	**–**	**893.8**
Right-of-use assets as at December 31, 2021	**108.7**	**75.6**	**–**	**184.3**
Intangible assets as at December 31, 2021	**312.0**	**128.9**	**–**	**440.9**
Goodwill as at December 31, 2021	**985.2**	**334.4**	**–**	**1,319.6**
Total assets as at December 31, 2021	**2,267.4**	**1,271.4**	**21.7**	**3,560.4**
Revenue for the year ended December 31, 2020 [i]	1,139.3	667.6	–	1,806.9
Property, plant and equipment as at December 31, 2020 [ii]	723.4	594.7	33.8	1,351.9
Right-of-use assets as at December 31, 2020	125.8	146.0	0.7	272.5
Intangible assets as at December 31, 2020 [ii]	280.7	151.4	–	432.1
Goodwill as at December 31, 2020 [ii]	848.0	325.7	–	1,173.7
Total assets as at December 31, 2020 [ii]	2,251.6	1,528.2	50.0	3,829.8

[i] The comparative figures have been restated to conform with the current year's presentation, see Note 2 and Note 3.

[ii] Restated, see Note 4.

Corporate Information

Board of Directors

Catherine (Kay) M. Best
Director
Calgary, Alberta

Eugene V.N. Bissell
Director
Gladwyne, Pennsylvania

Richard C. Bradeen
Director
Montreal West, Québec

Luc Desjardins
President and Chief Executive Officer
Toronto, Ontario

Randall J. Findlay
Director
Calgary, Alberta

Patrick (Pat) E. Gottschalk
Director
Philadelphia, Pennsylvania

Douglas J. Harrison
Director
Burlington, Ontario

Mary B. Jordan
Director
Vancouver, British Columbia

Angelo Rufino
Director
New York, New York

David P. Smith
Chairman
Calgary, Alberta

Corporate Officers and Senior Management

Rick Carron
President, Superior Propane

Brian DeMille
Vice President, Finance

Luc Desjardins
President and Chief Executive Officer

Rob Dorran
Vice President, Capital Markets

Jason Fortin
Senior Vice President, Business Transformation

Julien Houle
Vice President, Human Resources

Darren Hribar
Senior Vice President and Chief Legal Officer

Harry Kanwar
Vice President, Risk and Compliance

Inder Minhas
Senior Vice President, Mergers & Acquisitions

Andy Peyton
President, Superior Plus Propane

Ash Rajendra
Vice President and Chief Information Officer

Erin Seaman
Vice President, Tax

Beth Summers
Executive Vice President and Chief Financial Officer

Shawn Vammen
Senior Vice President, Superior Gas Liquids

Business and Shareholder Information

Superior Plus Corp.

Unit 401, 200 Wellington Street West
Toronto, Ontario
M5V 3C7
Telephone: 416-345-8050
Facsimile: 416-340-6030
Toll Free: 1-866-490-PLUS (7587)
Investor-relations@SuperiorPlus.com
www.superiorplus.com

Energy Distribution

Canadian Propane Distribution

Superior Propane
6750 Century Avenue
Suite 400
Mississauga, Ontario L5N 2V8
Toll Free: 1-877-341-7500
Fax: 1-877-730-5575

Superior Gas Liquids
840 – 7 Avenue SW
Suite 1400
Calgary, Alberta T2P 3G2
Toll Free: 1-888-849-3525
Fax: 403-283-6589

U.S. Propane Distribution

Superior Plus Energy Services
650 E Swedesford Rd.
Suite 300
Wayne, Pennsylvania 19087
Toll Free: 1-855-804-3835

Trustee and Transfer Agent

Computershare Trust Company of Canada
Suite 600, 530 – 8 Avenue SW
Calgary, Alberta T2P 3S8
or:
Suite 800, 100 University Avenue
Toronto, Ontario M5J 2Y1
Toll Free: 1-800-564-6253
Website: www.computershare.com/ca

Auditors

Ernst & Young LLP
100 Adelaide Street West
Toronto, Ontario M5H 0B3

Annual Meeting of Shareholders
The Corporation's Annual Meeting of shareholders will be held virtually on Tuesday, May 10, 2022 at 4:00 p.m. (EDT).

Toronto Stock Exchange (TSX) Listings
SPB: Superior Plus Corp. shares

Superior Plus Share Price and Volumes - TSX

Quarterly high, low, close and volumes for 2021 and 2020. The table below sets forth the high and low prices, as well as the volumes, for the shares as traded on the TSX, on a quarterly basis.

				2021				2020
Period	**High**	**Low**	**Close**	**Volume**	High	Low	Close	Volume
First Quarter	**$14.50**	**$11.97**	**$14.22**	**62,046,662**	$12.91	$5.97	$8.26	94,187,272
Second Quarter	**$15.73**	**$14.15**	**$15.27**	**49,063,643**	$11.55	$7.68	$11.12	68,238,009
Third Quarter	**$16.25**	**$13.34**	**$13.53**	**46,718,428**	$12.68	$10.81	$11.76	51,436,487
Fourth Quarter	**$14.86**	**$12.63**	**$13.00**	**48,901,887**	$12.82	$11.30	$12.18	55,538,864
Year	**$16.25**	**$11.97**	**$13.00**	**206,730,620**	$12.91	$5.97	$12.18	269,400,632

Superior Plus Corp.
401, 200 Wellington Street West,
Toronto, Ontario M5V 3C7
Tel: 416-345-8050
Fax: 416-340-6030
Toll-Free: 1-866-490-PLUS (7587)

For more information send your enquiries to:
investor-relations@superiorplus.com
superiorplus.com