TSX: SPB **February 18, 2021**

Superior Plus Corp. Announces Annual and Fourth Quarter 2020 Results and 2021 Adjusted EBITDA Guidance as a Pure-play Energy Distribution Company

Superior Plus Corp. ("Superior") (TSX:SPB) announced today the financial and operating results for the fourth quarter ended December 31, 2020. Unless otherwise expressed, all financial figures are expressed in Canadian dollars.

- ***Superior's Full-year 2020 Adjusted EBITDA, including Specialty Chemicals was $495.9 million***
- ***Superior's Full-year 2020 Adjusted EBITDA, excluding Specialty Chemicals was $379.4 million***
- ***Superior is introducing its 2021 Adjusted EBITDA guidance range as a pure-play Energy Distribution company of $370 million to $410 million***
- ***Based on the midpoint of the 2021 Adjusted EBITDA guidance range, this is a 3% increase compared to 2020***

"I would like to thank the Superior team for delivering strong operational results in the fourth quarter and 2020," said Luc Desjardins, President and Chief Executive Officer. "Our businesses continue to demonstrate resiliency and our team has executed on cost-saving initiatives in response to the challenging market environments. We achieved the midpoint of our 2020 Adjusted EBITDA guidance range of $475 million to $515 million despite the negative impact from the COVID-19 pandemic, warmer weather and the impact from reduced oil and gas drilling activity in North America."

"I am also proud of our team's ability to execute on corporate development activities during the pandemic, including our three recent propane acquisitions and the recently announced sale of our Specialty Chemicals business," added Desjardins. "We have positioned ourselves well to accelerate our growth through acquisition strategy in the Energy Distribution business, and I am confident we will continue to grow the business and build shareholder value as we move forward as a pure-play Energy Distribution business."

Financial Highlights

- Fourth quarter Adjusted EBITDA of $169.8 million, a $6.9 million or 4% decrease over the prior year quarter primarily due to lower EBITDA from operations, partially offset by a realized gain on foreign currency hedging contracts compared to a realized loss in the prior year quarter and lower corporate costs.

- Fourth quarter EBITDA from Operations of $171.7 million, a $16.1 million or an 9% decrease from the prior year quarter primarily due to lower results from Specialty Chemicals and Canadian propane distribution (“Canadian Propane”), partially offset by higher results from U.S. propane distribution (“U.S. Propane”) Please see below for further discussion on the fourth quarter EBITDA from Operations by business.
- Full-year 2020 Adjusted EBITDA of $495.9 million, a $28.6 million or a 5% decrease from the prior year primarily due to lower EBITDA from operations, partially offset by lower corporate costs and realized losses on foreign currency hedging contracts.
- Full-year 2020 EBITDA from operations of $518.4 million, a $43.7 million or an 8% decrease from the prior year primarily due to lower results from Specialty Chemicals and modestly lower results from U.S. Propane and Canadian Propane.
- Fourth quarter AOCF before transaction and other costs was $145.3 million, a $0.3 million increase compared to the prior year quarter primarily due to lower cash taxes and interest expense, partially offset by lower Adjusted EBITDA. AOCF before transaction and other costs per share was $0.71, $0.12 lower than the prior year quarter for the same reasons and an increase in weighted average shares outstanding. Weighted average shares outstanding increased primarily due to the impact of including the preferred shares on an as-converted basis and shares issued through the Dividend Reinvestment and Optional Share Repurchase Plan.
- Full-year 2020 AOCF before transaction and other costs was $386.5 million, a $19.7 million or 5% decrease compared to the prior year quarter primarily due to lower Adjusted EBITDA, partially offset by lower interest expense and cash tax expense. AOCF before transaction and other costs per share was $2.04, $0.28 lower than the prior year quarter for the same reasons and an increase in weighted average shares outstanding. Weighted average shares outstanding increased primarily due to the impact of including the preferred shares on an as-converted basis and shares issued through the Dividend Reinvestment and Optional Share Repurchase Plan.
- Fourth quarter net earnings were $89.3 million, an increase of $14.7 million compared to the prior year quarter primarily due to higher gains on derivatives and foreign currency translation of borrowings recorded in the current quarter and lower finance expense, partially offset by lower gross profit, higher income tax expense and higher selling, distribution and administrative costs.
- Full-year 2020 net earnings were $86.8 million, a decrease of $55.8 million compared to the prior year quarter primarily due to lower gross profit and higher income tax expense, partially offset by higher gains on derivatives and foreign currency translation of borrowings recorded in 2020 and lower selling, distribution and administrative expenses.

Business Highlights

- U.S. Propane EBITDA from operations for the fourth quarter was $80.4 million, an increase of $2.2 million or 3% compared to the prior year quarter primarily due to the incremental contribution from the tuck-in acquisitions completed in the past 12 months and higher average unit margins, partially offset by higher operating costs related to incremental costs from acquisitions. Total sales volumes increased by 25 million litres or 7% primarily due to the incremental volumes from acquisitions, partially offset by the impact of COVID-19 on commercial customers and a decline in low-margin commercial distillate volumes related to sales and marketing initiatives, and the impact of warmer weather. Average weather, as measured by degree days, across markets where U.S. propane operates for the fourth quarter of 2020 was 9% warmer than the prior year quarter and 3% warmer than the five-year average. Average sales margin for the fourth quarter was 41.2 cents per litre compared to 40.7 cents per litre in the prior year quarter primarily due to customer mix, partially offset by the impact of the stronger Canadian dollar on the translation of U.S. denominated gross profit. Operating costs were $85.7 million, an increase of $9.2 million or 12% compared to the prior year quarter primarily due to incremental costs from acquisitions, partially offset by reduced costs related to workforce optimization initiatives, cost reductions related to COVID-19, realized synergies from acquisitions and the impact of the stronger Canadian dollar on the translation of U.S. denominated expenses.

- Canadian Propane EBITDA from operations for the fourth quarter was $65.6 million, a decrease of $10.0 million or 13% compared to the prior year quarter primarily due to lower sales volumes, partially offset by lower operating costs. Total sales volumes were 608 million litres, a decrease of 145 million litres or 19%, primarily due to reduced oilfield drilling activity in Western Canada, the impact of COVID-19 on commercial customers operating at reduced capacity and the impact of warmer weather, partially offset by higher reseller volumes related to recreational propane use. Average weather across Canada for the fourth quarter of 2020, as measured by degree days was 6% warmer than the prior year and 4% warmer than the five-year average. Average propane sales margins in the fourth quarter were 18.1 cents per litre, consistent with the prior year quarter as weaker wholesale market fundamentals were offset by customer mix and sales and marketing initiatives. Operating costs were $49.5 million, a decrease of $16.5 million or 25% primarily due to lower employee-related expenses related to lower delivered volumes, including the impact of the Canadian Emergency Wage Subsidy ("CEWS"), and cost-saving initiatives. In the fourth quarter, Canadian Propane recorded a $12.0 million benefit related to the CEWS.
- Specialty Chemicals EBITDA from operations for the fourth quarter was $25.7 million, a decrease of $8.3 million or 24% compared to the prior year quarter primarily due to lower adjusted gross profit, partially offset by lower operating costs. Adjusted gross profit decreased $10.9 million primarily due to lower chlor-alkali sales prices and lower sodium chlorate sales volumes and modestly lower sodium chlorate sales prices related to the impact of the stronger Canadian dollar on U.S. denominated sales. Chlor-alkali sales prices were lower primarily due to weaker hydrochloric and caustic soda market fundamentals. Sodium chlorate sales volumes were lower primarily due to weaker printing and writing paper demand and the impact of customer mill outages, including curtailments related to COVID-19. Operating costs were $29.4 million, a $2.6 million decrease primarily due to lower freight costs related to lower sales volumes and the impact of the CEWS benefit. In the fourth quarter, Specialty Chemicals recorded a $3.4 million benefit related to the CEWS, which positively impacted cost of goods sold and operating costs.
- Superior's corporate operating costs for the fourth quarter were $5.8 million, a decrease of $1.7 million compared to the prior year quarter primarily due to lower long-term incentive plan costs related to the Superior's share price and the modest impact from the CEWS benefit. In the fourth quarter, Superior recorded a $0.3 million benefit related to the CEWS, which impacted the corporate operating costs.

Financial Overview

	Three Months Ended December 31		**Years Ended December 31**	
(millions of dollars, except per share amounts)	**2020**	2019	**2020**	2019
Revenue	**703.9**	821.0	**2,394.3**	2,852.9
Gross Profit	**320.4**	366.0	**1,105.7**	1,213.0
Net earnings	**89.3**	74.6	**86.8**	142.6
Net earnings attributable to common shareholders	**83.0**	74.6	**75.1**	142.6
Net earnings attributable to non-controlling interest	**6.3**	–	**11.7**	–
Net earnings per share, basic and diluted (1)	**$0.43**	$0.43	**$0.43**	$0.82
EBITDA from operations (2)	**171.7**	187.8	**518.4**	562.1

Adjusted EBITDA [2]	**169.8**	176.7	**495.9**	524.5
Cash flows from operating activities	**70.6**	108.3	**360.2**	423.2
Cash flows from operating activities per share [1]	**$0.34**	$0.62	**$1.90**	$2.42
AOCF before transaction and other costs [2][3]	**145.3**	145.0	**386.5**	406.2
AOCF before transaction and other costs per share [1][2][3]	**$0.71**	$0.83	**$2.04**	$2.32
AOCF [2]	**136.8**	139.4	**361.4**	376.3
AOCF per share [1][2]	**$0.66**	$0.80	**$1.91**	$2.15
Cash dividends declared, for common shares	**31.7**	31.4	**126.4**	125.9
Cash dividends declared per common share	**$0.18**	$0.18	**$0.72**	$0.72

(1) The weighted average number of shares outstanding for the three months and twelve ended December 31, 2020 is 206.0 million and 189.7 million, respectively (December 31, 2019 –174.9 million and 174.9 million). The weighted average number of shares assumes the conversion of the preferred shares into common shares in 2020. There were no other dilutive instruments with respect to AOCF per share and AOCF before transaction and other costs per share for the three and twelve ended December 31, 2020 and 2019.

(2) EBITDA from operations, Adjusted EBITDA and AOCF are non-GAAP measures. Refer to "Non-GAAP Financial Measures" for further details and the Fourth Quarter Management Discussion & Analysis ("MD&A") for reconciliations.

(3) Transaction and other costs for the three months ended December 31, 2020 and 2019 are related to acquisition activity and the integration of acquisitions. See "Transaction and Other Costs" for further details.

Segmented Information

	Three Months Ended December 31		Years Ended December 31	
(millions of dollars)	**2020**	2019	**2020**	2019
EBITDA from operations[1]				
U.S. Propane Distribution	**80.4**	78.2	**206.9**	209.4
Canadian Propane Distribution	**65.6**	75.6	**195.0**	200.8
Specialty Chemicals	**25.7**	34.0	**116.5**	151.9
	171.7	187.8	**518.4**	562.1

(1) See "Non-GAAP Financial Measures".

Business Development and Acquisition Update

On October 15, 2020, Superior acquired all of the equity interests of a Southern California propane distribution company, operating under the tradename, Central Coast Propane ("Central Coast"), for total consideration of approximately US$12.9 million (CDN $17.1 million). The purchase price was paid primarily with cash from Superior's credit facility. Central Coast is a retail distributor delivering approximately 5.0 million litres of propane to approximately 2,800 residential and commercial customers in Southern California.

On October 27, 2020, Superior acquired the assets of a retail propane distribution company, operating under the tradename, Petro SE Propane ("Southern Propane and Mountain Gas"), for total consideration of approximately US$6.1 million (CDN $8.0 million). The purchase price was paid primarily with cash from Superior's credit facility. Petro is a retail distributor delivering propane in North Carolina, South Carolina, Georgia and Tennessee.

On January 26, 2021 Superior announced the acquisition of the assets of a retail propane and distillate distribution company, operating in Massachusetts under the tradename Holden Oil ("Holden") for total consideration of US$17.8

million (CDN $22.7 million). Founded in 1924, Holden is an established independent retail energy distributor serving approximately 8,750 residential and commercial customers in the U.S. Northeast.

On February 1, 2021 Superior acquired a 100% equity interest of a retail propane distribution company, operating in Quebec under the tradename Miller Propane (“Miller”) for a total consideration of $7.5 million. Miller is a well-established retail propane distributor in the Mont-Tremblant area with annual volumes of approximately 4 million litres and 5,600 residential and commercial customers.

On February 11, 2021, Superior acquired the assets of an Ontario retail propane distribution company, operating under the tradename Highlands Propane (“Highlands”) for a total consideration of approximately $13.9 million. Highland is a primarily residential propane distributor based in Fenelon Falls, Ontario, and delivers approximately 13 million litres of propane annually.

Sale of Specialty Chemicals

On February 18, 2021, Superior entered into a definitive agreement to sell its Specialty Chemicals business for total consideration of $725.0 million (the “Transaction”). Under the terms of the Transaction, Superior will receive $600 million in cash proceeds 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 5 ½ years from the date the Transaction closes.

The purchase price is subject to adjustment based on the average EBITDA from operations of the business, excluding the impact of IFRS 16, for the three consecutive twelve-month periods following the closing date (the “Average EBITDA”). If the average EBITDA is higher than $115M the purchase price will be increased by multiplying the difference by 4.5 and the seller will issue an additional note to Superior, up to a maximum of $100 million, inclusive of accumulated interest from the close of the transaction. If the Average EBITDA is lower than $100M, the purchase price will be decreased by multiplying the difference by 4.5 and a note will be issued to the seller up to a maximum of $100 million, inclusive of accumulated interest from the close of the transaction. The additional note will bear interest at the same rate as the Vendor Note and interest will accrue from the closing date.

2021 Adjusted EBITDA Guidance

Superior’s 2021 Adjusted EBITDA guidance range is $370 million to $410 million. Based on the midpoint of the 2021 Adjusted EBITDA guidance range, this is a 10% increase compared to the full-year 2020 pro forma Adjusted EBITDA of $353.9 million. The full-year 2020 pro forma Adjusted EBITDA excludes the results of Specialty Chemicals and the $25.8 million received related to the CEWS program. The increase is primarily due to higher expected U.S. Propane EBITDA from operations, partially offset by lower expected Canadian Propane EBITDA from operations. Key assumptions related to the 2021 Adjusted EBITDA guidance are:

- EBITDA from operations in 2021 for Canadian Propane Distribution is anticipated to decrease compared to 2020 as the impact of the CEWS benefit in 2021 is expected to be significantly lower, wholesale propane market fundamentals are expected to be weaker, the impact of COVID-19 is expected to negatively impact commercial sales volumes and commercial sales volume trends in Western Canada are expected to be consistent with 2020, partially offset by lower volume-related costs, and cost savings initiatives. Average weather in Canada, as measured by degree days, is anticipated to be consistent with the five-year average.
- EBITDA from operations in 2021 for U.S. Propane is anticipated to be higher than 2020 primarily due to the full year contribution from tuck-in acquisitions completed in 2020, increased demand related to expectations

weather will be consistent with the five-year average, cost saving initiatives and to a lesser extent a recovery in commercial demand as the economy recovers from the impact of COVID-19. Average weather in areas where we operate, as measured by degree days, is anticipated to be consistent with the five-year average.

Total Debt and Leverage

Superior remains focused on manging Total Debt and its Total Debt to Adjusted EBITDA leverage ratio. Superior's Total Debt to Adjusted EBITDA leverage ratio for the trailing twelve months was 3.5x as at December 31, 2020, compared to 3.4x at September 30, 2020 and 3.7x December 31, 2019. The decrease in the leverage ratio from September 30, 2020 and December 31, 2019 was primarily due to lower debt, partially offset by higher Pro Forma Adjusted EBITDA related to acquisitions made during the trailing-twelve months.

Superior's Total Debt as at December 31, 2020, was $1,850.6 million, a decrease of $1.6 million from September 30, 2020 and $105.5 million from December 31, 2019. The decrease from the prior year end was primarily due to the proceeds from the Brookfield Investment, which were used to reduce the credit facility, partially offset by the acquisition of Rymes, Champagne and Central Coast, which were funded primarily using the credit facility.

Superior is well within its covenants under its credit facility agreement and unsecured note indentures. Superior also had available liquidity of $365.8 million available under the credit facility as at December 31, 2020.

Superior's long-term Total Debt to Adjusted EBITDA target range is 3.0x to 3.5x.

MD&A and Financial Statements

Superior's MD&A, the audited Consolidated Financial Statements and the Notes to the audited Consolidated Financial Statements for the years ended December 31, 2020 provide a detailed explanation of Superior's operating results. These documents are available online at Superior's website at www.superiorplus.com under the Investor Relations section and on SEDAR under Superior's profile at www.sedar.com.

2020 Fourth Quarter Conference Call

Superior will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the Fourth Quarter Results at 10:30 a.m. EST on Thursday, February 18, 2020. To participate in the call, dial: 1-844-389-8661. Internet users can listen to the call live, or as an archived call on Superior's website at www.superiorplus.com under the Events section.

Non-GAAP Financial Measures

Throughout the fourth quarter earnings release, Superior has used the following terms that are not defined by International Financial Reporting Standards ("Non-GAAP Financial Measures"), but are used by management to evaluate the performance of Superior and its business: AOCF before and after transaction and other costs, earnings before interest, taxes, depreciation and amortization ("EBITDA") from operations, Adjusted EBITDA, operating costs, Total Debt to Adjusted EBITDA leverage ratio and Pro Forma Adjusted EBITDA. 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 meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Securities regulations require that Non-GAAP financial measures are clearly defined, qualified and reconciled to their most comparable GAAP 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. See "Non-GAAP Financial Measures" in the MD&A for a discussion of Non-GAAP financial measures and certain reconciliations to GAAP financial measures.

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, Adjusted EBITDA and Credit Facility 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. Non-GAAP financial measures are identified and defined as follows:

Adjusted Operating Cash Flow and Adjusted Operating Cash Flow 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 infrequent in nature 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 and other costs.

AOCF per share before transaction and other costs is calculated by dividing AOCF before transaction and other costs by the weighted average number of shares outstanding. 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 of Superior.

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 Energy Distribution segment, by adjusting for non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Superior's revenues and expenses, which can differ significantly from quarter to quarter. AOCF is reconciled to cash flow from operating activities. Please refer to the Financial Overview section of the MD&A for the reconciliation.

EBITDA from operations

EBITDA from operations is defined as Adjusted EBITDA excluding costs that are not considered representative of Superior's underlying core operating performance, including gains and losses on foreign currency hedging contracts, corporate costs and transaction and other costs. Management uses EBITDA from operations to set targets for Superior (including annual guidance and variable compensation targets). EBITDA from operations is reconciled to net earnings before income taxes. Please refer to the Results of Operating Segments in the MD&A for the reconciliations.

Average EBITDA

Average EBITDA is defined as the average EBITDA from operations of the Specialty Chemicals business for the three years following the closing date of the Transaction.

Adjusted EBITDA

Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization, losses (gains) on disposal of assets, finance expense, restructuring costs, transaction 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 net 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.

Total Debt to Adjusted EBITDA Leverage Ratio and Pro Forma Adjusted EBITDA

Adjusted EBITDA for the Total Debt to Adjusted EBITDA Leverage Ratio is defined as 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"). Pro Forma Adjusted EBITDA is used by Superior to calculate its Total Debt to Adjusted EBITDA Leverage Ratio.

To calculate the Total Debt to Adjusted EBITDA Leverage Ratio divide the sum of borrowings before deferred financing fees and lease liabilities by Pro Forma Adjusted EBITDA. Total Debt to Adjusted EBITDA Leverage Ratio is used by Superior and investors to assess its ability to service debt.

Operating costs

Operating costs 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 and non-recurring expenses, such as 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.

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, expected Adjusted EBITDA, the anticipated closing of the Transaction, the duration and anticipated impact of the COVID-19 pandemic and the expected economic recession, estimates of the impact COVID-19 may have on our operations, the markets for our products and our financial results, anticipated impact from the weaker Canadian dollar, business strategy and objectives, development plans and programs, organic growth, weather, economic activity in Western Canada, product pricing and sourcing, wholesale propane market fundamentals, exchange rates, expected seasonality of demand, 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 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 of our 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 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 expected 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) our MD&A under the heading "Risk Factors" and (ii) Superior's most recent Annual Information Form. The preceding list of assumptions, risks and uncertainties is not exhaustive.

When relying on our 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.

For more information about Superior, visit our website at www.superiorplus.com or contact:

Beth Summers Executive Vice President and Chief Financial Officer
Phone: (416) 340-6015

Rob Dorran Vice President, Investor Relations and Treasurer
Phone: (416) 340-6003
Toll Free: 1-866-490-PLUS (7587)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF 2020 ANNUAL AND FOURTH QUARTER RESULTS
FEBRUARY 18, 2021

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 three and twelve months ended December 31, 2020 and 2019, as well as forward-looking information about future periods. The information in this MD&A is current to February 18, 2021, 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, 2020 and 2019.

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, 2020 and 2019 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 diversified business corporation. 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 three operating segments: U.S. Propane Distribution, Canadian Propane Distribution and Specialty Chemicals. 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. Specialty Chemicals is a leading supplier of sodium chlorate and technology to the pulp and paper industry and a regional supplier of chlor-alkali products in the U.S. Midwest and Western Canada.

Current Economic Conditions

During the first quarter, 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. During the year, Superior applied for the Canadian Emergency Wage Subsidy ("CEWS") program wherein Superior was allowed to recover a portion of eligible employee costs incurred earlier in the year. The Government of Canada continues to make amendments to the CEWS program and Superior may be eligible for and make applications for future claims.

COVID-19 has also resulted in a significant decrease of global demand for crude oil. In addition to the impact of COVID-19, production levels during March and April 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. In addition to the risk on the supply of propane, demand for Superior's products from our customers in the oil and gas industry have been impacted as the combined impact of COVID-19 and volatile oil prices has had a significantly negative impact on the energy industry. Despite the impact COVID-19 has had on natural gas processing and oil refining, U.S. propane inventories remain above the three-year average.

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 year ended December 31, 2020, the impact of these events caused a decrease in sales volumes and sales prices for our Specialty Chemicals segment and sales volumes for our Canadian Propane Distribution operating segment and to a lesser extent our U.S. Propane Distribution operating segment. Management took steps to reduce capital and selling, distribution and administrative costs to minimize the impact these events have had on our business. The significant negative impact of COVID-19 on the Canadian Propane Distribution and Specialty Chemicals business was partially offset by the CEWS benefit.

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.

Non-IFRS 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) before and after transaction and other costs, earnings before interest, taxes, depreciation and amortization (EBITDA) from operations, Adjusted EBITDA, Operating Costs, Total Debt to Adjusted EBITDA, Leverage Ratio 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-IFRS financial measures do not have standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Securities regulations require that Non-IFRS financial measures are clearly defined, qualified and reconciled to their most comparable GAAP financial measures. Except as otherwise indicated, these Non-IFRS 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-IFRS 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-IFRS financial measures differently. See "Non-IFRS 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, expected Adjusted EBITDA, the duration and anticipated impact of the COVID-19 pandemic and the expected economic recession, estimates of the impact COVID-19 may have on our operations, the markets for our products and our financial results, expected total debt to Adjusted EBITDA ratio, anticipated impact from the weaker Canadian dollar, business strategy and objectives, development plans and programs, organic growth, weather, economic activity in Western Canada, product pricing and sourcing, wholesale propane market fundamentals, exchange rates, expected synergies from acquisitions, expected seasonality of demand, 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 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 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” 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.

FINANCIAL OVERVIEW

Summary of AOCF

(millions of dollars except per share amounts)	Year Ended December 31 **2020**	2019
Revenue	**2,394.3**	2,852.9
Gross profit	**1,105.7**	1,213.0
EBITDA from operations [(1)]	**518.4**	562.1
Corporate administrative costs	**(20.5)**	(25.5)
Realized gains (losses) on foreign currency hedging contracts	**(2.0)**	(12.1)
Adjusted EBITDA [(1)]	**495.9**	524.5
Interest expense	**(98.3)**	(105.2)
Cash income tax expense	**(11.1)**	(13.1)
AOCF before transaction and other costs [(1)]	**386.5**	406.2
Transaction and other costs [(2)]	**(25.1)**	(29.9)
AOCF [(1)]	**361.4**	376.3
AOCF per share before transaction and other costs [(1)(2)(3)]	**$2.04**	$2.32
AOCF per share [(1)(2)(3)]	**$1.91**	$2.15
Dividends declared per common share	**$0.72**	$0.72

(1) EBITDA from operations, Adjusted EBITDA, AOCF before transaction and other costs, and AOCF are Non-IFRS measures. See "Non-IFRS Financial Measures".

(2) Transaction and other costs for the years ended December 31, 2020 and 2019 are related to acquisition activity, restructuring and the integration of acquisitions. See "Transaction and Other Costs" for further details.

(3) The weighted average number of shares outstanding for the year ended December 31, 2020 was 189.7 million (December 31, 2019 was 174.9 million). The weighted average number of shares assumes the conversion of the preferred shares into common shares. There were no other dilutive instruments with respect to AOCF per share and AOCF before transaction and other costs per share for the years ended December 31, 2020 and 2019.

Comparable GAAP Financial Information

(millions of dollars except per share amounts)	Year Ended December 31 **2020**	2019
Net earnings	**86.8**	142.6
Net earnings attributable to common shareholders	**75.1**	142.6
Net earnings for the year attributable to non-controlling interest	**11.7**	–
Net earnings per share, attributable common shareholders:		
- Basic	**$0.43**	$0.82
- Diluted	**$0.43**	$0.82
Cash flows from operating activities	**360.2**	423.2
Cash flows from operating activities per share [(1)]	**$1.90**	$2.42

(1) The weighted average number of shares outstanding for the year ended December 31, 2020 was 189.7 million (December 31, 2019 was 174.9 million). The weighted average number of shares assumes the conversion of the preferred shares into common shares. There were no other dilutive instruments with respect to AOCF and AOCF before transaction and other costs per share for the years ended December 31, 2020 and 2019.

Segmented Information

(millions of dollars)	Year Ended December 31 **2020**	2019
EBITDA from operations [1]		
U.S. Propane Distribution	**206.9**	209.4
Canadian Propane Distribution	**195.0**	200.8
Specialty Chemicals	**116.5**	151.9
Total	**518.4**	562.1

[1] EBITDA from operations is a Non-IFRS measure. See "Non-IFRS Financial Measures".

AOCF Reconciled to Cash Flows from Operating Activities [1]

(millions of dollars)	Year Ended December 31 **2020**	2019
Cash flows from operating activities	**360.2**	423.2
Non-cash interest expense, and other	**8.1**	9.1
Changes in non-cash operating working capital	**0.1**	(43.7)
Income taxes paid	**11.6**	8.4
Interest paid	**99.0**	106.7
Cash income tax expense	**(11.1)**	(13.1)
Finance expense recognized in net earnings	**(106.5)**	(114.3)
AOCF [1]	**361.4**	376.3

[1] AOCF is a Non-IFRS measure. See "Non-IFRS Financial Measures".

ISSUANCE OF PREFERRED SHARES

On July 13, 2020, Superior issued 260,000 Preferred Shares (the "Preferred Shares") by its wholly owned subsidiary Superior Plus US Holdings for gross proceeds of US$260 million (CDN $353.8 million) to an affiliate of Brookfield Asset Management Inc., on a private placement basis. The gross proceeds from the Preferred Shares were recorded as a non-controlling interest within equity and the issuance costs of US$13.4 million (CDN$18.1 million) were allocated to Superior's deficit, see Shareholders' Capital for further details.

DIVESTITURE

On February 18, 2021, Superior entered into a definitive agreement to sell its Specialty Chemicals business for total consideration of $725.0 million (the "Transaction"). Under the terms of the Transaction, Superior will receive $600 million in cash proceeds 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 5 ½ years from the date the Transaction closes. The purchase price is subject to adjustment based on the average EBITDA of the business for the three consecutive twelve-month periods following the closing date. If the average EBITDA, adjusted to remove the impact of IFRS 16, is higher than $115M the purchase price will be increased by multiplying the difference by 4.5 and the seller 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 $100M, the purchase price will be decreased by multiplying the difference by 4.5 and a note will be issued to 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. As at December 31, 2020, the Specialty Chemicals segment did not meet the definition of assets held for sale and discontinued operations. Subsequent to December 31, 2020 and until the transaction closes, the assets and liabilities of the Specialty Chemical segment will be shown as held for sale on the balance sheet and the segments net earnings (loss), including comparative figures, will be shown as a discontinued operation on the Consolidated Statements of Net Earnings (Loss).

ACQUISITIONS

On January 9, 2020, Superior acquired all the issued and outstanding shares of Western, a Southern California retail propane distribution company for total consideration of US$22.7 million (C$29.8 million). The acquisition was funded by drawing on Superior's credit facility and deferring US$4.0 million (C$5.2 million) in payments over the next five years.

On August 3, 2020, Superior acquired the assets of a retail propane distribution company, operating under the tradename, Champagne's Energy ("Champagne"), for total consideration of approximately US$27.2 million (CDN $36.4 million). The purchase price was paid primarily with cash from Superior's credit facility. Champagne is a retail distributor delivering propane and distillates to residential and commercial customers in Maine.

On September 1, 2020, Superior acquired the assets of a retail propane and heating oil distribution company, operating under the tradename, Rymes Propane and Oil ("Rymes"), for total consideration of approximately US$150.6 million (CDN $196.7 million). The purchase price was paid primarily with cash from Superior's credit facility. Rymes is a retail distributor delivering propane and distillates to residential and commercial customers in New Hampshire, Maine, Massachusetts and Vermont.

On October 15, 2020, Superior acquired all of the equity interests of a Southern California propane distribution company, operating under the tradename, Central Coast Propane ("Central Coast"), for total consideration of approximately US$12.9 million (CDN $17.1 million). The purchase price was paid primarily with cash from Superior's credit facility.

On October 27, 2020, Superior acquired the assets of a retail propane distribution company, operating under the tradename, Petro SE Propane ("Southern Propane and Mountain Gas"), for total consideration of approximately US$6.1 million (CDN $8.0 million). The purchase price was paid primarily with cash from Superior's credit facility. Petro is a retail distributor delivering propane in North Carolina, South Carolina, Georgia and Tennessee.

On January 26, 2021 Superior announced the acquisition of 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$17.8 million.

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

On February 11, 2021, Superior acquired the assets of an Ontario retail propane distribution company, operating under the tradename Highlands Propane ("Highlands") for a total consideration of CDN $13.9 million.

Consolidated Statement of Net Earnings

	Year Ended December 31	
(millions of dollars except per share amounts)	**2020**	2019
Revenue	**2,394.3**	2,852.9
Cost of sales (includes products and services)	**(1,288.6)**	(1,639.9)
Gross profit	**1,105.7**	1,213.0
Expenses		
Selling, distribution and administrative costs ("SD&A")	**(890.2)**	(948.3)
Finance expense	**(106.5)**	(114.3)
Gains on derivatives and foreign currency translation of borrowings	**49.7**	17.2
	(947.0)	(1,045.4)
Earnings before income taxes	**158.7**	167.6
Income tax expense	**(71.9)**	(25.0)
Net earnings for the year	**86.8**	142.6
Net earnings for the year attributable to:		
Superior	**75.1**	142.6
Non-controlling interest	**11.7**	–
Net earnings per share, attributable to Superior:		
Basic	**$0.43**	$0.82
Diluted	**$0.43**	$0.82

(1) See the audited consolidated financial statements and notes thereto as at and for the years ended December 31, 2020 and 2019.

Annual Financial Results Compared to the Prior Year

Adjusted EBITDA for the year ended December 31, 2020 was $495.9 million, a decrease of $28.6 million or 5% compared to the prior year Adjusted EBITDA of $524.5 million. The decrease is primarily due to lower EBITDA from operations and was partially offset by lower corporate costs and lower realized losses on foreign currency hedging contracts. EBITDA from operations decreased $43.7 million or 8% compared to the prior year primarily due to lower Specialty Chemicals EBITDA from operations and to a lesser extent, lower Canadian Propane and U.S. Propane EBITDA from operations. Specialty Chemicals EBITDA from operations was $116.5 million, a decrease of $35.4 million or 23% primarily due to lower sales volumes and lower average hydrochloric acid and caustic soda sales prices compared to the prior year, partially offset by the impact of the CEWS benefit. Canadian Propane EBITDA from operations was $195.0 million, a decrease of $5.8 million or 3% primarily due to lower sales volumes partially offset by the impact of the CEWS benefit and higher unit margins. U.S. Propane EBITDA from operations was $206.9 million, a decrease of $2.5 million or 1% primarily due to lower sales volumes, and lower other services gross profit, partially offset by higher unit margins, lower realized losses on foreign currency hedging contracts of $2.0 million and a decrease of $10.1 million in the prior year due to the higher average hedge rate for notional amounts hedged. Corporate administrative costs were $20.5 million a decrease of $5.0 million or 20% primarily due to lower incentive plan costs due to fluctuations in the share price.

AOCF before transaction and other costs for the years ended December 31, 2020 was $386.5 million, a decrease of $19.7 million or 5% from the prior year AOCF before transaction and other costs of $406.2 million. The decrease from the prior year is primarily due to lower Adjusted EBITDA discussed above, partially offset by lower interest expense and cash taxes. Interest expense decreased by $6.9 million or 7% primarily to due to lower average debt balances and lower variable interest rates. Cash income tax expense decreased by $2.0 million as a result of changes to US tax legislation in 2020 partially offset by higher provincial taxes incurred to utilize expiring Canadian federal tax credits. AOCF per share before transaction and other costs assuming conversion of preferred shares was $2.04 per share, a decrease of $0.28 per share or 12% from the prior year to date results of $2.32 per share primarily due to the lower AOCF before transaction and other costs discussed above and the increase in weighted average shares outstanding. Weighted average shares outstanding were higher than the prior year primarily due to the issuance of Preferred Shares that are reflected on an as converted basis and to a lesser extent the impact of shares issued under the Dividend Reinvestment and Optional Share Purchase Plan ("DRIP").

AOCF for the year ended December 31, 2020 was $361.4 million, a decrease of $14.9 million or 4% from the prior year AOCF of $376.3 million due to the decreased AOCF before transaction and other costs discussed above. AOCF per share for years ended December 31, 2020 was $1.91 per share assuming conversion of the preferred shares, a decrease of $0.24 per share or 11% from the prior year quarter results of $2.15 per share. Transaction and other costs for the years ended December 31, 2020 were $25.1 million, $4.8 million lower than the prior year. Costs incurred in the current year related primarily to acquisitions completed in the current year and integration of prior acquisitions compared to the Specialty Chemicals strategic review, the integration of acquisitions and acquisition related costs incurred in the prior comparable year.

Revenue for the year ended December 31, 2020 was $2,394.3 million, a decrease of $458.6 million or 16% due to lower revenue in the Canadian Propane Distribution and U.S. Propane Distribution. Canadian Propane Distribution revenue for the year ended December 31, 2020 was $925.0 million, a decrease of $234.9 million or 20% primarily due to the impact of lower sales volumes and lower wholesale propane prices. U.S. Propane Distribution revenue for the years ended December 31, 2020 was $899.4 million, a decrease of $124.7 million or 12% primarily due to the impact of lower wholesale propane and distillate prices and lower sales volumes, partially offset by incremental volumes from acquisitions and the impact of the weaker Canadian dollar on U.S. denominated sales. Specialty Chemicals revenue for the years ended December 31, 2020 was $587.4 million a decrease of $93.9 million or 14% primarily due to lower sales volumes and lower chlor-alkali average sales prices. Consolidated gross profit was $1,105.7 million, a decrease of $107.3 million or 9% from $1,213.0 million primarily due to lower Canadian Propane and Specialty Chemicals gross profit partially offset by higher U.S. Propane gross profit. Gross profit decreased due to the above reasons and was partially offset by lower costs as a result of recording the CEWS in the Canadian Propane and Specialty Chemicals segments, lower average power costs due to the closure of the high-cost Saskatoon sodium chlorate plant in the prior year quarter, and effective margin management in a low-cost wholesale propane price environment.

SD&A was $890.2 million for the year ended December 31, 2020, a decrease of $58.1 million or 6% from the prior year, primarily due to a decrease in Canadian Propane SD&A and Specialty Chemicals SD&A costs and to a lesser extent Corporate SD&A costs, partially offset by an increase in US Propane SD&A. Canadian Propane Distribution SD&A costs were $279.7 million a decrease $36.1 million or 11% from $315.8 million in the prior year due primarily to the impact of the CEWS program recorded in the current period, lower volume related expenses and cost savings initiatives partially offset by higher depreciation expense. Specialty Chemicals costs were $153.1 million, a decrease of $30.3 million or 17% from $183.4 million in the prior year primarily due to an impairment charge and a restructuring provision recorded in the prior year, the impact of the CEWS program in the current year, lower freight costs due to lower sales volumes and a gain on the translation of non-cash working capital compared to a loss in the prior year, partially offset by the impact of the weaker Canadian dollar on U.S. denominated expenses. Corporate SD&A costs were $29.8 million, a decrease of $5.4 million or 15% from $35.2 million in the prior year primarily due to lower incentive plan costs related to share price volatility and lower transaction costs. U.S. Propane Distribution SD&A costs were $427.8 million, an increase of $13.9 million or 3% from $413.9 million in the prior year primarily due to the impact of acquisitions completed in the current and prior year partially offset by lower volume-related expenses, workforce optimization and to a lesser extent the realization of incremental synergies and lower transaction and restructuring costs.

Finance expense for the year ended December 31, 2020 was $106.5 million, a decrease of $7.8 million or 7% from $114.3 million in the prior year. The decrease is primarily due to lower average debt balances and lower variable interest rates, partially offset by the impact of the weaker Canadian dollar on the translation of U.S. denominated finance expense. Average debt balances were lower as the proceeds of the US$260 million Preferred Share issuance (see Shareholders' Capital) were used to repay debt, partially offset by acquisitions completed in the year.

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 incurred a net gain on derivatives and foreign currency translation of borrowings of $49.7 million for the years ended December 31, 2020 compared to a net gain of $17.2 million in the prior year. 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. For additional details, refer to Note 17 of the 2020 audited consolidated financial statements.

Total income tax expense of $71.9 million was $46.9 million higher than the prior year's expense of $25.0 million. Current income tax expense was $11.1 million, a decrease of $2.0 million from the prior year's expense of $13.1 million. Deferred income tax expense was $60.8 million, an increase of $48.9 million from the prior year expense of $11.9 million primarily due to the impact of U.S. tax regulations enacted during the year.

The net earnings from operations for the years ended December 31, 2020 was $86.8 million, compared to $142.6 million net earnings in the prior year. The decrease from the prior year is primarily due to lower gross profit and higher income tax expense partially offset by higher gains on derivatives and foreign currency translation of borrowings recorded in the current year and lower selling, distribution and administrative costs and finance expenses. Basic earnings per share attributable to Superior was $0.43 per share a decrease of 48% from $0.82 per share in the prior year. The decrease is due to the above reasons and a higher weighted average number of shares outstanding. Weighted average shares outstanding were higher than the prior year primarily due to the issuance of Preferred Shares that are reflected on an as converted basis and to a lesser extent the impact of shares issued under the DRIP.

Results of Superior's Operating Segments

Superior's operating segments consists of U.S. Propane, Canadian Propane which includes its wholesale business and Specialty Chemicals.

U.S. Propane Distribution

U.S. Propane Distribution's condensed operating results:

	Year Ended December 31	
(millions of dollars)	**2020**	2019
Revenue	**899.4**	1,024.1
Cost of Sales	**(385.5)**	(514.7)
Gross profit	**513.9**	509.4
Realized losses on derivatives related to commodity risk management	**(14.6)**	(9.1)
Adjusted gross profit (1)	**499.3**	500.3
Selling, distribution and administrative costs	**(427.8)**	(413.9)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs	**118.5**	105.0
Transaction and other costs	**14.4**	16.7
Loss on disposal of assets and other	**2.5**	1.3
Operating costs (1)	**(292.4)**	(290.9)
EBITDA from operations (1)	**206.9**	209.4
Add back (deduct):		
Loss on disposal of assets and other	**(2.5)**	(1.3)
Transaction and other costs	**(14.4)**	(16.7)
Amortization and depreciation included in selling, distribution and administrative costs	**(118.5)**	(105.0)
Unrealized gains (losses) on derivative financial instruments	**26.2**	(2.6)
Finance expense	**(5.2)**	(4.4)
Earnings before income tax	**92.5**	79.4

(1) Adjusted Gross Profit, EBITDA from operations and Operating Costs are Non-IFRS financial measures. See "Non-IFRS Financial Measures" and "Reconciliation of Earnings before Income Taxes to EBITDA from Operations".

Revenue for 2020 was $899.4 million, a decrease of $124.7 million or 12% from the prior year primarily due to lower sales volumes and lower wholesale commodity prices. Wholesale supply prices were lower than the prior year, driven by decreased demand as a result of warm weather in the first quarter, reduced demand related to the impact of COVID-19 and the impact from lower average West Texas Intermediate ("WTI") crude oil prices compared to the prior year. WTI crude oil prices decreased significantly at the end of the first quarter and remained lower than the prior year due to continued uncertainty around the impact of COVID-19 on the global economy.

U.S. Propane Adjusted Gross Profit

	Year Ended December 31	
(millions of dollars)	**2020**	2019
Propane distribution	**494.2**	486.1
Realized loss on derivatives related to commodity risk management	**(14.6)**	(9.1)
Propane distribution adjusted gross profit	**479.6**	477.0
Other services (1)	**19.7**	23.3
Adjusted gross profit (2)	**499.3**	500.3

(1) Other services have been restated to align with Canadian Propane Distribution by excluding fees which form part of propane distribution margins.

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

Propane distribution adjusted gross profit for 2020 was $479.6 million, an increase of $2.6 million or 1% from the prior year primarily due to the incremental contribution from acquisitions completed in the current and prior year and higher average margins, partially offset by lower sales volumes related to warmer weather and to a lesser extent the impact of COVID-19 on customer demand and the impact of sales and marketing initiatives to focus on higher margin propane customers.

Total sales volumes were 1,153 million litres, a decrease of 56 million litres or 5% from the prior year primarily due to the impact of warmer weather, the impact of COVID-19 on commercial and wholesale customer demand and a decline in low-margin commercial distillate volumes, partially offset by incremental volumes from tuck-in acquisitions. Average weather, as measured by degree days, across markets where U.S. propane operates for 2020 was 8% warmer than the prior year and 5% warmer than the five-year average. Residential sales volumes decreased by 36 million litres or 5% from the prior year primarily due to the impact of warmer weather in the first and fourth quarters, partially offset by the impact of tuck-in acquisitions completed in the current and prior year. Commercial volumes decreased by 2 million litres compared to the prior year primarily due to the impact of COVID-19 on commercial customers and to a lesser extent the impact of sales and marketing initiatives to shift focus away from low-margin customers, partially offset by acquisitions completed in the current and prior years. Wholesale volumes decreased by 18 million litres or 38% due to reduced demand related to the impact of COVID-19 and the impact of sales and marketing initiatives focusing on higher margin propane customers partially offset by acquisitions completed in the current and prior year.

U.S. propane average sales margins were 41.6 cents per litre an increase of 5% from 39.5 cents per litre in the prior year primarily due to customer mix, effective margin management on acquired customers and to a lesser extent the impact of the weaker Canadian dollar on the translation of U.S. denominated gross profit.

Other services gross profit includes equipment rental, installation, repair and maintenance charges. Other services gross profit was $19.7 million, a decrease of $3.6 million or 15% over the prior year primarily due to the impact of COVID-19 resulting in delays on non-essential service activity partially offset by the incremental contribution from acquisitions completed.

U.S. Propane Distribution Sales Volumes
End-Use Application

	Year Ended December 31	
(millions of litres)	**2020**	2019[1]
Residential	**637**	673
Commercial	**487**	489
Wholesale	**29**	47
Total	**1,153**	1,209

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

U.S. Propane Distribution Sales Volumes

Volumes by Region

(millions of litres)	Year Ended December 31 2020	2019
Northeast	**927**	991
Southeast	**105**	111
Midwest	**87**	101
West	**34**	6
Total	**1,153**	1,209

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 $292.4 million, an increase of $1.5 million or 1% over the prior year. The increase in operating costs is due to the impact of acquisitions completed in the current and prior year and is partially offset by workforce optimization initiatives, the realization of incremental synergies and lower volume-related expenses. SD&A costs were $427.8 million, an increase of $13.9 million or 3% over the prior year. SD&A costs increased for the above reasons and due to higher depreciation and amortization expense related primarily to the impact of acquisitions completed and is partially offset by lower transaction and restructuring costs.

Earnings before tax

Earnings before tax was $92.5 million, an increase of $13.1 million or 16% over the prior year due to the aforementioned reasons and the impact of an unrealized gain on derivative financial instruments in the current quarter compared to a loss in the prior year.

Financial Outlook

EBITDA from operations in 2021 for U.S. Propane is anticipated to be higher than 2020 primarily due to the full year contribution from tuck-in acquisitions completed in 2020, increased demand related to expectations weather will be consistent with the five-year average, cost saving initiatives, organic growth and to a lesser extent a recovery in commercial demand as the economy recovers from the impact of COVID-19. Average weather 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 condensed operating results:

(millions of dollars)	Year Ended December 31 2020	2019
Revenue [1]	**925.0**	1,159.9
Cost of Sales [1]	**(525.2)**	(692.8)
Gross profit	**399.8**	467.1
Realized (losses) on derivatives related to commodity risk management	**(1.0)**	(19.9)
Adjusted gross profit [2]	**398.8**	447.2
Selling, distribution and administrative costs	**(279.5)**	(315.8)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs	**74.2**	71.9
Transaction and other costs	**0.4**	0.8
(Gain) loss on disposal of assets and other	**1.1**	(3.3)
Operating costs [2]	**(203.8)**	(246.4)
EBITDA from operations [2]	**195.0**	200.8
Add back (deduct):		
Gain (loss) on disposal of assets and other	**(1.1)**	3.3
Transaction and other costs	**(0.4)**	(0.8)
Amortization and depreciation included in selling, distribution and administrative costs	**(74.2)**	(71.9)
Unrealized gains on derivative financial instruments	**8.3**	3.2
Finance expense	**(4.4)**	(4.4)
Earnings before income tax	**123.2**	130.2

(1) Revenue and cost of sales have been restated to conform with the current period presentation.

(2) EBITDA from operations and operating costs are Non-IFRS financial measures. See "Non-IFRS Financial Measures" and "Reconciliation of Earnings before Income Taxes to EBITDA from Operations".

Revenue for 2020 was $925.0 million, a decrease of $234.9 million or 20% from the prior year primarily due to lower sales volumes and lower wholesale propane prices. Wholesale propane supply prices were lower than the prior year, primarily due to high propane inventory levels in the U.S., driven by decreased demand as a result of warm weather in the first quarter, reduced demand related to the impact of COVID-19, and the impact from lower average West Texas Intermediate ("WTI") crude oil prices compared to the prior year. WTI crude oil prices decreased significantly at the end of the first quarter and remained lower than the prior year due to continued uncertainty around the global reaction to COVID-19.

Canadian Propane Adjusted Gross Profit

(millions of dollars)	Year Ended December 31 2020	2019
Propane distribution	**383.9**	448.6
Realized (losses) on derivatives related to commodity risk management	**(1.0)**	(19.9)
Propane distribution adjusted gross profit	**382.9**	428.7
Other services	**15.9**	18.5
Adjusted gross profit [1]	**398.8**	447.2

(1) Adjusted gross profit is a Non-IFRS financial measure. See "Non-IFRS Financial Measures".

Propane distribution adjusted gross profit for 2020 was $382.9 million, a decrease of $45.8 million or 11% from the prior year primarily due to lower sales volumes and other services gross profit, partially offset by higher average sales margins.

Total sales volumes were 2,038 million litres, a decrease of 467 million litres or 19%, primarily due to lower commercial and wholesale volumes. Average weather across Canada for 2020, as measured by degree days was 5% warmer than the prior year and 1% warmer than the five-year average. Residential sales volumes were 5% lower than prior year primarily due to warmer weather. Commercial sales volumes decreased by 179 million litres or 17% due primarily due to the impact of COVID-19 on customer demand as customers were operating at reduced capacity, the loss of an oilfield customer related to oil and gas industry consolidation and reduced drilling activity related to the decrease in oil prices impacting demand in Western Canada and to a lesser extent warmer weather, partially offset by higher reseller volumes related to recreational propane use. Wholesale propane volumes were 279 million litres or 22% lower compared to the prior year due to lower demand associated with the impact of COVID-19, the impact of low oil prices and warmer weather.

Average propane sales margins were 18.8 cents per litre, an increase of 10% from 17.1 cents per litre in the prior year due primarily to customer mix and effective margin management in a low-cost environment partially offset by weaker wholesale propane market fundamentals in the last nine months.

Other services gross profit primarily includes equipment rental, repairs and maintenance work, installation fees and customer minimum use charges. Other services gross profit was $15.9 million, a decrease of $2.6 million or 14% from the prior year primarily due to the impact COVID-19 on service technician activity and the impact of economic conditions on service technician activity and equipment rentals in Western Canada.

Canadian Propane Distribution Sales Volumes

Volumes by End-Use Application [(1)]

	Year Ended December 31	
(millions of litres)	**2020**	2019
Residential	**171**	180
Commercial	**881**	1,060
Wholesale	**986**	1,265
Total	**2,038**	2,505

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

Volumes by Region [(1)]

	Year Ended December 31	
(millions of litres)	**2020**	2019
Western Canada	**718**	961
Eastern Canada	**463**	535
Atlantic Canada	**135**	127
United States	**722**	882
Total	**2,038**	2,505

(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 $203.8 million, a decrease of $42.6 million or 17% as compared to the prior year, while SD&A costs were $279.5 million, a decrease of $36.3 million or 11% from the prior year. The decrease in operating costs was primarily due to the impact of the CEWS benefit, lower volume-related expenses and cost saving initiatives, SD&A costs decreased for these same reasons and were partially offset by a loss on disposal of assets in the current year compared to a gain in the prior year. Canadian Propane recorded a total benefit of $25.6 million related to the CEWS program in 2020.

Earnings before tax

Earnings before income tax was $123.2 million, a decrease of $7.0 million or 5% over the prior year, due to the aforementioned reasons and the impact of an increased unrealized gain on derivative financial instruments in the current year compared to the prior year.

Financial Outlook

EBITDA from operations in 2021 for Canadian Propane Distribution is anticipated to be lower than 2020 as the impact of the CEWS benefit in 2021 is expected to be significantly lower, wholesale propane market fundamentals are expected to be weaker and the impact of COVID-19 on sales volumes and commercial volume trends in Western Canada are expected to be consistent with 2020, partially offset by lower volume-related costs, and cost savings initiatives.

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.

Specialty Chemicals

Specialty Chemicals' condensed operating results:

	Year Ended December 31			
(millions of dollars except per metric tonne (MT) amounts)	**2020**		2019	
		$ per MT		$ per MT
Revenue	**587.4**	**795**	681.3	826
Cost of Sales	**(395.4)**	**(535)**	(444.8)	(539)
Gross Profit	**192.0**	**260**	236.5	287
Depreciation included in cost of sales	**42.8**	**58**	44.9	54
Adjusted Gross Profit (1)	**234.8**	**318.0**	**281.4**	**341.0**
Selling, distribution and administrative costs (SD&A)	**(153.1)**	**(207)**	(183.4)	(222)
Add back (deduct):				
Loss on disposal of assets and impairment	**2.3**	**3.0**	20.4	25
Restructuring costs	**1.5**	**2**	3.1	4
Amortization and depreciation included in SD&A costs	**31.0**	**42**	30.4	37
Operating costs (1)	**(118.3)**	**(160)**	(129.5)	(157)
EBITDA from operations (1)	**116.5**	**158**	151.9	184
Add back (deduct):				
Loss on disposal of assets and impairment	**(2.3)**		(20.4)	
Amortization and depreciation included in SD&A costs	**(31.0)**		(30.4)	
Depreciation included in cost of sales	**(42.8)**		(44.9)	
Restructuring costs	**(1.5)**		(3.1)	
Unrealized gain on foreign currency translation of lease liabilities	**0.7**		2.9	
Finance expense	**(8.0)**		(8.1)	
Earnings from discontinued operations, before tax	**31.6**		47.9	

(1) Adjusted Gross Profit, EBITDA from operations, Operating Costs and per metric tonne amounts are Non-IFRS financial measures. See "Non-IFRS Financial Measures" and "Reconciliation of Net Earnings before Income Taxes to EBITDA from Operations".

Sales Volumes by Product

	Year Ended December 31	
(thousands of MTs)	**2020**	2019
Sodium chlorate	**438**	480
Chlor-alkali	**295**	339
Chlorite	**6**	6
Total	**739**	825

Revenue for 2020 was $587.4 million, a decrease of $93.9 million or 14% from the prior year primarily due to lower sales volumes and to a lesser extent lower average chlor-alkali selling prices, partially offset by higher sodium chlorate sales prices.

Sodium chlorate sales volumes decreased by 42 MTs or 9% due primarily to the impact of COVID-19 on customer demand. Sodium chlorate sales prices were 1% higher than the prior year due to the impact of customer mix, contract price increases and to a lesser extent the weaker Canadian dollar on U.S. denominated sales.

Chlor-alkali sales volumes decreased by 44 MTs or 13% due to lower sales volumes for all products. COVID-19 has negatively impacted chlor-alkali demand due to broad-based shutdowns and curtailed economic activity. Hydrochloric acid sales volumes decreased 13% primarily due to continued lower demand from the U.S. oil and gas sector related to the impact of COVID-19 on crude oil demand. Caustic soda sales volumes decreased 8% primarily due to North American market fundamentals caused by excess supply and the impact of COVID-19. Chlorine sales volumes decreased 22% due to the termination of a contract at the end of the prior year supplied from external purchases and the impact of COVID-19 and were partially offset by increased demand due to reduced chlor-alkali production in the U.S. Gulf Coast related to Hurricane Laura. Caustic potash sales volumes decreased 11% primarily due to reduced agricultural demand in California and weak de-icing demand. Average hydrochloric acid and caustic soda netbacks decreased by approximately 54% and 18% respectively for the aforementioned reasons partially offset by the impact of the weaker Canadian dollar on U.S. denominated sales. Chlorine netbacks increased 15% due to customer mix and the impact of the weaker Canadian dollar on U.S. denominated sales. Caustic potash netbacks were 3% lower than the prior year due to customer mix partially offset by the impact of the weaker Canadian dollar on U.S. denominated sales.

Chlorite sales volumes and prices were consistent with the prior year.

Gross profit was $192.0 million, a decrease of $44.5 million or 19% from the prior year due primarily to lower sales volumes and lower chlor-alkali sales prices partially offset by 10% lower North American sodium chlorate electrical mill rates, the impact of the CEWS benefit and to a lesser extent the impact of the weaker Canadian dollar compared to the prior year on U.S. denominated gross profit. Electricity costs were lower due to low system demand, low natural gas prices and to a lesser extent the impact of reduced production from a higher cost plant in the prior year. An amount of $4.4 million related to CEWS, was recorded as a reduction to cost of goods sold in 2020.

Operating Costs and Selling, Distribution and Administrative Costs
Operating costs were $118.3 million, a decrease of $11.2 million or 9% over the prior year. The decrease in operating costs was primarily due to lower freight costs related to lower sales volumes, and to a lesser extent, the impact of the CEWS benefit. SD&A costs were $153.1 million, a decrease of $30.3 million or 17% over the prior year. SD&A costs decreased for the above same reasons, the impact of an impairment charge recorded in the prior year, and to a lesser extent lower restructuring costs in the current year. In 2019, a chlorate manufacturing facility in Saskatoon, Saskatchewan was closed and an impairment of approximately $18.0 million was recorded along with a $3.1 million restructuring expense. An amount of $2.6 million related to CEWS, was recorded as a reduction to SD&A in 2020.

Earnings before tax
Earnings before tax for 2020 was $31.6 million, a decrease of $16.3 million or 34% from the prior year due primarily to the aforementioned reasons and to a lesser extent the impact of a lower unrealized gain on the foreign currency translation of lease liabilities compared to the prior year.

Subsequent to December 31, 2020, Superior entered into a definitive agreement to sell Specialty Chemicals, see Divestiture.

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. Efficiency, process improvement and growth-related 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 for 2020 and 2019:

	Year Ended December 31	
(millions of dollars)	**2020**	2019
Efficiency, process improvement and growth-related	**55.7**	67.5
Maintenance capital	**60.6**	68.4
	116.3	135.9
Proceeds on disposition of assets	**(12.5)**	(7.1)
Property, plant and equipment acquired through acquisition	**134.0**	32.5
Total net capital expenditures	**237.8**	161.3
Investment in leased assets net of proceeds from refinanced vehicles	**65.0**	37.2
Total expenditures including finance leases	**302.8**	198.5

Efficiency, process improvement and growth-related expenditures were $55.7 million for 2020 compared to $67.5 million in the prior year. The decrease over the prior year is primarily due to deferring expenditures to offset the impact of COVID-19 on cashflows and to a lesser extent timing of integration activity including investments in information technology systems.

Maintenance capital expenditures were $60.6 million for 2020 compared to $68.4 million in the prior year. The decrease is primarily due to deferring expenditures to offset the impact of COVID-19 on cashflows and to a lesser extent timing of expenditures.

Property, plant and equipment acquired through acquisition is the allocation of fair value to these assets related to the acquisitions completed during the prior year.

Superior entered into new leases with capital-equivalent value of $83.6 million and refinanced previously acquired vehicles for gross proceeds of $18.6 million for 2020. The net investment was $65.0 million, compared to $37.2 million in the prior year. The increase is primarily due to timing of renewing property, railcar and vehicles leases.

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

CORPORATE ADMINISTRATION COSTS AND SD&A

Corporate administration costs are $20.5 million for 2020, a decrease of $5.0 million compared to $25.5 million in the prior year. The decrease from the prior year is primarily due to lower long-term incentive plan costs related to fluctuations in the share price, and to a lesser extent the impact of recording $0.5 million related to CEWS and lower discretionary spending due to the impact of COVID-19. Corporate administration costs included in Adjusted EBITDA exclude depreciation, amortization and transaction and other costs. Corporate SD&A decreased for the above noted reasons and lower transaction and other costs.

FINANCE EXPENSE

Finance expense was $106.5 million for 2020, a decrease of $7.8 million, compared to $114.3 million in the prior year. The decrease is primarily due to lower average debt balances, lower variable interest rates compared to the prior year and lower non-cash financing charges.

TRANSACTION AND OTHER COSTS

Superior's transaction 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)	**2020**	2019
Total transaction and other costs	**25.1**	29.9

For the year ended December 31, 2020, Superior incurred $25.1 million in costs related primarily to the acquisition and integration of tuck-in acquisitions and other acquisition activity. The costs in the prior year related primarily to the integration of NGL and to a lesser extent the strategic review of Specialty Chemicals and costs related to tuck-in acquisitions.

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 Canada, U.S., Luxembourg, and Chilean income tax.

Total income tax expense for the year ended December 31, 2020 was $71.9 million, comprised of $11.1 million in cash income tax expense and $60.8 million in deferred income tax expense. This compares to a total income tax expense of $25.0 million in the prior year, which consisted of a cash income tax expense of $13.1 million and a $11.9 million deferred income tax expense.

Cash income taxes for the year ended December 31, 2020 was $11.1 million (2019 – $13.1 million), consisting of income taxes in Canada of $6.6 million (2019 – $3.8 million), income taxes in the U.S. of $0.3 million (2019 – $3.8 million), income taxes in Chile of $1.8 million (2019 – $3.2 million), and income taxes in Luxembourg of $2.4 million (2019 – $2.3 million). Deferred income tax expense for the year ended December 31, 2020 was $60.8 million (2019 – $11.9 million), resulting in a net deferred income tax liability of $47.0 million as at December 31, 2020.

Canada	*(millions of dollars)*
Tax basis	349.7
Non-capital losses	44.6
Canadian scientific research expenditures	197.6
Investment tax credits	76.2
United States	
Tax basis	1,271.5
Non-capital losses	308.0
Chile	
Tax basis	15.5

FINANCIAL OUTLOOK

Superior achieved its 2020 Adjusted EBITDA guidance of $495.9 which was the mid-point of the guidance range of $475 million to $515 million despite the impacts from the COVID-19 pandemic, reduced oil and gas drilling activity in North America, as well as the impact of the significantly warmer weather in the first quarter. Superior is introducing its 2021 Adjusted EBITDA guidance range of $370 million to $410 million. This excludes the Specialty Chemical Segment as a result of the announced divestiture on February 18, 2021. This compares to Adjusted EBITDA of $353.3 million in 2020 excluding the Specialty Chemicals segment and the impact of CEWS or an increase of 10% from $353.3 million to the midpoint of 2020 Adjusted EBITDA guidance range. The increase is primarily due to higher expected EBITDA from US Propane partially offset by lower expected EBITDA from Canadian Propane reflecting the continuing impact of COVID-19 and to a lesser extent higher corporate costs related to increased incentive plan costs.

Achieving Superior's Adjusted EBITDA depends on the operating results of its Energy Distribution segments. In addition to the operating results of Superior's segments, significant assumptions underlying the achievement of Superior's 2021 guidance are:

- Weather is expected to be consistent with the average temperature for the last five years;
- Economic growth in Canada and the U.S. is expected to begin to stabilize in the fourth quarter of 2021;
- 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 2021;
- Superior is substantively hedged for its estimated U.S. dollar exposure for 2021, and due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2021 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 $0.77 for 2021 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;
- Canadian and U.S. based cash taxes are expected to be in the range of $5 million to $15 million for 2021 based on existing statutory income tax rates and the ability to use available tax basis. This excludes cash taxes related to the divestiture of Specialty Chemicals.

U.S. Propane Distribution

- Wholesale propane prices are anticipated to be consistent with 2020;
- Tuck-in acquisition opportunities are anticipated to be higher than 2020;
- Wholesale propane prices are not anticipated to significantly affect demand for propane and related services;
- Commercial volumes are anticipated to be impacted by COVID-19 until vaccines are widely distributed. The assumed recovery from COVID-19 is expected in the second half of 2021;
- Continue to realize synergies from acquisitions primarily through supply chain efficiencies, margin management improvements and operational expense savings; and
- Continue to implement cost-saving initiatives related to workforce optimization.

Canadian Propane Distribution

- Wholesale propane and natural gas liquid market fundamentals related to basis differentials are anticipated to be weaker than 2020;
- 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 vaccines are widely distributed. The assumed recovery from COVID-19 is expected in the second half of 2021; and
- SD&A expenditures are expected to be higher due to the impact of the CEWS recorded in 2020 and will be partially offset by continuous improvement initiatives and restructuring activities.

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."

LIQUIDITY AND CAPITAL RESOURCES

Debt Management Update

Superior is focused on managing both its debt and its Total Debt to Adjusted EBITDA Leverage Ratio. Superior's Total Debt to Adjusted EBITDA Leverage Ratio for the trailing twelve months was 3.5x as at December 31, 2020, compared to 3.7x at December 31, 2019. The decrease in the Total Debt to Adjusted EBITDA Leverage Ratio from December 31, 2019 was due to proceeds received from the issuance of 260,000 Preferred Shares (see Shareholders' Capital) partially offset by acquisitions completed in the year, entering new or extending leases and less cash flows from operations. This is consistent with Superior's long-term targeted range of 3.0x to 3.5x.

Total Debt to Adjusted EBITDA Leverage Ratio is a Non-IFRS measure, see "Non-IFRS Financial Measures".

Borrowing

Superior's revolving syndicated bank facility (credit facility), term loans and lease obligations (collectively borrowing) before deferred financing fees was $1,850.6 million as at December 31, 2020, a decrease of $105.5 million from $1,956.1 million as at December 31, 2019. The decrease is primarily due to proceeds from the issuance of Preferred Shares used to pay down borrowing, partially offset by acquisitions completed during the period, to a lesser extent the impact of the weaker Canadian dollar on U.S. denominated debt, and new leases.

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

	As at December 31, 2020			
(millions of dollars)	Total Amount	Borrowing	Letters of Credit Issued	Amount Available
Revolving term bank credit facilities (1)	750.0	343.6	40.6	365.8
Term loans (1)	1,215.4	1,215.4	–	–
Other debt (2)	24.8	24.8	–	–
Lease liabilities	266.8	266.8	–	–
Total	**2,257.0**	**1,850.6**	**40.6**	**365.8**

(1) Revolving term bank credit facilities and term loan balances are presented before deferred financing fees.

(2) Accounts receivable factoring and deferred consideration.

Net Working Capital

Consolidated net working capital was $22.3 million as at December 31, 2020, a decrease of $27.6 million from $49.9 million as at December 31, 2019. The decrease from the prior year is due to the timing of customer receipts compared to disbursements, partially offset by the impact of recording the CEWS as of December 31, 2020.

Compliance

In accordance with the credit facility, Superior must maintain certain covenants and ratios that represent Non-IFRS financial measures. Superior is in compliance with the lender covenants as at December 31, 2020 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, 2020, Superior had an estimated net defined benefit going concern surplus of approximately $26.8 million (December 31, 2019 – $25.9 million surplus) and a net pension solvency surplus of approximately $3.1 million (December 31, 2019 – $11.0 million surplus) for all defined benefit pension plans. Funding requirements by applicable pension legislation are based upon going concern and solvency actuarial assumptions. These assumptions differ from the going concern actuarial assumptions used in Superior's audited consolidated financial statements.

Contractual Obligations and Other Commitments

		As at December 31, 2020				
(millions of dollars)	Note [1]	Total	Current	Years 2-3	Years 4-5	Thereafter
Borrowing	14	1,583.8	7.1	12.9	1,118.4	445.4
Lease Liabilities	2,15	266.8	53.3	91.4	55.9	66.2
Operating leases [2]	15	7.4	3.6	3.7	0.1	–
US$ foreign currency forward sales contracts	17	346.6	187.1	135.5	24.0	–
US$/CAD call options [3]	17	42.0	–	6.0	36.0	–
Natural gas, diesel, WTI, butane, propane, and heating oil [4]	17	92.3	73.8	18.5	–	–
Total contractual obligations		**2,338.8**	**324.7**	**268.0**	**1,234.4**	**511.7**

(1) Notes to the December 31, 2020 audited consolidated financial statements.
(2) 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) USD/CAD call options expire in December 2023 and 2024 with strikes ranging from 1.40 to 1.47.
(4) 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, 2020, the following shares were issued and outstanding:

	Common shares		Preferred shares	
	Issued number (Millions)	**Share capital**	**Issued number (Millions)**	**Share capital**
Balance as at December 31, 2019	174.9	$2,339.9	–	$–
Common shares issued under dividend reinvestment plan	**1.1**	**10.4**	**–**	**–**
Preferred shares issued by a subsidiary	**–**	**–**	**0.3**	**353.8**
Balance as at December 31, 2020	**176.0**	**$2,350.3**	**0.3**	**$353.8**

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 2020, above, and "Summary of Cash Flow" for additional details.

Dividends declared to common shareholders for 2020 were $126.4 million or $0.72 per common share compared to $125.9 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 not utilized in 2019. On January 28, 2020 Superior reinstated the DRIP that commenced with the February dividend which was paid on March 13, 2020. Superior suspended the DRIP after payment of the May dividend 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.

Preferred Shareholders
On July 13, 2020, Superior issued 260,000 Preferred Shares (the "Preferred Shares") by its wholly owned subsidiary Superior Plus US Holdings for gross proceeds of US$260 million (CDN $353.8 million). The initial proceeds were recorded as a non-controlling interest within equity and the issuance costs of US$13.4 million (CDN $18.1 million) were allocated to Superior's deficit.

The Preferred Shares 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 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 rateably 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 2020 were US$8.8 million (CDN $11.7 million) or US$72.50 (CDN $96.35) per preferred share per annum.

SUMMARY OF CASH FLOW

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

	Year Ended December 31	
(millions of dollars)	**2020**	2019
Cash flows from operating activities	**360.2**	423.2
Investing activities:		
Purchase of property, plant and equipment and intangible assets	**(116.3)**	(135.9)
Proceeds on disposal of property, plant and equipment	**12.5**	7.1
Acquisitions, net of cash acquired	**(280.4)**	(60.1)
Cash flows used in investing activities	**(384.2)**	(188.9)
Financing activities:		
Net repayment of revolving term bank credits and other debt	**(154.3)**	(63.4)
Proceeds received from vehicle refinancing	**18.6**	–
Principal repayment of lease obligations	**(51.9)**	(41.5)
Proceeds from share issuance, net of costs	**335.7**	–
Debt issuance costs	**–**	(0.6)
Dividends paid to shareholders	**(125.6)**	(125.9)
Cash flows used in financing activities	**22.5**	(231.4)
Net increase in cash and cash equivalents during the year	**(1.5)**	2.9
Cash and cash equivalents, beginning of the year	**26.5**	23.9
Effect of translation of foreign currency-denominated cash and cash equivalents	**(0.9)**	(0.3)
Cash and cash equivalents, end of the year	**24.1**	26.5

Cash flows from operating activities for 2020 was $360.2 million, a decrease of $63.0 million from the prior year. The decrease is primarily a result of a lower AOCF compared to the prior year and lower cash-inflows from changes in non-cash operating working capital compared to the prior year due to timing of customer receipts relative to supplier payments.

Cash flow used in investing activities for 2020 was $384.2 million, an increase of $195.3 million from the prior year due to acquisitions completed during the current year partially offset by lower capital expenditures compared to the prior year.

Cash flow used in financing activities was $22.5 million, an increase of $253.9 million from the prior year, due to the issuance of 260,000 Preferred Shares partially offset by a net repayment of the revolving term bank credit facilities.

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, 2020 Superior has hedged approximately 56% of estimated U.S. dollar exposure for calendar 2021 and approximately 23% for calendar 2022. A summary of Superior's U.S. dollar forward contracts and options for the rolling twelve months is provided in the table below.

	As at December 31, 2020					
(US$ millions except exchange rates)	Current	2022	2023	2024	2025	Total
Net US$ forward sales	187.1	76.5	59.0	24.0	–	346.6
USD/CAD Call Options	–	–	6.0	36.0	–	42.0
Net average external US$/CDN$ exchange rate	1.33	1.32	1.37	1.34	–	1.33

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded in Superior's audited consolidated financial statements, 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 17 to the audited consolidated financial statements for the year ended December 31, 2020.

Sensitivity Analysis

Superior's estimated cash flow sensitivity in 2020 to various changes is provided below:

	Change	% Change	AOCF Impact (millions)	Per Diluted Share
U.S. Propane Distribution				
Change in U.S. propane sales margin	$0.005/litre	1%	$ 5.8	$ 0.03
Change in U.S. propane sales volume	50 million litres	4%	$ 17.9	$ 0.09
Canadian Propane Distribution				
Change in Canadian propane sales margin	$0.005/litre	3%	$ 10.2	$ 0.05
Change in Canadian propane sales volume	50 million litres	3%	$ 8.4	$ 0.04
Specialty Chemicals				
Change in sales price	$10.00/MT	1%	$ 7.4	$ 0.04
Change in sales volume	15,000 MT	2%	$ 3.9	$ 0.02
Corporate				
Change in CDN$/US$ exchange rate on US$ denominated debt	$0.01	1%	$ (4.4)	$ (0.02)
Change in interest rates	0.50%	24%	$ (1.7)	$ (0.01)

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 year ended December 31, 2020.

Effectiveness

An evaluation of the effectiveness of Superior’s DC&P and ICFR was conducted as at December 31, 2020 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, 2020 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 Rymes effective September 1, 2020. Summary financial information pertaining to this acquisition that was included in the audited consolidated financial statements of Superior as at December 31, 2020, is as follows:

(millions of Canadian dollars)	**Three Months Ended December 31, 2020**	**Year Ended December 31, 2020**
Sales	43.8	50.3
Net earnings for the period	14.5	14.8

	December 31, 2020
Current assets	4.8
Non-current assets	152.75
Current liabilities	(7.2)
Non-current liabilities	(1.3)

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, 2020 as well as IAS 20, Government Grants (“IAS 20”) below. 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.

IAS 20, 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 unaudited condensed consolidated statements of net earnings (loss) and total comprehensive earnings (loss) as a reduction of the related expense.

In response to COVID-19, the Government of Canada implemented the CEWS 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 as follows:

	Three Months Ended December 31		**Year Ended December 31**	
	2020	2019	**2020**	2019
Cost of products and services	**2.1**	–	**4.4**	–
Selling, distribution and administrative costs	**13.6**	–	**28.9**	–
Total	**15.7**	–	**33.3**	–

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

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, 2020, or latter periods. The changes in accounting policies and disclosures that are applicable to Superior are described in Note 2 (C) of the audited consolidated financial statements.

NON-IFRS FINANCIAL MEASURES
Throughout the MD&A, Superior has used the following terms that are not defined by GAAP, 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-IFRS financial measures do not have standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Securities regulations require that Non-IFRS financial measures be clearly defined, qualified and reconciled to their most comparable GAAP financial measures. Except as otherwise indicated, these Non-IFRS 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-IFRS 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-IFRS 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-IFRS Financial Measures as management believes this benefit forms part of the net impact of COVID-19 on the financial results of Superior. Non-IFRS 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. 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-recurring items. Superior may deduct or include additional items in its

calculation of AOCF; these items would generally, but not necessarily, be infrequent in nature 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 and other costs.

AOCF per share before transaction and other costs is calculated by dividing AOCF before transaction and other costs by the weighted average number of shares outstanding. 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.

Adjusted EBITDA

Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization, losses (gains) on disposal of assets, finance expense, restructuring costs, transaction 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 Adjusted EBITDA excluding costs that are not considered representative of Superior's underlying core operating performance, including gains and losses on foreign currency hedging contracts, corporate costs and transaction and other costs. Management uses EBITDA from operations to set targets for Superior (including annual guidance and variable compensation targets). EBITDA from operations is reconciled to earnings before income taxes.

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.

Operating Costs

Operating costs 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 and non-recurring expenses, such as 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. Below is the chart that shows the operating expenses for the last eight quarters:

(millions of dollars)	**Q4 2020**	**Q3 2020**	**Q2 2020**	**Q1 2020**	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**
Operating costs								
U.S. Propane	**$85.7**	64.5	64.3	77.9	76.5	66.7	69.8	77.9
Canadian Propane	**$49.5**	39.1	51.4	63.8	66.0	55.0	57.9	67.5
Specialty chemicals	**$29.4**	27.9	31.7	29.3	32.0	31.1	34.4	32.0

Total Debt to Adjusted EBITDA Leverage Ratio and Pro Forma Adjusted EBITDA

Adjusted EBITDA for the Total Debt to Adjusted EBITDA Leverage Ratio is defined as 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"). Pro Forma Adjusted EBITDA is used by Superior to calculate its Total Debt to Adjusted EBITDA Leverage Ratio.

To calculate the Total Debt to Adjusted EBITDA Leverage Ratio divide the sum of borrowings before deferred financing fees and lease liabilities by Pro Forma Adjusted EBITDA. Total Debt to Adjusted EBITDA Leverage Ratio is used by Superior and investors to assess its ability to service debt.

Per metric tonne amounts

The amounts shown on a per metric tonne (MT) basis are calculated by dividing the dollar amount by the total sales volumes for that respective period. This information is provided for amounts included in the Speciality Chemicals condensed operating results. This information assists users of the financial information to determine trends such as pricing or the average cost to manufacture a MT in the current period compared to prior periods.

SELECTED FINANCIAL INFORMATION

(millions of dollars except per share amounts)	**2020**	2019
GAAP measures:		
Total assets	**3,826.3**	3,638.0
Revenue	**$2,394.3**	2,852.9
Gross profit	**$1,105.7**	$1,213.0
Net earnings for the year	**$86.8**	$142.6
Net earnings per share, attributable to Superior (3)		
- basic	**$0.43**	$0.82
- diluted	**$0.43**	$0.82
Cash flows from operating activities	**$360.2**	423.2
Dividends per common share(3)	**$0.72**	$0.72
Current and long-term borrowing (1)	**$1,850.6**	1,956.1
Non-IFRS financial measures (2):		
AOCF	**$361.4**	376.3
Per share (3)	**$1.91**	$2.15
AOCF before transaction and other costs	**$386.5**	406.2
Per share before transaction and other costs (3)	**$2.04**	$2.32

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

(2) See "Non-IFRS Financial Measures" and "Reconciliation of Earnings to Adjusted EBITDA from Operations".

(3) The weighted average number of shares outstanding for the year ended December 31, 2020 was 189.7 million (December 31, 2019 was 174.9 million). The weighted average number of shares assumes the conversion of the preferred shares into common shares. There were no other dilutive instruments with respect to AOCF per share and AOCF before transaction and other costs per share for the years ended December 31, 2020 and 2019

FOURTH QUARTER RESULTS

Summary of AOCF

(millions of dollars, except per share amounts)	Three Months Ended December 31 2020	2019
Revenue	**703.9**	818.6
Gross profit	**320.4**	365.9
EBITDA from operations [1]	**171.7**	187.8
Corporate operating costs	**(5.8)**	(7.5)
Realized gain (loss) on foreign currency hedging contracts	**3.9**	(3.6)
Adjusted EBITDA [1]	**169.8**	176.7
Interest expense	**(24.4)**	(25.7)
Cash income tax expense	**(0.1)**	(6.0)
AOCF before transaction costs [1]	**145.3**	145.0
Transaction and other costs [2]	**(8.5)**	(5.6)
AOCF [1]	**136.8**	139.4
AOCF per share before transaction and other costs [1,2,3]	**$0.71**	$0.83
AOCF per share [1,3]	**$0.66**	$0.80
Dividends declared per common share	**$0.18**	$0.18

[1] EBITDA from operations, Adjusted EBITDA, AOCF before transaction and other costs, AOCF, and AOCF per share are Non-IFRS measures. See "Non-IFRS Financial Measures".

[2] Transaction and other costs for the three months ended December 31, 2020 are primarily related to the acquisition and integration of acquired businesses. Transaction and other costs for the prior year are primarily related to the strategic review of Specialty Chemicals, the integration of NGL and other tuck-in acquisitions.

[3] The weighted average number of shares outstanding for the three months ended December 31, 2020 was 206.0 million (December 31, 2019 was 174.9 million). The weighted average number of shares assumes the conversion of the preferred shares into common shares. There were no other dilutive instruments with respect to AOCF per share and AOCF before transaction and other costs per share for the three months ended December 31, 2020 and 2019.

Comparable GAAP Financial Information

(millions of dollars, except per share amounts)	Three Months Ended December 31 2020	2019
Net earnings for the period	**89.3**	74.6
Net earnings attributable to common shareholders	**83.1**	74.6
Net earnings attributable to non-controlling interests	**6.2**	-
Net earnings per common share for the period, basic and diluted	**$0.43**	$0.43
Cash flows from operating activities	**70.6**	108.3
Cash flows from operating activities per share [4]	**$0.34**	$0.62

[4] The weighted average number of shares outstanding for the three months ended December 31, 2020 was 206.0 million (December 31, 2019 was 174.9 million). The weighted average number of shares assumes the conversion of the preferred shares into common shares. There were no other dilutive instruments with respect to AOCF per share and AOCF before transaction and other costs per share for the three months ended December 31, 2020 and 2019.

Segmented Information

	Three Months Ended December 31	
(millions of dollars)	**2020**	2019
EBITDA from operations [(1)]		
U.S Propane Distribution	**80.4**	78.2
Canadian Propane Distribution	**65.6**	75.6
Specialty Chemicals	**25.7**	34.0
Total	**171.7**	187.8

(1) EBITDA from operations is a Non-IFRS measure. See "Non-IFRS Financial Measures."

Fourth Quarter Results Compared to the Prior Year Quarter

Adjusted EBITDA for the three months ended December 31, 2020 was $169.8 million, a decrease of $6.9 million or 4% compared to the prior year quarter Adjusted EBITDA of $176.7 million. The decrease is primarily due to lower EBITDA from operations and was partially offset by a realized gain on foreign currency hedging contracts compared to a realized loss in the prior year quarter and to a lesser extent lower corporate operating cost. EBITDA from operations decreased $16.1 million or 9% compared to the prior year quarter primarily due to lower Canadian Propane and Specialty Chemicals EBITDA from operations partially offset by higher U.S. Propane EBITDA from operations. Canadian Propane EBITDA from operations was $65.6 million, a decrease of $10.0 million or 13% compared to the prior year quarter primarily due to lower sales volumes and weaker wholesale propane market fundamentals partially offset by CEWS benefit. Specialty Chemicals EBITDA from operations was $25.7 million, a decrease of $8.3 million or 24% primarily due to lower sales volumes and lower average hydrochloric acid and caustic soda sales prices compared to the prior year quarter. U.S. Propane EBITDA from operations was $80.4 million, an increase of $2.2 million or 3% compared to the prior year quarter primarily due to the impact of acquisitions partially offset by warmer weather and the impact of COVID-19 on sales volumes. Superior realized a gain on foreign currency hedging contracts of $3.9 million compared to a loss of $3.6 million in the prior year quarter due to changes in foreign exchange rates relative to average hedge rates for settled hedges in the quarter. Corporate administrative costs were $5.8 million, a decrease of $1.7 million from the prior year quarter of $7.5 million primarily due to lower long-term incentive plan costs.

AOCF

AOCF before transaction and other costs for the three months ended December 31, 2020 was $145.3 million, a modest increase from the prior year AOCF before transaction and other costs of $145.0 million primarily due to lower interest costs, partially offset by lower Adjusted EBITDA discussed above and to a lesser extent higher cash taxes. Interest expense decreased primarily due to the impact of lower average debt balances, and to a lesser extent, the impact of lower interest rates compared to the prior year quarter. AOCF per share before transaction and other costs was $0.71 per share, a decrease of $0.12 per share from the prior year quarter results of $0.83 per share, primarily due to an increase in weighted average shares outstanding and to a lesser extent lower AOCF before transaction and other costs discussed above. Weighted average shares outstanding were higher than the prior year quarter primarily due to the issuance of Preferred Shares that are reflected on an as converted basis and to a lesser extent the impact of shares issued under the Dividend Reinvestment and Optional Share Purchase Plan ("DRIP").

AOCF for the three months ended December 31, 2020 was $136.8 million, a decrease of $2.6 million or 2% from the prior year AOCF of $139.4 million due to the decreased AOCF before transaction and other costs discussed above. AOCF per share for the three months ended December 31, 2020 was $ 0.66 per share, a decrease of $0.14 per share from the prior year quarter results of $0.80 per share. Transaction and other costs for the three months ended December 31, 2020 were $8.5 million, $2.9 million more than the $5.6 million in the prior year quarter.

Results of Superior's Operating Segments

Superior's operating segments consists of U.S. Propane Distribution, Canadian Propane Distribution which includes its wholesale business and Specialty Chemicals.

U.S. Propane Distribution

U.S. Propane Distribution's condensed operating results:

	Three Months Ended December 31	
(millions of dollars)	**2020**	2019
Revenue	**294.9**	295.3
Cost of Sales	**(131.4)**	(137.2)
Gross profit	**163.5**	158.1
Realized gain (loss) on derivatives related to commodity risk management	**2.6**	(3.4)
Adjusted gross profit [1]	**166.1**	154.7
Selling, distribution and administrative costs	**(124.4)**	(102.9)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs	**33.5**	23.4
Transaction, restructuring, and other costs	**4.6**	2.5
Loss on disposal of assets and other	**0.6**	0.5
Operating costs [1]	**(85.7)**	(76.5)
EBITDA from operations [1]	**80.4**	78.2
Add back (deduct):		
Loss on disposal of assets and other	**(0.6)**	(0.5)
Transaction, restructuring, and other costs	**(4.6)**	(2.5)
Amortization and depreciation included in selling, distribution and administrative costs	**(33.5)**	(23.4)
Unrealized gain on derivative financial instruments	**14.8**	3.6
Finance expense	**(1.0)**	(1.1)
Earnings before income tax	**55.5**	54.3

[1] Adjusted Gross Profit, EBITDA from operations and Operating Costs are Non-IFRS financial measures. See "Non-IFRS Financial Measures".

Revenue for the three months ended December 31, 2020 was $294.9 million, a decrease of $0.4 million from the prior year quarter primarily due to lower wholesale commodity prices, lower sales volumes and to lesser extent the impact of the stronger Canadian dollar on the translation of US denominated sales, partially offset by the contribution from acquisitions completed since the prior year quarter. Wholesale commodity supply prices were lower than the prior year quarter, driven by decreased demand as a result of warm weather, reduced demand related to the impact of COVID-19 and the impact from lower average West Texas Intermediate ("WTI") crude oil prices compared to the prior year quarter. WTI crude oil prices decreased significantly at the end of the first quarter and remained lower than the prior year quarter due to continued uncertainty around the global reaction to COVID-19.

U.S. Propane Adjusted Gross Profit

	Three Months Ended December 31	
(millions of dollars)	**2020**	2019
Propane distribution	**156.3**	150.4
Realized gain (loss) on derivatives related to commodity risk management	**2.6**	(3.4)
Propane distribution adjusted gross profit	**158.9**	147.0
Other services [(1)]	**7.2**	7.7
Adjusted gross profit [(2)]	**166.1**	154.7

(1) Other services have been restated to align with Canadian Propane Distribution by excluding fees which form part of propane distribution margins.

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

Propane distribution adjusted gross profit for the three months ended December 31, 2020 was $158.9 million, an increase of $11.9 million or 8% from the prior year quarter primarily due to the incremental contribution from acquisitions completed since the prior year quarter and higher average margins, partially offset by lower sales volumes.

Total sales volumes were 386 million litres, an increase of 25 million litres or 7% from the prior year quarter primarily due to higher commercial and residential sales volumes, partially offset by modestly lower wholesale sales volumes. Average weather, as measured by degree days, across markets where U.S. propane operates for the three months ended December 31, 2020 was 9% warmer than the prior year quarter and 3% warmer than the five-year average. Residential sales volumes increased by 9 million litres or 4% from the prior year quarter primarily due to the contribution from acquisitions completed since the prior year quarter partially offset by the impact of warmer weather. Commercial sales volumes increased by 18 million litres or 13% compared to the prior year quarter primarily due to the contribution from acquisitions completed since the prior year quarter partially offset by the impact of COVID-19 on commercial customers and to a lesser extent the impact of sales and marketing initiatives to shift focus away from low-margin commercial distillate customers. Wholesale volumes decreased by 2 million litres or 22% due to reduced demand related to the impact of COVID-19.

U.S. propane average sales margins were 41.2 cents per litre an increase of 1% from 40.7 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, installation, repair and maintenance charges. Other services gross profit was $7.2 million, a decrease of $0.5 million or 6% from the prior year quarter primarily due to the impact of COVID-19 delaying non-essential service activity partially offset by the impact of acquisitions completed.

U.S. Propane Distribution Sales Volumes
End-Use Application

	Three Months Ended December 31	
(millions of litres)	**2020**	2019[2]
Residential	**224**	215
Commercial	**155**	137
Wholesale	**7**	9
Total	**386**	361

[1] Comparative figures have been reclassified to conform with the current period presentation.

U.S. Propane Distribution Sales Volumes
Volumes by Region

	Three Months Ended December 31	
(millions of litres)	**2020**	2019
Northeast	**311**	292
Southeast	**37**	36
Midwest	**27**	30
West	**11**	3
Total	**386**	361

Regions: Northeast region consists of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, NewYork, 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 $85.7 million, an increase $9.2 million or 12% over the prior year quarter, while SD&A costs for the three months ended December 31, 2020 were $124.4 million, an increase of $21.5 million or 21% over the prior year quarter. The increase in operating and SD&A costs is primarily due to acquisitions completed during the year partially offset by workforce optimization initiatives and the realization of incremental synergies, and to a lesser extent the stronger Canadian dollar on the translation of U.S. denominated operating costs. SD&A costs increased for the above reasons, higher depreciation and amortization related to a higher asset base due to the acquisitions completed in the year and higher transactions and other costs related to the acquisition and integration of businesses acquired.

Earnings before tax

The earnings before tax of $55.5 million, increased by $1.2 million over the prior year quarter due to the aforementioned reasons and the impact of a higher unrealized gain on derivative financial instruments in the current quarter compared to the prior year quarter.

CANADIAN PROPANE DISTRIBUTION

Canadian Propane Distribution's condensed operating results:

	Three Months Ended December 31	
(millions of dollars)	**2020**	2019
Revenue [1]	**272.8**	366.9
Cost of Sales	**(158.8)**	(214.0)
Gross profit	**114.0**	152.9
Realized gain (loss) on derivatives related to commodity risk management	**1.1**	(11.3)
Adjusted gross profit [2]	**115.1**	141.6
Selling, distribution and administrative costs	**(68.1)**	(84.0)
Add back (deduct):		
Amortization and depreciation included in selling, distribution and administrative costs	**18.4**	19.1
Transaction, restructuring, and other costs	**(0.1)**	0.3
Loss (gain) on disposal of assets and other	**0.3**	(1.4)
Operating costs [2]	**(49.5)**	(66.0)
EBITDA from operations [2]	**65.6**	75.6
Add back (deduct):		
(Loss) gain on disposal of assets and other	**(0.3)**	1.4
Transaction, restructuring, and other costs	**0.1**	(0.3)
Amortization and depreciation included in selling, distribution and administrative costs	**(18.4)**	(19.1)
Unrealized gains on derivative financial instruments	**5.1**	8.1
Finance expense	**(1.0)**	(1.0)
Earnings before income tax	**51.1**	64.7

(1) Revenue has been adjusted to conform with the current period presentation. See the audited consolidated financial statements and notes thereto as at and for the years ended December 31, 2020 and 2019.

(2) EBITDA from operations and operating costs are Non-IFRS financial measures. See "Non-IFRS Financial Measures" and "Reconciliation of Earnings before Income Taxes to EBITDA from Operations".

Revenue for three months ended December 31, 2020 was $272.8 million, a decrease of $94.1 million or 26% primarily due to lower sales volumes and to a lesser extent lower wholesale propane prices. Wholesale propane supply prices were lower than the prior year exiting the quarter, primarily due to continued high propane inventory levels in the U.S., driven by decreased demand as a result of warm weather, reduced demand related to the impact of COVID-19, the impact from lower average West Texas Intermediate ("WTI") crude oil prices compared to the prior year quarter. WTI crude oil prices decreased significantly at the end of the first quarter and remained lower than the prior year due to continued uncertainty around the global reaction to COVID-19.

Canadian Propane Adjusted Gross Profit

	Three Months Ended December 31	
(millions of dollars)	**2020**	2019
Propane distribution	**108.8**	147.3
Realized gain (loss) on derivatives related to commodity risk management	**1.1**	(11.3)
Propane distribution adjusted gross profit	**109.9**	136.0
Other services	**5.2**	5.6
Adjusted gross profit [1]	**115.1**	141.6

(1) Adjusted gross profit is a Non-IFRS financial measure. See "Non-IFRS Financial Measures".

Propane distribution adjusted gross profit for the three months ended December 31, 2020 was $109.9 million, a decrease of $26.1 million or 19% from the prior year quarter primarily due to lower sales volumes compared to the prior year quarter.

Total sales volumes for the fourth quarter were 608 million litres, a decrease of 145 million litres or 19%, primarily due to reduced demand from customers impacted by COVID-19, economic conditions in Western Canada and warmer weather. Average weather across Canada for the fourth quarter of 2020, as measured by degree days was 6% warmer than the prior year and 4% warmer than the five-year average. Residential sales volumes were consistent with the prior year as increased demand related to COVID-19 was offset by the impact of warmer weather. Commercial sales decreased by 65 million litres or 20% due primarily to COVID-19 impacting demand across the country, economic conditions in Western Canada and warmer weather, partially offset by higher reseller volumes related to recreational propane use. Wholesale propane volumes were 79 million litres or 21% lower compared to the prior year quarter due to lower demand associated with the impact of COVID-19, the impact of low oil prices and warmer weather compared to the prior year quarter.

Average propane sales margins were 18.1 cents per litre consistent with the prior year quarter as the impact of weaker wholesale propane market fundamentals was offset by customer mix.

Other services gross profit primarily includes equipment rentals, repairs and maintenance work, installation fees, and customer minimum use charges. Other services gross profit was $5.2 million, a decrease of $0.4 million or 7% from the prior year quarter primarily due to the impact of COVID-19 and economic conditions on service technician activity and equipment rentals in Western Canada.

Canadian Propane Distribution Sales Volumes
Volumes by End-Use Application (1)

	Three Months Ended December 31	
(millions of litres)	**2020**	2019
Residential	**58**	59
Commercial	**254**	319
Wholesale	**296**	375
Total	**608**	753

Volumes by Region (1)

	Three Months Ended December 31	
(millions of litres)	**2020**	2019
Western Canada	**220**	306
Eastern Canada	**143**	155
Atlantic Canada	**38**	37
United States	**207**	255
Total	**608**	753

(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 $49.5 million, a decrease of $16.5 million or 25% compared to the prior year quarter, while SD&A costs for the three months ended December 31, 2020 were $68.1 million, a decrease of $15.9 million or 19% compared to the prior year quarter. The decrease in operating costs is primarily due to the impact of the CEWS

benefit recorded in the quarter, lower-volume related expenses and cost saving initiatives. SD&A costs decreased for the above noted reasons partially offset by a gain on disposal of assets in the current quarter compared to a loss in the prior year quarter. Canadian Propane recorded a $12.0 million benefit related to the CEWS in the fourth quarter.

Earnings before tax

Earnings before income tax of $51.1 million, decreased by $13.6 million over the prior year quarter, due to the aforementioned reasons partially offset by a lower unrealized gain on derivative financial instruments in the current quarter compared to the prior year quarter.

SPECIALTY CHEMICALS

Specialty Chemicals' condensed operating results:

	Three Months Ended December 31			
(millions of dollars, except per metric tonne (MT) amounts)		**2020**		2019
		$ per MT		$ per MT
Revenue	**142.0**	**755**	161.2	810
Cost of sales	**(99.1)**	**(527)**	(106.2)	(534)
Gross Profit	**42.9**	**228**	55.0	276
Depreciation included in cost of sales	**12.2**	**65**	11.0	55
Adjusted Gross Profit [1]	**55.1**	**293.0**	**66.0**	**331.0**
Selling, distribution and administrative costs	**(40.0)**	**(213)**	(42.9)	(216)
Add back (deduct):				
Amortization included in selling, distribution and administrative costs	**8.3**	**44**	8.5	43
Loss on disposal of assets and impairment	**2.3**	**12**	3.5	18
Transaction, restructuring and other costs	**–**	**–**	(1.1)	(6)
Operating costs [1]	**(29.4)**	**(157.0)**	(32.0)	(161.0)
EBITDA from operations [1]	**25.7**	**136.0**	**34.0**	**170.0**
Add back (deduct):				
Transaction, restructuring and other costs	**–**		1.1	
Depreciation included in cost of sales	**(12.2)**		(11.0)	
Amortization included in selling, distribution and administrative costs	**(8.3)**		(8.5)	
(Loss) on disposal of assets	**(2.3)**		(3.5)	
Unrealized gain on foreign currency translation of lease liabilities	**2.1**		1.0	
Finance Expense	**(2.3)**		(2.3)	
Earnings before income tax	**2.7**		10.8	

(1) EBITDA from operations, operating costs and per metric tonne amounts are Non-IFRS financial measures. See "Non-IFRS Financial Measures" and "Reconciliation of Net Earnings before Income Taxes to EBITDA from Operations".

SALES VOLUMES BY PRODUCT

	Three Months Ended December 31	
(thousands of MTs)	**2020**	2019
Sodium chlorate	**110**	120
Chlor-alkali	**76**	78
Chlorite	**2**	1
Total	**188**	199

Revenue for the three months ended December 31, 2020 was $142.0 million a decrease of $19.2 million or 12% from the prior year quarter. This was primarily due to lower sales volumes and to a lesser extent lower average hydrochloric acid, caustic soda and sodium chlorate selling prices.

Sodium chlorate sales volumes decreased by 10 MTs or 8% due primarily to the impact of COVID-19 on customer demand and other customer curtailments. Sodium chlorate sales prices were 1% lower than the prior year quarter due to the impact of the stronger Canadian dollar on U.S. denominated sales and customer mix partially offset by contract price increases.

Chlor-alkali sales volumes decreased by 2 MTs or 3% due to lower chlorine and caustic potash sales volumes, partially offset by higher hydrochloric acid sales volumes. COVID-19 has negatively impacted chlor-alkali demand due to broad-based shutdowns and curtailed economic activity. Hydrochloric acid sales volumes increased 18% due to increased demand from the U.S. oil and gas sector and the impact of unplanned downtime in the prior year quarter on hydrochloric acid and caustic soda sales volumes. Caustic soda sales volumes were consistent with the prior year quarter. Chlorine sales volumes decreased 21% due to the expiration of a contract in the prior year supplied through external purchases and the impact of COVID-19. Caustic potash sales volumes decreased 6% primarily due to reduced agricultural demand and weak de-icing demand related to milder weather. Average hydrochloric acid and caustic soda netbacks decreased by approximately 61% and 17% respectively due to customer mix, the impact of COVID-19 on demand, increased freight costs and the impact of the stronger Canadian dollar on U.S. denominated sales. Chlorine netbacks increased 26% due to customer mix partially offset by the impact of the stronger Canadian dollar on U.S. denominated sales. Caustic potash netbacks were 4% higher than the prior year quarter due to customer mix partially offset by the impact of the stronger Canadian dollar on U.S. denominated sales.

Chlorite sales volumes were lower than the prior year quarter due to the timing of international sales. Sales prices were 3% higher than the prior year quarter due to customer mix partially offset by the impact of the stronger Canadian dollar on US denominated sales.

Adjusted gross profit was $55.1 million, a decrease of $10.9 million or 16% from the prior year quarter due primarily to lower volumes and lower sales prices partially offset by the impact of recording the CEWS benefit. An amount of $2.1 million related to CEWS, was recorded as a reduction to cost of goods sold.

Operating Costs and Selling, Distribution and Administrative Costs
Operating costs were $29.4 million, a decrease $2.6 million or 8% over the prior year, while SD&A costs were $40.0 million, a decrease of $2.9 million over the prior year quarter primarily due to lower freight costs related to lower sales volumes, the impact of the CEWS benefit, and the impact of the stronger Canadian dollar on U.S. denominated expenses. An amount of $1.3 million related to CEWS, was recorded as a reduction to SD&A.

Earnings (loss) before tax
Earnings before tax for the three months ended December 31, 2020 was $2.7 million, a decrease of $8.1 million over the prior year quarter due primarily to the aforementioned reasons partially offset by a higher unrealized gain on the foreign currency translation of lease liabilities compared to the prior year quarter.

Consolidated Capital Expenditure Summary

(millions of dollars)	Three Months Ended December 31 2020	2019
Efficiency, process improvement and growth-related	**12.0**	25.2
Maintenance capital	**18.4**	26.3
	30.4	51.5
Proceeds on disposition of assets	**(4.7)**	(1.2)
Property, plant and equipment acquired through acquisition	**41.3**	16.9
Total net capital expenditures	**67.0**	67.2
Investment in leased assets net of proceeds from refinanced	**24.2**	17.8
Total expenditures including finance leases	**91.2**	85.0

Efficiency, process improvement and growth-related expenditures were $12.0 million in the fourth quarter of 2020 compared to $25.2 million in the prior year quarter. The decreased over the prior year quarter is primarily due to deferring expenditures to offset the impact of COVID-19 on cashflows and timing of integration activity.

Maintenance capital expenditures were $18.4 million in the fourth quarter compared to $26.3 million in the prior year quarter, a decrease of $7.9 million primarily due to deferring expenditures to offset the impact of COVID-19 on cashflows and to a lesser extent timing of expenditures.

Property, plant and equipment acquired through acquisition is the allocation of fair value to these assets related to the acquisitions completed during the prior year quarter.

Proceeds on disposition were $4.7 million in the fourth quarter of 2020 compared to $1.2 million in the prior year quarter primarily due to the disposal of vehicles and excess tanks. Superior entered into new leases with capital-equivalent value of $24.7 million and refinanced previously acquired vehicles for gross proceeds of $0.5 million in the fourth quarter of 2020. The net investment was $24.2 million compared to $17.8 million in the prior year's fourth quarter. The increase is primarily due to timing of renewing property, railcar and 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 Administrative costs and SD&A

Corporate administrative costs are $5.8 million for the three months ended December 31, 2020 a decrease of $1.7 million, compared to $7.5 million in the prior year quarter. The decrease from the prior year quarter is primarily due to lower long-term incentive plan costs related to the fluctuations in the share price compared to the prior year, partially offset by $0.3 million related to CEWS and lower discretionary spending due to the impact of COVID-19. Corporate administration costs included in Adjusted EBITDA exclude depreciation, amortization and transaction and other costs. Corporate SD&A costs for the three months ended December 31, 2020 were $9.7 million a decrease of $1.7 million from $11.4 million in the prior year quarter.

Finance Expense

Finance expense was $24.4 million for the three months ended December 31, 2020, a decrease of $1.3 million, compared to $25.7 million in the prior year quarter. The decrease is primarily due to lower average debt balances, and lower variable interest rates compared to the prior comparable quarter and lower non-cash financing charges.

Transaction and Other Costs

For the fourth quarter, Superior incurred $8.5 million in transaction and other costs compared to $5.6 million in the prior year quarter. The decrease is primarily related to the timing of tuck-in acquisitions and costs related to the strategic review of Specialty Chemicals in the prior year quarter.

QUARTERLY FINANCIAL AND OPERATING INFORMATION

GAAP Measures

(millions of dollars, except per share amounts)	**Q4 2020**	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Revenue (2)	**703.9**	399.4	450.8	840.2	821.0	450.1	545.8	1,036.0
Gross profit (2)	**320.4**	166.3	219.8	399.2	366.0	195.0	223.7	428.3
Net earnings (loss)	**89.3**	(21.4)	7.5	11.4	74.6	(59.3)	(29.3)	156.6
Per share, basic	**$0.43**	(0.15)	0.04	0.07	0.43	(0.34)	(0.17)	0.90
Per share, diluted	**$0.43**	(0.15)	0.04	0.07	0.43	(0.34)	(0.17)	0.90
Net working capital (deficit) (1)	**22.3**	(14.9)	(0.8)	144.7	49.9	14.1	48.8	189.1

(1) Net working capital as at the quarter-end is comprised of trade and other receivables, prepaid expenses and deposits and inventories, less trade and other payables, contract liabilities, and dividends payable.

(2) Revenue and gross profit have been presented excluding realized gains and losses on commodity derivative instruments. These gains and losses are included in gains (losses) on derivatives and foreign currency translation of borrowings in the unaudited condensed consolidated financial statements. See "Non-IFRS Financial Measures".

Non-IFRS Financial Measures (1)

(millions of dollars, except per share amounts)	**Q4 2020**	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Adjusted EBITDA	**169.8**	39.1	67.7	219.3	176.7	48.2	59.7	239.9
AOCF before transaction and other costs	**145.3**	12.5	40.8	187.9	145.0	19.2	31.0	211.0
Per share, basic	**$0.71**	0.06	0.23	1.07	0.83	0.11	0.18	1.21
Per share, diluted	**$0.71**	0.06	0.23	1.07	0.83	0.11	0.18	1.21
AOCF	**136.8**	6.3	35.7	182.6	139.4	13.1	17.8	206.0
Per share, basic	**$0.66**	0.03	0.20	1.04	0.80	0.07	0.10	1.18
Per share, diluted	**$0.66**	0.03	0.20	1.04	0.80	0.07	0.10	1.18

(1) Net AOCF before transaction and other costs, AOCF and the related per share amounts, are Non-IFRS financial measures.

(2) For Q4 and Q3 2020 the weighted average number of shares outstanding assumes the conversion of the preferred shares into common shares. There were no other dilutive instruments with respect to AOCF per share and AOCF before transaction and other costs per share for those periods.

Fluctuations in Superior's individual quarterly results is 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, the impact of the CEWS, acquisitions and divestitures may impact quarterly results. For information on acquisitions see the 2020 audited consolidated financial statements.

Volumes

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
U.S. propane sales volumes (millions of litres)	**386**	155	190	422	361	158	201	489
Canadian propane sales volumes (millions of litres)	**608**	341	360	729	753	393	437	922
Chemical sales volumes (thousands of MT)	**188**	182	172	197	199	210	210	206

U.S. propane sales by end-use application are as follows [1]:

(millions of litres)	**Q4 2020**	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Residential	**224**	59	97	257	215	61	92	305
Commercial	**155**	91	88	153	137	90	100	162
Wholesale	**7**	5	5	12	9	7	9	22
Total	**386**	155	190	422	361	158	201	489

(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 2020**	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Residential	**58**	20	27	66	59	20	26	75
Commercial	**254**	150	161	316	319	183	204	354
Wholesale	**296**	171	172	347	375	190	207	493
Total	**608**	341	360	729	753	393	437	922

Specialty Chemicals sales volumes by product are as follows:

(thousands of MT)	**Q4 2020**	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Sodium chlorate	**110**	103	106	119	120	122	120	118
Chlor-alkali	**76**	77	65	77	78	86	88	87
Chlorite	**2**	2	1	1	1	2	2	1
Total	**188**	182	172	197	199	210	210	206

RECONCILIATION OF EARNINGS (LOSS) BEFORE INCOME TAXES TO ADJUSTED EBITDA

(millions of dollars) **For the Three Months Ended December 31, 2020**	**U.S. Propane Distribution**	**Canadian Propane Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
Earnings before income taxes	**55.5**	**51.1**	**2.7**	**14.1**	**123.4**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**33.5**	**18.4**	**8.3**	**–**	**60.2**
Depreciation included in cost of sales	**–**	**–**	**12.2**	**–**	**12.2**
Loss on disposal of assets and other	**0.6**	**0.3**	**2.3**	**(0.1)**	**3.1**
Finance expense	**1.0**	**1.0**	**2.3**	**22.0**	**26.3**
Unrealized (gains) on derivative financial instruments	**(14.8)**	**(5.1)**	**(2.1)**	**(41.9)**	**(63.9)**
Transaction and other costs	**4.6**	**(0.1)**	**–**	**4.0**	**8.5**
Adjusted EBITDA	**80.4**	**65.6**	**25.7**	**(1.9)**	**169.8**

(millions of dollars) For the Three Months Ended December 31, 2019	U.S. Propane Distribution	Canadian Propane Distribution	Specialty Chemicals	Corporate	Total
Earnings (loss) before income taxes	54.3	64.7	10.8	(26.3)	103.5
Add: Depreciation and amortization included in selling, distribution and administrative costs	23.4	19.1	8.5	0.2	51.2
Depreciation included in cost of sales	–	–	11.0	–	11.0
Loss (gain) on disposal of assets and other	0.5	(1.4)	3.5	–	2.6
Finance expense	1.1	1.0	2.3	23.5	27.9
Unrealized losses on derivative financial instruments	(3.6)	(8.1)	(1.0)	(12.4)	(25.1)
Transaction and other costs	2.5	0.3	(1.1)	3.9	5.6
Adjusted EBITDA	78.2	75.6	34.0	(11.1)	176.7

(millions of dollars) **For the Year Ended December 31, 2020**	**U.S. Propane Distribution**	**Canadian Propane Distribution**	**Specialty Specialty Chemicals**	**Corporate**	**Total**
Earnings (loss) before income taxes	**92.5**	**123.2**	**31.6**	**(88.6)**	**158.7**
Add: Depreciation and amortization included in selling, distribution and administrative costs	**118.5**	**74.2**	**31.0**	**0.6**	**224.3**
Depreciation included in cost of sales	**–**	**–**	**42.8**	**–**	**42.8**
Loss on disposal of assets and other	**2.5**	**1.1**	**2.3**	**(0.1)**	**5.8**
Finance expense	**5.2**	**4.4**	**8.0**	**88.9**	**106.5**
Unrealized (gains) on derivative financial instruments	**(26.2)**	**(8.3)**	**(0.7)**	**(32.1)**	**(67.3)**
Transaction and other costs	**14.4**	**0.4**	**1.5**	**8.8**	**25.1**
Adjusted EBITDA	**206.9**	**195.0**	**116.5**	**(22.5)**	**495.9**

(millions of dollars) For the Year Ended December 31, 2019	U.S. Propane Distribution	Canadian Distribution	Specialty Chemicals	Corporate	Total
Earnings (loss) before income taxes	79.4	130.2	47.9	(89.9)	167.6
Add: Depreciation and amortization included in selling, distribution and administrative costs	105.0	71.9	30.4	0.4	207.7
Depreciation included in cost of sales	–	–	44.9	–	44.9
(Gain) loss on disposal of assets and other	1.3	(3.3)	20.4	–	18.4
Finance expense	4.4	4.4	8.1	97.4	114.3
Unrealized loss (gains) on derivative financial instruments	2.6	(3.2)	(2.9)	(54.8)	(58.3)
Transaction and other costs	16.7	0.8	3.1	9.3	29.9
Adjusted EBITDA	209.4	200.8	151.9	(37.6)	524.5

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 and substantially all of Specialty Chemicals' 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 in the numerous 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 CRA (or a provincial tax agency), the U.S. Internal Revenue Service (or a state or local tax agency), the Chilean Internal Revenue Service or the Luxembourg Tax Authorities (collectively, the "tax agencies") 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.

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 function 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 compromised. 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 function 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.

To date, Superior has not been subject to a cyber-security breach that has resulted in a material impact on its business or operations; there is no guarantee, however, that the measures it takes to protect its business systems and operational control systems will be effective in protecting against a breach in the future.

RISKS TO SUPERIOR'S SEGMENTS

Risks associated with the Propane Distribution businesses are set out below.

U.S. PROPANE DISTRIBUTION AND CANADIAN PROPANE DISTRIBUTION

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, improved heating efficiency in homes 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.

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 2% 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.

SPECIALTY CHEMICALS

Risks associated with the Specialty Chemicals business are as follows:

Competition
Specialty Chemicals competes with sodium chlorate, chlor-alkali and potassium producers on a worldwide basis. Key competitive factors include price, product quality, logistics capability, reliability of supply, technical capability and service. The end-use markets for products are correlated to the general economic environment and the competitiveness of customers, all of which are outside of the segment's control, along with market pricing for pulp.

Supply Arrangements
Specialty Chemicals has long-term electricity contracts or electricity contracts that renew automatically with power producers in each of the jurisdictions where its plants are located. There is no assurance that Specialty Chemicals will be able to secure adequate supplies of electricity at reasonable prices or on acceptable terms.

Potassium chloride (KCl) is a major raw material used in the production of potassium hydroxide at the Port Edwards, Wisconsin facility. Substantially all of Specialty Chemicals' KCl is received from Nutrien Inc. (formerly Potash Corporation of Saskatchewan). Specialty Chemicals has limited ability to source KCl from additional suppliers.

Foreign Currency Exchange
Specialty Chemicals is exposed to fluctuations in the U.S. dollar and the Euro versus the Canadian dollar. Specialty Chemicals manages its exposure to fluctuations between foreign currencies and the Canadian dollar by entering into hedge contracts with external third parties and internally with other Superior businesses.

Health, Safety and Environment
Specialty Chemicals' operations involve the handling, production, transportation, treatment and disposal of materials that are classified as hazardous and are regulated by environmental, health and safety laws, regulations and requirements. There is potential for the release of highly toxic and lethal substances, including chlorine from a facility or transportation equipment. Equipment failure could result in damage to facilities, death or injury and liabilities to third parties. If at any time the appropriate regulatory authorities deem any of the segment's facilities unsafe, they may order that such facilities be shut down.

Regulatory
Specialty Chemicals' operations and activities in various jurisdictions require regulatory approval for the handling, production, transportation and disposal of chemical products and waste substances. The failure to obtain or comply fully with such applicable regulatory approval may materially adversely affect Specialty Chemicals.

Manufacturing and Production
Specialty Chemicals' production facilities maintain complex process and electrical equipment. The facilities have existed for many years and undergone upgrades and improvements. Routine maintenance is regularly completed to ensure equipment is operated within appropriate engineering and technical requirements. Notwithstanding Specialty Chemicals' operating standards and history of limited downtime, breakdown of electrical transformer or rectifier equipment would temporarily reduce production at the affected facility. Although the segment has insurance to mitigate substantial loss due to equipment outage, Specialty Chemicals' reputation and its ability to meet customer requirements could be harmed by a major electrical equipment failure.

Employee and Labour Relations

Approximately 24.5% of Specialty Chemicals' 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 negotiation 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.

Luc Desjardins
President and Chief Executive Officer
Superior Plus Corp.

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

Toronto, Ontario
February 18, 2021

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, 2020 and 2019, 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 the 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 of December 31, 2020 and 2019, 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 9 Goodwill of the consolidated financial statements, the Group has $1,152.8 million of goodwill as at December 31, 2020. 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 9 of the consolidated financial	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:

<table>
<tr>
<td>statements, the Group did not recognize any goodwill impairment for the year ended December 31, 2020.

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.</td>
<td>- 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;
- 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, 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 9 of the consolidated financial statements.</td>
</tr>
<tr>
<td colspan="2">Acquisitions</td>
</tr>
<tr>
<td>As detailed in Note 3 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 $335.8 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</td>
<td>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;</td>
</tr>
</table>

information is not obtainable. As disclosed by the Group, the purchase price allocation for several acquisitions is are 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, projected 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.	- 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. - 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 3 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 will 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

Toronto, Canada
February 18, 2021

Chartered Professional Accountants
Licensed Public Accountants

Superior Plus Corp.
Consolidated Balance Sheets

(millions of Canadian dollars)	Note	**As at December 31 2020**	As at December 31 2019
Assets			
Current Assets			
Cash and cash equivalents		**24.1**	26.5
Trade and other receivables	**4**	**312.9**	329.2
Prepaids and deposits	**5**	**45.5**	57.1
Inventories	**6**	**124.0**	116.2
Other current financial assets	**17**	**43.7**	5.4
Total Current Assets		**550.2**	534.4
Non-current Assets			
Property, plant and equipment	**3, 7**	**1,647.8**	1,575.6
Intangible assets	**3, 8**	**425.4**	388.8
Goodwill	**3, 9**	**1,152.8**	1,080.9
Notes, finance lease receivables and other investments		**1.1**	2.8
Employee future benefits	**16**	**7.5**	12.0
Deferred tax assets	**18**	**28.3**	41.2
Other non-current financial assets	**17**	**13.2**	2.3
Total Non-current Assets		**3,276.1**	3,103.6
Total Assets		**3,826.3**	3,638.0
Liabilities and Equity			
Current Liabilities			
Trade and other payables	**11**	**428.3**	424.0
Contract liabilities	**12**	**19.1**	18.1
Lease liabilities	**15**	**53.3**	52.4
Borrowings	**14**	**7.1**	10.1
Dividends payable		**12.6**	10.5
Other current financial liabilities	**17**	**11.1**	23.7
Total Current Liabilities		**531.5**	538.8
Non-current Liabilities			
Lease liabilities	**15**	**213.5**	182.0
Borrowings	**14**	**1,554.4**	1,684.3
Other liabilities	**13**	**14.5**	29.7
Provisions	**10**	**126.4**	112.9
Employee future benefits	**16**	**29.0**	21.2
Deferred tax liabilities	**18**	**75.3**	28.5
Other non-current financial liabilities	**17**	**1.6**	1.6
Total Non-current Liabilities		**2,014.7**	2,060.2
Total Liabilities		**2,546.2**	2,599.0
Equity			
Capital		**2,350.3**	2,339.9
Deficit		**(1,475.6)**	(1,406.2)
Accumulated other comprehensive earnings		**74.5**	105.3
Non-controlling interest		**330.9**	
Total Equity	**19**	**1,280.1**	1,039.0
Total Liabilities and Equity		**3,826.3**	3,638.0

See accompanying Notes to the Consolidated Financial Statements.

Superior Plus Corp.
Consolidated Statements of Changes in Equity

(millions of Canadian dollars)	Share Capital (Note 19)	Contributed Surplus	**Total Capital**	**Deficit**	**Accumulated Other Comprehensive Earnings**	**Non-controlling Interest (Note 19)**	**Total**
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 by a subsidiary and issuance costs incurred	**–**	**–**	**–**	**(18.1)**	**–**	**353.8**	**335.7**
Dividends and dividend equivalent declared to common shareholders	**–**	**–**	**–**	**(126.4)**	**–**	**–**	**(126.4)**
Dividends to non-controlling interest 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**
As at January 1, 2019	2,338.7	1.2	2,339.9	(1,422.9)	171.9	–	1,088.9
Net earnings for the year	–	–	–	142.6	–	–	142.6
Unrealized foreign currency loss on translation of foreign operations	–	–	–	–	(74.9)	–	(74.9)
Transfer of derivative losses from accumulated other comprehensive earnings	–	–	–	–	7.1	–	7.1
Actuarial defined-benefit gain	–	–	–	–	1.6	–	1.6
Income tax recovery on other comprehensive loss	–	–	–	–	(0.4)	–	(0.4)
Total comprehensive earnings (loss)	–	–	–	142.6	(66.6)	–	76.0
Dividends and dividend equivalent declared to shareholders	–	–	–	(125.9)	–	–	(125.9)
As at December 31, 2019	2,338.7	1.2	2,339.9	(1,406.2)	105.3	–	1,039.0

See accompanying Notes to the Consolidated Financial Statements.

Superior Plus Corp.
Consolidated Statements of Net Earnings and Total Comprehensive Earnings

(millions of Canadian dollars, except per share amounts)	Note	Years Ended December 31 2020	2019
Revenue	**20, 23**	**2,394.3**	2,852.9
Cost of sales (includes products and services)	**20**	**(1,288.6)**	(1,639.9)
Gross profit		**1,105.7**	1,213.0
Expenses			
Selling, distribution and administrative costs	**20,21**	**(890.2)**	(948.3)
Finance expense	**20**	**(106.5)**	(114.3)
Gains on derivatives and foreign currency translation of borrowings	**17, 20**	**49.7**	17.2
		(947.0)	(1,045.4)
Earnings before income taxes	**20**	**158.7**	167.6
Income tax expense	**18**	**(71.9)**	(25.0)
Net earnings		**86.8**	142.6
Net earnings attributable to:			
Superior		**75.1**	**142.6**
Non-controlling interest		**11.7**	**–**
Net earnings per share attributable to Superior, basic and diluted		**$0.43**	**$0.82**
Other comprehensive loss			
Items that may be reclassified subsequently to net earnings			
Unrealized foreign currency loss on translation of foreign operations		**(44.8)**	(74.9)
Transfer of derivative losses from accumulated other comprehensive earnings		**–**	7.1
Items that will not be reclassified to net earnings			
Actuarial defined-benefit loss		**(12.1)**	1.6
Income tax recovery on other comprehensive loss		**3.2**	(0.4)
Other comprehensive loss for the year		**(53.7)**	(66.6)
Total comprehensive earnings for the year		**33.1**	76.0
Total comprehensive earnings for the year attributable to:			
Superior		**44.3**	76.0
Non-controlling interest		**(11.2)**	–

[i] *The comparative figures have been restated to conform with the current year's presentation.*

See accompanying Notes to the Consolidated Financial Statements.

Superior Plus Corp.
Consolidated Statements of Cash Flows

(millions of Canadian dollars)	Note	Years Ended December 31 2020	2019
OPERATING ACTIVITIES			
Net earnings for the year		**86.8**	142.6
Adjustments for:			
Depreciation included in selling, distribution and administrative costs	**7**	**121.1**	108.5
Depreciation of right-of-use assets included in selling, distribution and administrative costs	**7**	**39.1**	35.7
Depreciation included in cost of sales	**7**	**42.8**	44.9
Amortization of intangible assets included in selling, distribution and administrative costs	**8**	**64.1**	63.5
Loss on disposal of assets, impairments and other		**5.9**	18.4
Unrealized gain on financial and non-financial derivatives and foreign currency translation	**17**	**(67.3)**	(58.3)
Finance expense recognized in net earnings		**106.5**	114.3
Income tax expense recognized in net earnings	**18**	**71.9**	25.0
Changes in non-cash operating working capital and other	**25**	**(0.1)**	43.7
Net cash flows from operating activities before income taxes and interest paid		**470.8**	538.3
Income taxes paid		**(11.6)**	(8.4)
Interest paid		**(99.0)**	(106.7)
Cash flows from operating activities		**360.2**	423.2
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	**3**	**(280.4)**	(60.1)
Purchase of property, plant and equipment and intangible assets	**28**	**(116.3)**	(135.9)
Proceeds on disposal of property, plant and equipment		**12.5**	7.1
Cash flows used in investing activities		**(384.2)**	(188.9)
FINANCING ACTIVITIES			
Proceeds of revolving term bank credit facilities and other debt		**2,319.7**	2,417.0
Repayment of revolving term bank credit facilities and other debt		**(2,474.0)**	(2,480.4)
Proceeds from preferred share issuance		**353.8**	–
Preferred share issuance costs		**(18.1)**	–
Proceeds received from vehicle refinancing		**18.6**	–
Principal repayment of lease obligations		**(51.9)**	(41.5)
Debt issuance costs		**–**	(0.6)
Dividends paid to shareholders		**(125.6)**	(125.9)
Cash flows (used in) from financing activities		**22.5**	(231.4)
Net increase (decrease) in cash and cash equivalents		**(1.5)**	2.9
Cash and cash equivalents, beginning of the year		**26.5**	23.9
Effect of translation of foreign currency-denominated cash and cash equivalents		**(0.9)**	(0.3)
Cash and cash equivalents, end of the year		**24.1**	26.5

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 "2020" and "2019" 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 consolidated financial statements were authorized for issue by the Board of Directors on February 18, 2021.

Reportable Operating Segments

Superior operates three reportable operating segments: Canadian Propane Distribution, United States ("U.S.") Propane Distribution and Specialty Chemicals. 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. Specialty Chemicals is a leading global supplier of sodium chlorate and technology to the pulp and paper industry and a regional supplier of chlor-alkali products in the U.S. Midwest and Western Canada.

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 loss 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 loss 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 recognised in profit or loss. Any investment retained is recognised at fair value.

(b) 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, 2020, cash equivalents amounted to $7.1 million with a maturity of less than 30 days (December 31, 2019 – $4.5 million).

Inventories

Energy Distribution

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.

Specialty Chemicals

Inventories are valued at the lower of cost and net realizable value. The cost of chemical inventories is determined on a first-in, first-out basis. Stores and supply inventories are costed on a weighted average 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. In the case of manufactured inventories, cost includes an appropriate share of production overhead based on normal operating capacity.

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.

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 17.

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.

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 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 17.

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 other income (loss) 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 17.

Assets held for Sale and Discontinued Operations

Superior classifies assets and disposal groups as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Costs to sell are incremental costs directly attributable to the disposal of an asset of disposal group, excluding finance costs and income tax expense.

The criteria for held for sale classification is only met when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current on the balance sheet.

A disposal group is classified as a discontinued operation if it is a component of an entity that has either been disposed of or has been classified as held for sale, it represents a separate major line of business of geographic area of operations and is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net earnings (loss) from discontinued operations, net of tax in the Statement of Net Earnings (Loss).

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
Manufacturing equipment	5 to 40 years
Furniture and fixtures	10 years
Computer equipment	3 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 70 years
Manufacturing equipment	2 to 51 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 10 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.

Specialty Chemicals

Specialty Chemicals is involved in the distribution of sodium chlorate and environmentally preferred chlorine dioxide technology to the pulp and paper industries as well as a supplier of potassium and chlor- alkali products. Revenue from sale of specialty chemicals is also recognized when control of the goods has transferred, and customer has full discretion over the goods. 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.

Sales where the Company arranges and charges for freight is considered a separate performance obligation. Consequently, the portion of revenue related to freight is recognized when the goods are delivered to their destination.

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 sheet represents 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.

(c) Significant Accounting Judgments, Estimates and Assumptions

The preparation of Superior's 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 significant to the consolidated financial statements, 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. See COVID-19 below for the related impact during the year.

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.

COVID-19

The outbreak of the novel strain of the coronavirus, 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 and weakness. 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, 2020, except for the employee future benefits, property, plant and equipment and provisions in relation to the decommissioning costs that were affected by lower interest rates as disclosed in Note 10. At this time, given the uncertainty in the developments 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 CEWS program instituted by the Government of Canada. The CEWS program allowed Superior to recover a portion of eligible employee costs incurred earlier in the year. As a result, Superior recorded a subsidy of $33.3 million as a reduction to expenses, see Note 21. 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.

Judgments

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 sheet 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 2020. 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 17.

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 Specialty Chemicals

Chemical sales are sometimes sold with discounts and volume rebates. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts and volume rebates. Accumulated experience is used to estimate and provide for the discounts, using the expected value or most likely method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of significant financing component exists.

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.

(d) 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 disclosed 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. The amendments are not expected to have a significant impact 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.

Superior has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. ACQUISITIONS

Acquisition in 2020 **Purchase Price Allocation**	**Western**	**Champagne**	**Rymes**	**Central Coast**	**Southern Propane**
Cash	**0.9**	**-**	**-**	**0.2**	**-**
Accounts receivable	**0.9**	**-**	**2.2**	**0.2**	**0.1**
Prepaid expenses	**0.1**	**-**	**-**	**-**	**-**
Inventories	**0.2**	**0.4**	**2.3**	**-**	**0.1**
Property, plant and equipment	**8.5**	**12.5**	**103.3**	**2.2**	**7.5**
Other assets	**-**	**-**	**0.3**	**-**	**-**
Intangible assets	**9.4**	**10.7**	**49.4**	**7.5**	**1.4**
Trade and other payables and contract liabilities	**(1.1)**	**(0.7)**	**(7.2)**	**(0.1)**	**(0.3)**
Lease liabilities	**(2.3)**	**(0.8)**	**(1.3)**	**(0.3)**	**(1.0)**
Deferred tax liabilities	**(2.5)**	**-**	**-**	**(2.4)**	**-**
Net identifiable assets and liabilities	**14.1**	**22.1**	**149.0**	**7.3**	**7.9**
Consideration transferred					
Fair value of deferred consideration	**5.2**	**-**	**-**	**2.0**	**-**
Cash paid on acquisition	**24.6**	**36.4**	**196.7**	**15.1**	**8.0**
Total consideration transferred	**29.8**	**36.4**	**196.7**	**17.1**	**8.0**
Goodwill arising on acquisition	**15.7**	**14.3**	**47.8**	**9.8**	**0.1**

The acquisition costs directly attributable to the following 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 and forms part of the U.S. Propane Distribution segment, unless otherwise noted.

Revenue and net earnings for the year ended December 31, 2020, would have increased by $170.0 million and $14.9 million respectively, if these acquisitions had occurred on January 1, 2020.

Western Propane Services (“Western”)

On January 9, 2020, Superior acquired all the issued and outstanding shares of Western, a Southern California retail propane distribution company for total consideration of $29.8 million (US$22.7 million). The acquisition was funded by drawing on Superior’s credit facility and deferring $5.2 million (US$4.0 million) in payments over the next five years.

Superior has finalized the purchase price allocation. Subsequent to the acquisition date of January 9, 2020, the acquisition contributed revenue and net earnings of $17.3 million and $3.1 million respectively, to the U.S. Propane Distribution segment for the year ended December 31, 2020.

The following purchase price allocations 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 final count of tanks, cylinders and vehicles 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. Goodwill related to the Western acquisition is not deductible for tax purposes.

Champagne’s Energy (“Champagne”)

On August 3, 2020, Superior acquired the assets of a retail propane distribution company, operating under the tradename, Champagne, for total consideration of $36.4 million (US$27.2 million).

Superior has revised the estimated purchase price and restated the previously reported estimate. The changes were a reduction to working capital of $0.6 million, an increase to property, plant and equipment and intangible assets of $3.9 million and $1.2 million respectively, recording a lease liability of $0.8 million, a reduction to the total consideration paid by $1.6 million and a reduction to goodwill of $5.3 million.

Subsequent to the acquisition date of August 3, 2020, the acquisition contributed revenue and net earnings of $9.4 million and $2.8 million respectively, to the U.S. Propane Distribution segment for the year ended December 31, 2020.

Rymes Propane and Oil (“Rymes”)

On September 1, 2020, Superior acquired the assets of a retail propane and heating oil distribution company, operating under the tradename, Rymes, for total consideration of $196.7 million (US$150.6 million).

Superior has revised the estimated purchase price and restated the previously reported estimate. The changes were a reduction to working capital of $1.7 million, an increase to property, plant and equipment of $27.7 million, a reduction to intangible assets of $5.3 million, recording a lease liability of $1.3 million, a reduction to the total consideration paid by $1.3 million and a reduction to goodwill of $20.7 million.

Subsequent to the acquisition date of September 1, 2020, the acquisition contributed revenue and net earnings of $50.3 million and $14.8 million respectively, to the U.S. Propane Distribution segment for the year ended December 31, 2020.

Central Coast Propane ("Central Coast")

On October 15, 2020, Superior acquired all of the equity interests of a Southern California propane distribution company, operating under the tradename, Central Coast, for total consideration of approximately $17.1 million (US$12.9 million). Central Coast is a retail distributor in Southern California. Goodwill related to Central Coast is not deductible for tax purposes.

Subsequent to the acquisition date of October 15, 2020, the acquisition contributed revenue and net earnings of $1.7 million and $0.9 million respectively, to the U.S. Propane Distribution segment for the year ended December 31, 2020.

Petro SE Propane ("Southern Propane")

On October 27, 2020, Superior acquired the assets of a retail propane distribution company, operating under the tradename, Southern Propane and Mountain Gas, for total consideration of approximately $8.0 million (US$6.1 million). Southern Propane is a retail distributor in North Carolina, South Carolina, Georgia and Tennessee.

Subsequent to the acquisition date of October 27, 2020, the acquisition contributed revenue and net earnings of $2.6 million and $0.8 million respectively, to the U.S. Propane Distribution segment for the year ended December 31, 2020.

Acquisitions in 2019

2019 Purchase Price Allocations	**Phelps**	**Sheldon**	**Other**
Cash	–	**0.8**	–
Accounts receivable	**1.9**	**0.6**	**1.0**
Inventory	**0.5**	**0.3**	**0.1**
Property, plant and equipment	**14.4**	**8.3**	**9.8**
Intangible assets	**3.2**	**6.7**	**6.4**
Accounts payable and accrued liabilities	–	**(0.1)**	**(0.6)**
Contract liabilities	**(0.6)**	–	–
Long-term debt and lease liabilities	**(1.5)**	**(0.5)**	**(2.1)**
Net identifiable assets and liabilities	**17.9**	**16.1**	**14.6**
Consideration transferred			
Fair value of deferred consideration	**3.1**	**1.9**	**3.0**
Cash paid on acquisition	**21.9**	**19.2**	**19.8**
Total consideration transferred	**25.0**	**21.1**	**22.8**
Acquisition date fair value of previously held equity interest	–	**4.5**	–
	25.0	**25.6**	**22.8**
Goodwill arising on acquisition	**7.1**	**9.5**	**8.2**

Revenue and net earnings for the year ended December 31, 2019, would have increased by $38.8 million and $7.2 million respectively, if these acquisitions had occurred on January 1, 2019.

Phelps Sungas Inc. and BMK Geneva, Inc. ("Phelps")
On April 1, 2019, Superior closed the acquisition of the propane distribution assets of Phelps Sungas Inc. and BMK Geneva, Inc. ("Phelps"), an independent propane distributor in New York for total consideration of $25.2 million (US$18.7 million). The acquisition was funded by drawing on Superior's credit facility and deferring $3.3 million (US$2.5 million) in payments over the next five years. In the first quarter of 2020, Superior finalized the purchase price allocation and did not change the previously reported fair values.

Subsequent to the acquisition date of April 1, 2019, the acquisition contributed revenue and net earnings of $10.1 million and $0.3 million, respectively, to the U.S. Propane Distribution segment for the year ended December 31, 2019.

Sheldon Gas Company and Sheldon Oil Company ("Sheldon")
On May 2, 2019, Superior closed the acquisition of the shares of Sheldon, an independent propane distributor in Northern California for total consideration of $21.2 million (US$15.8 million). The acquisition was funded by drawing on Superior's credit facility and deferring $2.0 million (US$1.5 million) in payments over the next three years. Included in the assets acquired was a 51% interest in an entity that Superior acquired the other 49% previously as part of the acquisition of United Pacific Energy.

Subsequent to the acquisition date of May 2, 2019, the acquisition contributed revenue and net earnings of $4.9 million and $0.8 million, respectively, to the U.S. Propane Distribution segment for the year ended December 31, 2019.

Other Acquisitions
During the year ended December 31, 2019, the Company closed three other acquisitions for total consideration of $22.8 million. This consisted of one acquisition in Canada and two acquisitions in the U.S. Goodwill of $8.2 million forms part of the U.S. Propane Distribution segment.

Subsequent to the acquisition dates, the acquisitions contributed revenue and net earnings of $0.6 million and $0.1 million, respectively, to the Canadian Propane Distribution segment and contributed revenue and net earnings of $0.7 million and $0.2 million, respectively, to the U.S. Propane Distribution segment for the year ended December 31, 2019.

4. TRADE AND OTHER RECEIVABLES

A summary of trade and other receivables is as follows:

	2020	2019
Trade receivables, net of allowances	**270.7**	320.7
Accounts receivable – other[(1)]	**42.2**	8.5
Trade and other receivables	**312.9**	329.2

[(1)]This balance consists of receivables related to CEWS, indirect tax, final settlements related to acquisitions and other miscellaneous balances. The amount of CEWS included in this balance is $15.7 million, see Note 21.

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

	2020	2019
Current	**225.7**	235.2
Past due less than 90 days	**50.1**	84.5
Past due over 90 days	**6.9**	10.3
Trade receivables	**282.7**	330.0

Superior's trade receivables are stated after deducting an allowance of $12.0 million as at December 31, 2020 (December 31, 2019 – $9.3 million). The movement in the allowance for doubtful accounts is as follows:

	2020	2019
Allowance for doubtful accounts, January 1	**(9.3)**	(11.2)
Impairment losses recognized on receivables	**(5.3)**	(2.5)
Amounts written off during the year as uncollectible	**1.5**	3.5
Amounts recovered	**0.5**	0.9
Foreign exchange impact and other	**0.6**	–
Allowance for doubtful accounts, end of the year	**(12.0)**	(9.3)

5. PREPAIDS AND DEPOSITS

A summary of prepaids and deposits is as follows:

	2020	2019
Prepaid insurance	**17.0**	12.9
Tax installments	**11.8**	7.0
Deposits	**1.5**	21.1
Leases and licenses	**3.6**	3.5
Storage and rent	**1.1**	1.4
Miscellaneous prepaids and other	**10.5**	11.2
	45.5	57.1

6. INVENTORIES

A summary of inventories is as follows:

	2020	2019
Propane, heating oil and other refined fuels	**65.9**	55.5
Propane retailing materials, supplies, appliances and other	**11.0**	13.2
Chemical finished goods and raw materials	**27.6**	30.2
Chemical stores, supplies and other	**19.5**	17.3
	124.0	116.2

	2020	2019
Cost of inventories recognized as an expense	**1,086.1**	1,446.8
Inventory write-downs to (reversals from) cost of sales	**2.0**	(6.0)

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Specialty Chemicals Plant and Equipment	Energy Distribution Retailing Equipment	Leasehold Improvements	Total
Balance as at December 31, 2018	74.2	299.1	1,039.7	1,212.9	8.6	2,634.5
Initial adoption of IFRS 16 (Note 2)	–	55.8	112.3	10.5	–	178.6
Additions - right-of-use assets	–	8.6	3.9	24.7	–	37.2
Additions - property, plant and equipment	0.2	7.5	39.5	81.1	0.2	128.5
Acquisitions through business combinations (Note 3)	0.1	2.1	–	30.0	0.3	32.5
Adjustments related to ARO and provisions	–	11.5	0.6	–	–	12.1
Disposals and other	(1.6)	(1.3)	(2.9)	(17.6)	–	(23.4)
impairment	–	(4.7)	(41.0)	–	–	(45.7)
Net foreign currency exchange differences and other	0.9	(16.8)	(26.6)	(18.3)	3.6	(57.2)
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**
Acquisitions through business combinations (Note 3)	**8.6**	**21.3**	**–**	**103.2**	**0.9**	**134.0**
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**	**435.7**	**1,149.0**	**1,440.5**	**12.7**	**3,114.9**
Accumulated Depreciation						
Balance as at December 31, 2018	–	95.3	630.3	462.3	4.8	1,192.7
Depreciation expense - property, plant and equipment	–	12.8	43.6	95.3	0.9	152.6
Depreciation of right-of-use assets	–	11.4	19.7	5.4	–	36.5
Eliminated on disposal of assets	–	(0.9)	(1.6)	(15.3)	–	(17.8)
Impairment	–	(1.9)	(25.0)	–	–	(26.9)
Net foreign currency exchange differences and other	–	(1.2)	(15.0)	(0.2)	0.8	(15.6)
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**
Carrying Amount						
As at December 31, 2019	73.8	246.3	473.5	775.8	6.2	1,575.6
As at December 31, 2020	**77.0**	**301.9**	**452.0**	**810.8**	**6.1**	**1,647.8**

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, 2019	–	57.6	93.7	92.6	–	243.9
As at December 31, 2020	**–**	**80.8**	**78.5**	**113.2**	**–**	**272.5**

Included in the above right-of-use assets table, are vehicle and other fleet leases of $94.8 million as at December 31, 2020 (December 31, 2019 – $72.7 million).

Depreciation per cost category:

	2020	2019
Selling, distribution and administrative costs		
Property, plant and equipment	**121.1**	108.5
Right-of-use asset	**39.1**	35.7
Cost of sales		
Property, plant and equipment	**42.3**	44.1
Right-of-use asset	**0.5**	0.8
Total Depreciation	**203.0**	189.1

Superior evaluated the property, plant and equipment as at December 31, 2020 and 2019 for indicators of impairment and no impairment was identified. Therefore, the carrying value was not adjusted. See Note 9 for further details on testing of property, plant and equipment impairment in CGUs. In the prior year, the Specialty Chemicals segment recorded a $17.5 million-dollar impairment charge as a result of closing its sodium chlorate manufacturing facility in Saskatoon, Saskatchewan.

8. INTANGIBLE ASSETS

Cost	Customer Relationships	Cap and Trade Emissions Units Purchased	Energy Distribution Trademarks, Non-Compete, Patents and Software	Specialty Chemicals Royalty Assets and Patents	Total
Balance as at December 31, 2018	358.3	5.3	140.5	7.7	511.8
Acquisitions through business combinations (Note 3)	15.9	–	0.4	–	16.3
Additions acquired separately	–	10.4	7.4	–	17.8
Reclassifications	10.0	–	(10.0)	–	–
Net foreign currency exchange differences and other	(0.5)	–	(14.5)	(0.4)	(15.4)
Balance as at December 31, 2019	383.7	15.7	123.8	7.3	530.5
Acquisitions through business combinations (Note 3)	**78.4**	**–**	**–**	**–**	**78.4**
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	**457.4**	**23.0**	**140.6**	**7.1**	**628.1**
Accumulated Amortization					
Balance as at December 31, 2018	2.6	–	77.9	1.1	81.6
Amortization expense	52.1	–	10.3	1.1	63.5
Net foreign currency exchange differences and other	2.1	–	(5.4)	(0.1)	(3.4)
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**
Carrying value					
As at December 31, 2019	326.9	15.7	41.0	5.2	388.8
As at December 31, 2020	**344.9**	**23.0**	**53.6**	**3.9**	**425.4**

Superior evaluated intangible assets as at December 31, 2020 and 2019 for indicators of impairment and the Company did not identify any impairment. Therefore, the carrying value was not adjusted for the current year.

During the year, the Company invested $13.9 million (2019 – $7.4 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.

9. GOODWILL

	2020	2019
Balance, beginning of the year	**1,080.9**	1,094.2
Additional amounts recognized from business combinations during the year (Note 3)	**87.7**	24.8
Effect of foreign currency differences	**(15.8)**	(38.1)
Balance, end of the year	**1,152.8**	1,080.9

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:

	2020	2019
U.S. Propane Distribution	**808.4**	736.0
Canadian Propane Distribution	**343.4**	343.9
Specialty Chemicals	**1.0**	1.0
	1,152.8	1,080.9

Superior conducts assessments for indicators of impairment on a quarterly basis and performs a detailed impairment assessment at least annually. As at December 31, 2020 and 2019, 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% (2019 – 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 8.7% to 9.3% (2019 – 9.4% to 10%).

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 2020 is 2.0% (2019 – 2.0%).

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

The recoverable amount for Specialty Chemicals was based on its FVLCOD. The FVLCOD was based on the transaction disclosed in Note 30 and was determined that there was no impairment.

10. PROVISIONS

A summary of provisions is as follows:

	Restructuring	Decommissioning	Other	Total
Balance as at December 31, 2018	6.2	96.4	8.9	111.5
Additions	4.2	3.3	—	7.5
Utilization	(4.5)	(1.1)	—	(5.6)
Amounts reversed during the year	(1.1)	(0.2)	(1.6)	(2.9)
Unwinding of discount	0.1	1.5	—	1.6
Impact of change in discount rate	—	8.8	—	8.8
Net foreign currency exchange difference	—	(0.3)	—	(0.3)
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 period	**(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**

	2020	2019
Current (Note 11)	**4.3**	7.6
Non-current	**126.4**	112.9
	130.7	120.5

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, 2020, the current portion of restructuring costs was $ 2.3 million (2019 – $4.9 million).

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.

Specialty Chemicals

Superior makes full provision for the future cost of decommissioning Specialty Chemicals' chemical facilities. As at December 31, 2020, the discount rate used in Superior's calculation was 1.2% (2019 – 1.8%). Superior estimates the total undiscounted expenditures required to settle its decommissioning liabilities to be approximately $152.6 million (2019 – $154.3 million), which will be paid over the next 40 years. While Superior's provision for decommissioning costs is based on the best estimate of future costs and the economic lives of the chemical facilities, the amount and timing of these costs is uncertain.

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 $8.8 million as at December 31, 2020 (2019 – $4.7 million) which will be paid over the next 15 years. The discount rate of 1.2% as at December 31, 2020 (2019 – 1.8%) 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, 2020, (2019 – $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 $2.6 million as at December 31, 2020, (2019 – $4.3 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.

11. TRADE AND OTHER PAYABLES

A summary of trade and other payables is as follows:

	2020	2019
Trade payables	**281.9**	307.1
Provisions (Note 10)	**4.3**	7.6
Accrued liabilities and other payables	**111.8**	92.5
Current taxes payable	**15.2**	11.1
Share-based payments, current portion	**15.1**	5.7
Trade and other payables	**428.3**	424.0

The average credit period on purchases by Superior is 28.2 days (2019 – 38 days). No interest is charged on the trade payables up to 10 days (2019 – 10 days) from the date of the invoice. Thereafter, interest is charged at a rate of up to 18.0% (2019 – 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.

12. CONTRACT LIABILITIES

	2020	2019
Balance, beginning of the year	**18.1**	23.9
Acquisitions	**(0.1)**	0.5
Additions during the year	**56.6**	34.7
Recognized in net earnings	**(55.0)**	(39.7)
Foreign exchange impact	**(0.5)**	(1.3)
Balance, end of the year	**19.1**	18.1

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

13. OTHER LIABILITIES

A summary of other liabilities is as follows:

	2020	2019
Quebec cap and trade payable	**–**	7.8
California cap and trade payable	**3.8**	7.2
Nova Scotia cap and trade payable	**1.1**	0.4
Share-based payments and others	**8.4**	14.3
Long term other payables	**1.2**	
Other liabilities	**14.5**	29.7

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 $11.1M is included into trade payables.

14. BORROWINGS

A summary of borrowings is as follows:

	Year of Maturity	Effective Interest Rate	2020	2019
Revolving Term Bank Credit Facilities [(1)]				
Bankers' Acceptances ("BA")	2024	Floating BA rate plus 1.70%	**225.0**	5.0
Canadian Prime Rate Loan (Prime and Swing line)	2024	Prime rate plus 0.70%	**7.1**	14.9
LIBOR Loans (US$75.0 million; 2019 – US$332.0 million)	2024	Floating LIBOR rate plus 1.70%	**95.4**	431.3
U.S. Base Rate Loans (Prime and Swing line) (US$12.6 million; 2019 – US$14.0 million)	2024	U.S. Prime rate plus 0.70%	**16.1**	18.1
			343.6	469.3
Other Debt				
Accounts receivable factoring program[(2)]		Floating BA plus 1.625%	**–**	3.9
Deferred consideration and other	2020–2026	1.74%-8.74%	**24.8**	23.8
			24.8	27.7
Senior Unsecured Notes				
Senior unsecured notes[(3)]	2024	5.25%	**400.0**	400.0
Senior unsecured notes[(4)]	2025	5.125%	**370.0**	370.0
Senior unsecured notes[(5)]	2026	7.000%	**445.4**	454.7
			1,215.4	1,224.7
Total borrowings before deferred financing fees			**1,583.8**	1,721.7
Deferred financing fees and discounts			**(22.3)**	(27.3)
Total borrowings before current maturities			**1,561.5**	1,694.4
Current maturities			**(7.1)**	(10.1)
Total non-current borrowings			**1,554.4**	1,684.3

(1) As at December 31, 2020, Superior had $40.6 million of outstanding letters of credit (December 31, 2019 – $31.3 million) and $289.0 million of outstanding financial guarantees on behalf of its businesses (December 31, 2019 – $241.0 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 May 8, 2019, Superior extended and restated its syndicated credit facility with 10 lenders, with no material changes to the financial covenants and extended its maturity to May 8, 2024. 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 further to $1,050.0 million on condition that no event of default has occurred and lender consent is provided.

(2) Superior had a Master Receivables Purchase Agreement with a financial institution that expired and was settled in May 2020.

(3) These senior unsecured notes were issued at par value and mature on February 27, 2024. The senior unsecured notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the senior unsecured notes at various redemption prices, which include the principal plus accrued and unpaid interest, if any, to the application redemption date. Interest is payable semi-annually on February 27 and August 27, and commenced August 27, 2017. The fair value of the senior unsecured notes is $413.5 million (December 31, 2019 – $410.0 million), based on prevailing market prices.

(4) These senior unsecured notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the senior unsecured notes at various redemption prices, which include the principal plus accrued and unpaid interest, if any, to the application redemption date. The fair value of the senior unsecured notes is $386.9 million (December 31, 2019 – $374.9 million), based on prevailing market prices.

(5) These US$350 million senior unsecured notes contain certain early redemption options under which Superior has the option to redeem all or a portion of the senior unsecured notes at various redemption prices, which include the principal plus accrued and unpaid interest, if any, to the application redemption date. The fair value of the senior unsecured notes is $476.8 million (December 31, 2019 – $489.0 million), based on prevailing market prices. During the year ended December 31, 2020, foreign exchange translation gain amounted to $9.3 million (2019 – $22.7 million foreign exchange translation gain), see Note 17.

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

Current maturities	7.1
2021–2022	7.2
2022–2023	5.7
2023–2024	746.6
2024–2025	371.8
2025–2026	445.4
Total	1,583.8

15. Leasing Arrangements

The lease liabilities by operating segment are as follows:

	Propane Distribution		Specialty		
	Canada	**U.S.**	**Chemicals**	**Corporate**	**Total**
IFRS 16 Initial adoption	34.6	12.5	129.8	1.7	178.6
Reclassification from previously recognized finance lease liabilities	33.9	29.9	–	–	63.8
Lease liabilities assumed as part of a business combination	0.5	3.1	–	–	3.6
Additions	17.2	10.8	9.2	–	37.2
Finance expense on lease liabilities	3.8	2.5	6.9	0.1	13.3
Lease payments	(16.8)	(11.6)	(26.1)	(0.3)	(54.8)
Impact of changes in foreign exchange rates and other	(0.5)	(0.9)	(5.9)	–	(7.3)
Lease liabilities as at December 31, 2019	72.7	46.3	113.9	1.5	234.4
Lease liabilities assumed as part of a business 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**

	2020	2019
Current portion of lease liabilities	**53.3**	52.4
Non-current portion of lease liabilities	**213.5**	182.0
Total lease liabilities	**266.8**	234.4

Included in the above lease liabilities, as at December 31, 2020, are vehicle and other fleet lease obligations of $85.7 million (2019 – $73.0 million). The assets related to the vehicle and fleet lease obligations are included in right-of-use assets included in property, plant and equipment, Note 7.

During the year ended December 31, 2020, the discount rate applied was 3.5% to 5.6%(2019 – 5.4% to 8.3%).

The present value of lease payments are as follows:

	Minimum Rental Payments		**Present Value of Minimum Rental Payments**	
	2020	2019	**2020**	2019
Not later than one year	**62.4**	60.5	**53.3**	52.4
Later than one year and not later than five years	**176.5**	150.4	**147.3**	120.6
Later than five years	**97.2**	91.5	**66.2**	61.4
Less: future finance charges	**(69.3)**	(68.0)	**–**	–
Present value of minimum rental payments	**266.8**	234.4	**266.8**	234.4

Future minimum lease payments under non-cancellable, low-value, short-term leases and leases with variable lease payments as at December 31 are summarized below.

	2020	2019
Not later than one year	**3.6**	2.1
Later than one year and not later than five years	**3.8**	0.4
	7.4	2.5

16. EMPLOYEE FUTURE BENEFITS

The most recent actuarial valuations of plan assets and the present value of the defined-benefit obligation were carried out on December 31, 2020. 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**	
	2020	2019	**2020**	2019
Average discount rate	**2.4%**	3.0%	**1.8%**	2.8%
Expected rate of compensation increase	**3.0%**	3.0%	**3.0%**	3.0%
Mortality rate[(i)]	**95%–112%**	95%–112%	**97%–109%**	97%–109%

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

Canadian Propane Distribution and Specialty Chemicals 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. Aside from a minor move of the Plan assets into real estate during the last quarter of 2020, the rest of the management objectives, policies and procedures are unchanged since 2019. 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, 2020 and 2019 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, 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**
Balance as at December 31, 2019			
Present value of defined-benefit obligations	35.3	142.5	21.2
Fair value of plan assets	(41.1)	(148.7)	–
Net (asset) liability arising from defined-benefit obligation	(5.8)	(6.2)	21.2

Movements in defined-benefit obligations and plan assets

	Canadian Propane Distribution Pension Benefit Plans		**Specialty Chemicals Pension Benefit Plans**		**Other Benefit Plans**	
	2020	2019	**2020**	2019	**2020**	2019
Movement in the present value of the defined-benefit obligation during the year:						
Benefit obligation as at January 1	**35.3**	35.3	**142.5**	128.6	**21.2**	19.9
Current service cost	**–**	–	**1.8**	1.7	**0.4**	0.3
Interest cost	**1.0**	1.3	**4.4**	4.9	**0.6**	0.7
Contributions by the plan participants	**–**	–	**0.1**	0.1	**–**	–
Past service cost	**–**	–	**–**	0.2	**–**	–
Actuarial gains (losses)	**1.0**	2.0	**13.6**	13.0	**1.6**	1.6
Benefits paid	**(3.4)**	(3.3)	**(6.0)**	(6.0)	**(1.1)**	(1.3)
Benefit obligation as at December 31	**33.9**	35.3	**156.4**	142.5	**22.7**	21.2
Movement in the fair value of the plan assets during the year:						
Fair value of plan assets as at January 1	**41.1**	40.2	**148.7**	132.4	**–**	–
Expected return on plan assets	**1.2**	1.4	**4.5**	5.0	**–**	–
Excess return (shortfall) on plan assets	**1.7**	2.3	**2.4**	15.9	**–**	–
Contributions by the employer	**0.3**	0.5	**1.5**	1.6	**1.1**	1.3
Contributions by plan participants	**–**	–	**0.1**	0.1	**–**	–
Benefits paid	**(3.4)**	(3.3)	**(6.0)**	(6.0)	**(1.1)**	(1.3)
Administration expenses	**(0.1)**	–	**(0.4)**	(0.3)	**–**	–
Fair value of plan assets as at December 31	**40.8**	41.1	**150.7**	148.7	**–**	**–**
Funded status – plan surplus (deficit)						
Net asset (obligation) arising from defined-benefit obligation	**6.9**	5.8	**(5.7)**	6.2	**(22.7)**	(21.2)
Non-current net benefit asset (obligation)	**6.9**	5.8	**(5.7)**	6.2	**(22.7)**	(21.2)

The accrued net pension asset related to the Canadian Propane Distribution pension benefit plan on December 31, 2020 was $6.9 million (December 31, 2019 – $5.8 million), and the expense for 2020 was nil (2019 – nil). The accrued net pension obligation related to the Specialty Chemicals pension benefit plan on December 31, 2020 was

$5.7 million (2019 – pension asset was $6.2 million), and the expense for 2020 was $2.1 million (2019 – $2.0 million).

The accrued net benefit obligation related to the total other benefit plans of Canadian Propane Distribution and Specialty Chemicals on December 31, 2020 was $22.7 million (2019 – $21.2 million), and the expense for 2020 was $1.0 million (2019 – $1.0 million). Amounts recognized in net earnings in respect of these defined-benefit plans are as follows for the years ended December 31:

	2020	2019
Service cost		
Current service cost	**2.2**	2.0
Administrative expense	**0.6**	0.3
Past service cost	**–**	0.2
Net interest expense	**0.3**	0.5
Components of defined-benefit costs recognized in net earnings (loss)	**3.1**	3.0

The service cost, administrative expense and net interest expense related to Canadian Propane Distribution and Specialty Chemicals on December 31, 2020 was $3.1 million (2019 – $3.0 million) and is included in selling, distribution and administrative costs.

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

	2020	2019
Actuarial defined-benefit losses (before income taxes)	**(12.2)**	1.6
Cumulative actuarial losses (before income taxes)	**(12.5)**	(0.3)

Remeasurement on the net benefit obligation:	**2020**	2019
Cumulative actuarial gains (before income taxes), beginning of the year	**(0.3)**	(1.9)
Actuarial asset experience gain	**4.0**	18.2
Actuarial loss arising from changes in financial assumptions	**(16.6)**	(16.6)
Actuarial gain arising from changes in experience adjustments	**0.4**	–
Cumulative actuarial losses (before income taxes), end of the year	**(12.5)**	(0.3)

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, 2020, 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 $3.5 million as at December 31, 2020 (2019 – $3.5 million) and a change to the current service expense of $0.1 million as at December 31, 2020 (2019 – $0.1 million). A 1% change in the discount rate would result in a change to the accrued defined-benefit obligation related to Specialty Chemicals of $26.1 million as at December 31, 2020 (2019 – $23.0 million) and a change to the current service expense of $0.7 million at December 31, 2020 (2019 – $0.9 million).

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, 2020 (2019 – nil) and a change to the current service expense of nil as at December 31, 2020 (2019 – nil). A 1% change in salary would result in a change to the accrued defined-benefit obligation related to Specialty Chemicals of $2.3 million as at December 31, 2020 (2019 – $2.5 million) and a change to the current service expense of $0.2 million as at December 31, 2020 (2019 – $0.2 million).

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 $1.8 million as at December 31, 2020 (2019 – $1.9 million) and a change to the current service expense of $nil million as at December 31, 2020 (2019 – $0.1 million). A 10% change in the mortality scale would result in a change to the accrued defined-benefit obligation related to Specialty Chemicals of $5.0 million as at December 31, 2020 (2019 – $4.3 million) and a change to the current service expense of $0.2 million as at December 31, 2020 (2019 – $0.2 million).

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 $0.1 million as at December 31, 2020 (2019 – $0.4 million) and a change to the current service expense of nil as at December 31, 2020 (2019 – nil). A 1% change in the trend rate would result in a change to the accrued defined-benefit obligation liability related to Specialty Chemicals of $1.4 million as at December 31, 2020 (December 31, 2019 – $1.1 million) and a change to the current service expense of $0.1 million as at December 31, 2020 (2019 – $0.1 million).

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 8.2 years as at December 31, 2020 (2019 – 7.9 years) and related to Specialty Chemicals is 14.6 years as at December 31, 2020 (2019 – 13.9 years).

As at December 31, 2020, Superior expects to make a contribution to the Canadian Propane Distribution Pension Benefit Plans of $0.8 million and to the Specialty Chemicals Pension Benefit Plans of $1.7 million during 2021.

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%**	**12.1**	**8.0%**
Foreign equities	**–**	**0.0%**	**45.5**	**30.2%**
Fixed income	**36.6**	**89.8%**	**68.6**	**45.5%**
Real estate	**–**	**0.0%**	**24.6**	**16.3%**
Total	**40.7 –**	**100%**	**150.7**	**100%**

The fair values of plan assets as at December 31, 2019, 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	4.0	9.7%	38.7	26.0%
Foreign equities	–	–	38.4	25.8%
Fixed income	37.1	90.3%	66.2	44.5%
Real estate	–	–	5.5	3.7%
Total	41.1	100.0%	148.8	100.0%

The actual returns on Canadian Propane Distribution and Specialty Chemicals plan assets during the year ended December 31, 2020 were 7.2% (2019 – 9.4%) and 4.4% (2019 – 15.9%), respectively.

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, 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 and Specialty Chemicals' SIPPs do not provide ranges for U.S. and foreign equities; instead, they provide in aggregate ranges classified as global equities.

As at December 31, 2019, the asset-matching strategic choices that are formulated in the actuarial and 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%	25.0%-38.0%
Fixed income	89.0%-92.0%	40.0%-58.0%
Real estate	–	10.0%-23.0%

(i) Based on Superior's SIPP.
(ii) Canadian Propane Distribution and Specialty Chemicals' SIPPs do not provide ranges for U.S. and foreign equities; instead, they provide in aggregate ranges classified as global equities.

17. 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, 2020, 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, 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 – Energy Distribution	**–**	**30.5**	**–**	**30.5**
Total assets	**22.0**	**34.9**	**–**	**56.9**
Liabilities				
Foreign currency options, USD/CAD calls	**1.1**	**–**	**–**	**1.1**
Foreign currency forward contracts, net sale	**1.0**	**–**	**–**	**1.0**
Equity derivative contract	**–**	**0.6**	**–**	**0.6**
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	**–**	**10.0**	**–**	**10.0**
Total liabilities	**2.1**	**10.6**	**–**	**12.7**
Total net assets (liabilities)	**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**

				As at December 31, 2019
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts, net sale	3.5	–	–	3.5
Equity derivative contract	–	0.9	–	0.9
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	–	3.3	–	3.3
Total assets	3.5	4.2	–	7.7
Liabilities				
Foreign currency forward contracts	3.2	–	–	3.2
Cross-currency interest rate swaps	5.8	–	–	5.8
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	–	16.3	–	16.3
Total liabilities	9.0	16.3	–	25.3
Total net liabilities	(5.5)	(12.1)	–	(17.6)
Current portion of assets	2.1	3.3	–	5.4
Current portion of liabilities	7.8	15.9	–	23.7

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, net sale	US$346.6	2021–2024	$1.33	Quoted bid prices in the active market.
Foreign currency options USD/CAD calls	US$42.0	2023-2024	$1.40–$1.47	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Equity derivative contracts	C$21.1	2020–2022	$10.29	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 – Energy Distribution	106.5 USG[ii]	2021–2023	$0.48–$1.40	Quoted bid prices for similar products in an active market.

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

Superior's realized and unrealized financial instrument gains (losses) for the years ended December 31, 2020 and 2019 are as follows:

	2020			2019		
Description	**Realized Loss**	**Unrealized Gain**	**Total**	Realized Loss	Unrealized Gain (Loss)	Total
Foreign currency forward contracts – net sale and foreign currency options, USD/CAD calls	**(2.0)**	**19.9**	**17.9**	(11.2)	34.3	23.1
Transfer of derivative losses from accumulated other comprehensive earnings	**–**	**–**	**–**	–	(7.1)	(7.1)
Cross-currency interest rate swaps	**–**	**–**	**–**	–	(12.8)	(12.8)
Equity derivative contracts	**–**	**2.9**	**2.9**	–	5.1	5.1
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	**(15.6)**	**34.5**	**18.9**	(29.9)	0.4	(29.5)
Total gains (losses) on financial and non-financial derivatives	**(17.6)**	**57.3**	**39.7**	(41.1)	19.9	(21.2)
Foreign exchange gain (loss) on U.S. dollar debt and lease liabilities	**–**	**10.0**	**10.0**	–	38.4	38.4
Total gains (losses)	**(17.6)**	**67.3**	**49.7**	(41.1)	58.3	17.2

Realized and unrealized gains or losses on financial and non-financial derivatives and foreign currency translation gains or losses on the revaluation of Canadian domiciled U.S.-denominated working capital have been classified on the consolidated statements of net earnings and total comprehensive earnings as a component of other income (loss).

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	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	FVTPL	Fair Value

The fair value of cash and cash equivalents, trade and other receivables, notes and finance lease receivable, 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 14 are determined by quoted market prices (Level 1 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, 2020 and 2019, 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. Specialty Chemicals, due to the nature of its operations, sells its products to a relatively small number of customers. Specialty Chemicals mitigates its customer credit risk by actively monitoring the overall creditworthiness of its 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, taking into account 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.

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, 2020, Superior estimates that a 10% increase in its share price would have resulted in a $2.5 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	12 Months Ended December 31 2022	2023	2024	2025	2026	Thereafter	Total
Borrowings	7.1	7.2	5.7	746.6	371.8	445.4	–	1,583.8
Lease liabilities	53.3	51.5	39.9	32.4	23.5	11.6	54.6	266.8
Non-cancellable, low-value, short-term leases and leases with variable lease payments	3.6	2.6	1.1	0.1	–	–	–	7.4
USD-foreign currency forward sales contracts	187.1	76.5	59.0	24.0	–	–	–	346.6
USD/CAD call options[(i)]	–	–	6.0	36.0	–	–	–	42.0
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	73.8	12.8	5.7	–	–	–	–	92.3

[(i)]USD/CAD call options expiring in December 2023 with strike prices ranging from $1.40 to $1.47 settling in 2024.

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, 2020 and 2019.

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:

	2020
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	**+/- 1.9**
Impact to net earnings of a $0.04/litre change in the price of heating oil	**+/- 0.7**
Impact to net earnings of a $0.04/litre change in the price of propane	**+/- 3.0**

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.

18. 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 2020 of 26.61% (2019 – 26.78%). The statutory rates reflect previously enacted provincial tax rate increases. The reasons for these differences are as follows:

	2020	2019
Net earnings	**86.8**	142.6
Income tax expense	**71.9**	25.0
Earnings before taxes	**158.7**	167.6
Computed income tax expense	**42.2**	44.9
Changes in effective foreign tax rates	**0.2**	(0.2)
Changes in future income tax rates	**1.7**	(0.7)
Non-deductible costs and other	**(1.5)**	(30.6)
Adjustments in respect of prior years	**2.2**	4.5
Change in amount of unrecognized asset	**23.6**	9.6
Other	**3.5**	(2.5)
Income tax expense	**71.9**	25.0

Income tax expense (recovery) for the years ended December 31, 2020 and 2019 is comprised of the following:

	2020	2019
Current income tax expense		
Current income tax charge	**15.7**	9.9
Adjustments in respect of prior years	**(4.6)**	3.2
Total current income tax expense	**11.1**	13.1
Deferred income tax expense (recovery)		
Relating to origination and reversal of temporary differences	**28.7**	1.3
Relating to changes in tax rates or the imposition of new taxes	**1.7**	(0.7)
Adjustments in respect of prior years	**6.8**	1.3
Change in amount of unrecognized asset	**23.6**	9.6
Other	**-**	0.4
Total deferred income tax expense	**60.8**	11.9
Income tax expense	**71.9**	25.0

Deferred tax for the years ended December 31, 2020 and 2019 is comprised of the following:

December 31, 2020	**Opening Balance**	**(Credited) Charged to Net Earnings**	**(Credited) Charged to Other Comprehensive Earnings**	**Acquisitions**	**Exchange Differences**	**Closing Balance**
Property, plant and equipment	**(280.0)**	**(51.3)**	**–**	**(5.6)**	**5.0**	**(331.9)**
Reserves and employee benefits	**18.7**	**(1.2)**	**3.2**	**–**	**(0.1)**	**20.6**
Provisions	**29.6**	**4.4**	**–**	**–**	**(0.3)**	**33.7**
Finance Leases	**61.4**	**9.9**	**–**	**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	**4.6**	**(16.7)**	**–**	**–**	**0.4**	**(11.7)**
Scientific research and	**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**	**(60.8)**	**3.2**	**(4.9)**	**2.8**	**(47.0)**

December 31, 2019	Opening Balance	(Credited) Charged to Net Earnings (Loss)	(Credited) Charged to Other Comprehensive Earnings (Loss)	Acquisitions	Exchange Differences	Closing Balance
Property, plant and equipment	(319.0)	31.9	–	–	7.1	(280.0)
Reserves and employee benefits	16.1	3.4	(0.4)	–	(0.4)	18.7
Provisions	26.2	4.1	–	–	(0.7)	29.6
Finance leases	17.2	45.5	–	–	(1.3)	61.4
Borrowing	(7.3)	–	–	–	–	(7.3)
Financing fees	11.5	(4.7)	–	–	–	6.8
Unrealized foreign exchange	12.2	(7.6)	–	–	–	4.6
Scientific research and development	61.3	(6.5)	–	–	–	54.8
Investment tax credits, net of tax	64.2	(2.6)	–	–	–	61.6
Non-capital losses	141.3	(75.0)	–	–	(3.4)	62.9
Other	–	(0.4)	–	–	–	(0.4)
Total	23.7	(11.9)	(0.4)	–	1.3	12.7

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 asset relates to the following tax jurisdictions as at December 31, 2020 and 2019:

	2020	2019
Canada	**26.1**	39.5
U.S.	**(66.7)**	(20.1)
Chile	**(6.4)**	(6.7)
Total net deferred income tax (liability) asset	**(47.0)**	12.7

As a result of the enactment of new tax legislation, deferred tax assets of approximately $13.9 million previously recognized at December 31, 2019 were derecognized during the year ended December 31, 2020.

Superior has available to carry forward the following as at December 31, 2020 and 2019:

	2020	2019
Canadian federal and provincial investment tax credits	**76.2**	84.2
Canadian scientific research expenditures	**197.6**	214.0
Canadian non-capital losses	**44.6**	24.4
U.S. non-capital losses	**308.0**	212.0

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

	Canada
2021	**7.1**
2022	**8.7**
2023	**14.8**
2024	**11.3**
Thereafter	**34.3**
Total	**76.2**

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 2024.

As at December 31, 2020, Superior had $85.9 million of tax pools (2019 – $35.8 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.

In Chile, the local tax laws provide that any profits distributed outside of Chile be subject to a 35% tax.

19. 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 January 1, 2019	174.9	2,339.9	1,088.9
Net earnings for the year	–	–	142.6
Other comprehensive loss	–	–	(66.6)
Dividends and dividend equivalent declared to shareholders	–	–	(125.9)
As at December 31, 2019	174.9	2,339.9	1,039.0
Issuance of common shares	**1.1**	**10.4**	**10.4**
Net loss for the year	**–**	**–**	**75.1**
Other comprehensive loss	**–**	**–**	**(30.8)**
Dividends declared to common shareholders	**–**	**–**	**(126.4)**
Preferred share issuance costs	**–**	**–**	**(18.1)**
As at December 31, 2020	**176.0**	**2,350.3**	**949.2**

During the year ended December 31, 2020, Superior issued 1.1 million shares under its dividend reinvestment plan and optional share purchase program ("DRIP") for total gross proceeds of $10.4 million, (2019 – nil).

Superior suspended the active operation of its DRIP after payment of the May dividend, paid on June 15, 2020. Shareholders participating in the DRIP began receiving a cash payment for dividends declared during the year ended December 31, 2020. Superior's DRIP program will remain in place should Superior elect to reactivate the DRIP at a future date, subject to regulatory approval.

Preferred Shares of Superior Plus US Holdings

On July 13, 2020, Superior's subsidiary, Superior Plus US Holdings, issued 260,000 Preferred Shares (the "Preferred Shares") by its subsidiary Superior Plus US Holdings for gross proceeds of US$260 million (C$353.8 million). The initial proceeds were recorded as a non-controlling interest within equity and the issuance costs of US$13.4 million (C$18.1 million) were allocated to Superior's deficit. Superior owns 100% of the common shares of Superior Plus US Holdings and the Preferred Shares are the only other class of share issued.

The Preferred Shares 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, 2020 were US$8.8 million (C$11.7 million) or US$72.50 (C$96.35) per preferred share per annum.

NCI	**Issued Number of Preferred Shares (Millions)**	**Equity Attributable to NCI**
As at December 31, 2019	–	–
Issuance of preferred shares	**0.3**	**353.8**
Net earnings for the period	**–**	**11.7**
Other comprehensive loss	**–**	**(22.9)**
Dividends to preferred shareholders	**–**	**(11.7)**
As at December 31, 2020	**0.3**	**330.9**

Accumulated Other Comprehensive Earnings

	2020	2019
Accumulated other comprehensive earnings		
Currency translation adjustment		
Balance, beginning of the year	**105.6**	180.5
Unrealized foreign currency losses on translation of foreign operations	**(21.9)**	(74.9)
Balance, end of the year	**83.7**	105.6
Actuarial defined benefits		
Balance, beginning of the year	**(0.3)**	(1.5)
Actuarial defined-benefit gains	**(12.1)**	1.6
Income tax expense on other comprehensive earnings (loss)	**3.2**	(0.4)
Balance, end of the year	**(9.2)**	(0.3)
Accumulated derivative losses		
Balance, beginning of the year	**–**	(7.1)
Transfer of derivative losses from accumulated other comprehensive earnings	**–**	7.1
Accumulated other comprehensive earnings, end of the year	**74.5**	105.3

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), current and long-term borrowing, and convertible unsecured subordinated debentures. 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, 2020, 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.

20. SUPPLEMENTAL DISCLOSURE OF CONDENSED CONSOLIDATED STATEMENTS OF NET EARNINGS AND TOTAL COMPREHENSIVE EARNINGS

	2020	2019
Revenue		
Revenue from products	**2,280.2**	2,704.2
Revenue from the rendering of services	**73.5**	101.4
Tank and equipment rental	**40.6**	47.3
	2,394.3	2,852.9
Cost of sales (includes product and services)		
Cost of products and services(i) (ii)	**(1,245.8)**	(1,595.0)
Depreciation included in cost of sales	**(42.8)**	(44.9)
	(1,288.6)	(1,639.9)
Selling, distribution and administrative costs		
Other selling, distribution and administrative costs	**(235.7)**	(247.0)
Restructuring, transaction and other costs	**(25.1)**	(29.9)
Employee future benefit expense	**(2.3)**	(2.1)
Employee costs(ii)	**(327.2)**	(364.1)
Vehicle operating costs	**(60.8)**	(68.1)
Facilities maintenance expense	**(7.2)**	(6.3)
Depreciation of right-of-use assets	**(39.1)**	(35.7)
Depreciation included in selling, distribution and administrative costs	**(121.1)**	(108.5)
Amortization of intangible assets	**(64.1)**	(63.5)
Low value, short-term and variable lease payments	**(2.2)**	(2.5)
Gain (loss) on disposal of assets	**(5.8)**	1.5
Impairment of Specialty Chemicals equipment	**–**	(19.9)
Realized gain (loss) on the translation of U.S.- denominated net working capital	**0.4**	(2.2)
	(890.2)	(948.3)
Finance expense		
Interest on borrowings	**(84.0)**	(91.9)
Interest on lease liability	**(14.3)**	(13.3)
Unwinding of discount on decommissioning liabilities and non-cash financing expenses	**(8.2)**	(9.1)
	(106.5)	(114.3)
Gains (losses) on derivatives and foreign currency translation of borrowings		
Realized loss on financial and non-financial derivatives and foreign currency translation	**(17.6)**	(41.1)
Unrealized gain on financial and non-financial derivatives and foreign currency translation	**67.3**	58.3
	49.7	17.2
Earnings before income taxes	**158.7**	167.6
Income tax expense		
Current income tax expense	**(11.1)**	(13.1)
Deferred income tax expense	**(60.8)**	(11.9)
	(71.9)	(25.0)
Net earnings	**86.8**	142.6

(i) During the year ended December 31, 2020, the cost of products and services includes low value, short-term and variable lease payments of $3.9 million (2019 - $8.0million).
(ii) Expense is shown net of the CEWS subsidy, see Note 21.

21. GOVERNMENT GRANT

In response to COVID-19, the Government of Canada implemented the Canadian Emergency Wage Subsidy ("CEWS") 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, 2020 Superior recorded $28.9 million (2019 – NIL) as a reduction to selling, distribution and administration costs and $4.4 million (2019 – NIL) as a reduction to cost of sales.

There are no unfulfilled conditions attached to this government assistance. As of December 31, 2020, $15.7 million is included in trade and other receivables.

22. NET EARNINGS PER SHARE, BASIC AND DILUTED

Net earnings per share	**2020**	2019
Basic		
Net earnings attributable to common shareholders for the year	**$86.8**	$142.6
Less:		
Allocation of earnings to preferred shareholders	**$(11.7)**	–
Total earnings allocated to common shareholders	**$75.1**	$142.6
Weighted average common shares outstanding (millions)	**175.7**	174.9
Net earnings per share attributable to common shareholders	**$0.43**	$0.82
Diluted		
Net earnings attributable to common shareholders for the year	**$86.8**	$142.6
Weighted average shares outstanding (millions) assuming conversion of preferred shares	**189.7**	174.9
	$0.46	$0.82
Net earnings per share attributable to common shareholders	**$0.43**	$0.82

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 19). 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.

23. 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, 2020			**Propane Distribution**	
	Canada	**U.S.**	**Inter-segment**	**Total**
Revenue from sale of products	**622.4**	**1,092.0**	**(17.5)**	**1,696.9**
Revenue from services	**35.5**	**33.9**	**–**	**69.4**
Tank and equipment rental	**27.2**	**13.4**	**–**	**40.6**
Total revenue	**685.1**	**1,139.3**	**(17.5)**	**1,806.9**

For the Year Ended December 31, 2020			**Specialty Chemicals**	
	Canada	**U.S.**	**Other**	**Total**
Revenue from sale of products	**132.2**	**345.8**	**105.3**	**583.3**
Revenue from services	**3.3**	**0.6**	**0.2**	**4.1**
Total revenue	**135.5**	**346.4**	**105.5**	**587.4**

For the Year Ended December 31, 2019			Propane Distribution	
	Canada	U.S.	Inter-segment	Total
Revenue from sale of products	790.2	1,249.9	(12.4)	2,027.7
Revenue from services	46.3	50.3	–	96.6
Tank and equipment rental	31.9	15.4	–	47.3
Total revenue	868.4	1,315.6	(12.4)	2,171.6

			Specialty Chemicals	
	Canada	U.S.	Other	Total
Revenue from sale of chemicals	158.6	411.6	106.3	676.5
Revenue from services	2.5	2.2	0.1	4.8
Total revenue	161.1	413.8	106.4	681.3

24. 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, 2020, total compensation expense related to RSs, PSs and DSs was $9.1 million (2019 – $11.8 million). Exercises during the year ended December 31, 2020 under the long-term incentive plan were completed at a weighted average price of $12.52 per share (2019 – $11.69 per share) for RSs, and $12.52 per share (2019 – $10.26 per share) for PSs exercised during the year. For the December 31, 2020, the total carrying amount of the liability related to RSs, PSs and DSs was $23.5million (2019 – $19.1 million).

The movement in the number of shares under the long-term incentive program was as follows:

	2020				2019			
	RSs	**PSs**	**DSs**	**Total**	RSs	PSs	DSs	Total
Opening number of shares	**724,214**	**1,066,909**	**470,310**	**2,261,433**	623,352	917,625	487,254	2,028,231
Granted	**400,893**	**400,893**	**92,121**	**893,907**	362,783	362,783	14,253	739,819
Performance factor adjustment and other	**–**	**(176,303)**	**–**	**(176,303)**	–	184,707	–	184,707
Dividends reinvested	**48,286**	**77,313**	**36,398**	**161,997**	43,724	66,499	27,521	137,744
Forfeited	**(16,199)**	**(18,496)**	**(2,630)**	**(37,325)**	(860)	(12,361)	(58,718)	(71,939)
Exercised	**(351,175)**	**(170,850)**	**–**	**(522,025)**	(304,785)	(452,344)	–	(757,129)
Ending number of shares	**806,019**	**1,179,466**	**596,199**	**2,581,684**	724,214	1,066,909	470,310	2,261,433

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, 2020, Superior had outstanding notional values of $21.1 million (2019 – $21.8 million) of equity derivative contracts at an average share price of $10.29 (2019 – $12.06). See Note 17 for further details.

25. SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING WORKING CAPITAL CHANGES

	2020	2019
Changes in non-cash operating working capital and other		
Trade and other receivables, and prepaids and deposits	**39.4**	26.0
Inventories	**(6.8)**	49.3
Trade and other payables and other liabilities	**(32.7)**	(31.6)
	(0.1)	43.7

	2020	2019
Changes in liabilities arising from financing activities		
Balance as at January 1	**1,928.8**	1,853.8
Net proceeds (repayment) of revolving term bank credits and other debt	**(154.3)**	(63.4)
Non-cash finance expense	**5.0**	5.8
Deferred acquisition payments	**1.0**	(0.2)
Lease additions including adoption of IFRS 16, net of repayments	**37.4**	178.0
Debt issue costs	**–**	(0.6)
Other, including foreign exchange	**10.4**	(44.6)
Balance as at December 31	**1,828.3**	1,928.8

26. 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:

	2020	2019
Short-term employee benefits[(i)]	**6.6**	7.9
Other long-term employee benefits	**0.1**	0.1
Share-based payments	**4.5**	4.6
	11.2	12.6

(i) Short-term employee benefits paid to directors and other members of key management personnel include salaries and bonuses.

27. GROUP ENTITIES

Significant Subsidiaries		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%
ERCO Worldwide (Canada) Corp.	(1)	Canada	100%
Commercial E Industrial ERCO (Chile) Limitada	(1)	Chile	100%
Superior Luxembourg Sàrl		Luxembourg	100%
Superior Plus US Holdings Inc.	(1)	U.S.	100%
Superior Plus US Financing Inc.	(1)	U.S.	100%
Superior Plus US Capital Corp.	(1)	U.S.	100%
ERCO Worldwide Inc.	(1)	U.S.	100%
ERCO Worldwide (USA) Inc.	(1)	U.S.	100%
International Dioxcide Inc.	(1)	U.S.	100%
Superior Plus Energy Services Inc.	(1)	U.S.	100%
NGL Propane, LLC	(1)	U.S.	100%
Osterman Propane, LLC	(1)	U.S.	100%
Sheldon Gas Company	(1)	U.S.	100%
Sheldon Oil Company	(1)	U.S.	100%
Sheldon United Terminals, LLC	(1)	U.S.	100%
United Liquid Gas Company, Inc.	(1)	U.S.	100%
Central Coast Propane, Inc.	(1)	U.S.	100%
Western Propane Services	(1)	U.S.	100%

(1)As disclosed in Note 19, 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.

28. REPORTABLE SEGMENT INFORMATION

Superior operates three operating segments: Canadian Propane Distribution, U.S. Propane Distribution and Specialty Chemicals. 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.

Specialty Chemicals is a leading global supplier of sodium chlorate and technology to the pulp and paper industry and a regional supplier of chlor-alkali products in the U.S. Midwest and Western Canada.

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 Specialty Chemicals businesses 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, 2020	**U.S. Propane Distribution**	**CAD Propane Distribution**	**Specialty Chemicals**	**Corporate**	**Total Segments**	**Inter-segment**	**Consolidated**
Revenue							
External customers	**899.4**	**907.5**	**587.4**	**–**	**2,394.3**	**–**	**2,394.3**
Inter-segment[(i)]	**–**	**17.5**	**–**	**–**	**17.5**	**(17.5)**	**–**
Total revenue	**899.4**	**925.0**	**587.4**	**–**	**2,411.8**	**(17.5)**	**2,394.3**
Cost of sales (includes products and services)	**(368.0)**	**(525.2)**	**(395.4)**	**–**	**(1,288.6)**	**–**	**(1,288.6)**
Inter-segment[(i)]	**(17.5)**	**–**	**–**		**(17.5)**	**17.5**	**–**
Gross profit	**513.9**	**399.8**	**192.0**	**–**	**1,105.7**	**–**	**1,105.7**
Expenses							
Depreciation included in SD&A	**(71.2)**	**(42.1)**	**(7.7)**	**(0.1)**	**(121.1)**	**–**	**(121.1)**
Depreciation of right-of-use assets included in SD&A	**(5.2)**	**(11.4)**	**(22.2)**	**(0.3)**	**(39.1)**	**–**	**(39.1)**
Amortization of intangible assets included in SD&A	**(42.1)**	**(20.7)**	**(1.1)**	**(0.2)**	**(64.1)**	**–**	**(64.1)**
SD&A	**(309.3)**	**(205.3)**	**(122.1)**	**(29.2)**	**(665.9)**	**–**	**(665.9)**
Finance expense	**(5.2)**	**(4.4)**	**(8.0)**	**(88.9)**	**(106.5)**	**–**	**(106.5)**
Gains (losses) on derivatives and foreign currency translation of borrowings	**11.6**	**7.3**	**0.7**	**30.1**	**49.7**	**–**	**49.7**
	(421.4)	**(276.6)**	**(160.4)**	**(88.6)**	**(947.0)**	**–**	**(947.0)**
Earnings (loss) before income	**92.5**	**123.2**	**31.6**	**(88.6)**	**158.7**	**–**	**158.7**
Income tax expense	**–**	**–**	**–**	**(71.9)**	**(71.9)**	**–**	**(71.9)**
Net earnings (loss) for the year	**92.5**	**123.2**	**31.6**	**(160.5)**	**86.8**	**–**	**86.8**

(i) Inter-segment revenues and cost of sales are eliminated upon consolidation and reflected in the 'inter-segment' column.

Year Ended December 31, 2019	**U.S. Propane Distribution**	**CAD Propane Distribution**	**Specialty Chemicals**	**Corporate**	**Total Segments**	**Inter-segment**	**Consolidated**
Revenue							
External customers	1,024.1	1,147.5	681.3	–	2,852.9	–	2,852.9
Inter-segment[(i)]	–	12.4		–	12.4	(12.4)	–
Total revenue	1,024.1	1,159.9	681.3	–	2,865.3	(12.4)	2,852.9
Cost of sales (includes products and services)	(514.7)	(680.4)	(444.8)	–	(1,639.9)	–	(1,639.9)
Inter-segment[(i)]		(12.4)		–	(12.4)	12.4	–
Gross profit	509.4	467.1	236.5	–	1,213.0	–	1,213.0
Depreciation included in SD&A	(60.5)	(40.0)	(7.9)	(0.1)	(108.5)	–	(108.5)
Depreciation of right-of-use assets included in SD&A	(4.9)	(9.1)	(21.4)	(0.3)	(35.7)	–	(35.7)
Amortization of intangible assets included in SD&A	(39.6)	(22.8)	(1.1)	–	(63.5)	–	(63.5)
SD&A	(308.9)	(243.9)	(153.0)	(34.8)	(740.6)	–	(740.6)
Finance expense	(4.4)	(4.4)	(8.1)	(97.4)	(114.3)	–	(114.3)
Gains (losses) on derivatives and foreign currency translation of borrowings	(11.7)	(16.7)	2.9	42.7	17.2	–	17.2
	(430.0)	(336.9)	(188.6)	(89.9)	(1,045.4)	–	(1,045.4)
Earnings (loss) before income	79.4	130.2	47.9	(89.9)	167.6	–	167.6
Income tax expense	–	–	–	(25.0)	(25.0)	–	(25.0)
Net earnings (loss) for the year	79.4	130.2	47.9	(114.9)	142.6	–	142.6

Net Working Capital, Total Assets, Total Liabilities and Purchase of Property, Plant and Equipment

	U.S. Propane Distribution	**Canadian Propane Distribution**	**Specialty Chemicals**	**Corporate**	**Total**
As at December 31, 2020					
Net working capital[(i)]	**(13.6)**	**14.7**	**62.4**	**(41.2)**	**22.3**
Total assets	**1,823.2**	**1,112.2**	**784.7**	**106.2**	**3,826.3**
Total liabilities	**361.1**	**266.4**	**351.5**	**1,567.2**	**2,546.2**
As at December 31, 2019					
Net working capital[(i)]	(0.4)	42.0	56.9	(48.6)	49.9
Total assets	1,600.2	1,167.7	797.8	72.3	3,638.0
Total liabilities	268.8	295.1	338.8	1,696.3	2,599.0
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**
For the Year Ended December 31,					
Purchase of property, plant and equipment and intangible assets	44.4	50.3	41.2	–	135.9

[(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.*

29. GEOGRAPHICAL INFORMATION

	Canada	U.S.	Other	Total Consolidated
Revenue for the year ended December 31, 2020	**803.1**	**1,485.7**	**105.5**	**2,394.3**
Property, plant and equipment as at December 31, 2020	**631.3**	**808.1**	**33.8**	**1,473.3**
Right-of-use assets as at December 31, 2020	**109.4**	**64.4**	**0.7**	**174.5**
Intangible assets as at December 31, 2020	**151.4**	**274.0**	**–**	**425.4**
Goodwill as at December 31, 2020	**325.7**	**827.1**	**–**	**1,152.8**
Total assets as at December 31, 2020	**1,528.2**	**2,248.1**	**50.0**	**3,826.3**
Revenue for the year ended December 31, 2019	1,017.1	1,729.4	106.4	2,852.9
Property, plant and equipment as at December 31, 2019	596.9	696.0	38.8	1,331.7
Right-of-use assets as at December 31, 2019	146.0	97.1	0.8	243.9
Intangible assets as at December 31, 2019	152.3	236.5	–	388.8
Goodwill as at December 31, 2019	325.8	755.1	–	1,080.9
Total assets as at December 31, 2019	1,562.3	2,021.5	54.2	3,638.0

30. SUBSEQUENT EVENTS

On January 26, 2021 Superior announced the acquisition of 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$17.8 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 CDN $7.5 million.

On February 11, 2021, Superior acquired the assets of an Ontario retail propane distribution company, operating under the tradename Highlands Propane (“Highlands”) for a total consideration of CDN $13.9 million.

On February 18, 2021, Superior entered into a definitive agreement to sell its Specialty Chemicals business for total consideration of $725.0 million (the “Transaction”). Under the terms of the Transaction, Superior will receive $600 million in cash proceeds 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 5 ½ years from the date the Transaction closes. The purchase price is subject to adjustment based on the average EBITDA of the business for the three consecutive twelve-month periods following the closing date. If the average EBITDA, adjusted to remove the impact of IFRS 16, is higher than $115M the purchase price will be increased by multiplying the difference by 4.5 and the seller 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 $100M, the purchase price will be decreased by multiplying the difference by 4.5 and a note will be issued to 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. As at December 31, 2020, the Specialty Chemicals segment did not meet the definition of assets held for sale and discontinued operations. Subsequent to December 31, 2020 and until the transaction closes, the assets and liabilities of the Specialty Chemical segment will be shown as held for sale on the balance sheet and the segments net earnings (loss), including comparative figures, will be shown as a discontinued operation on the Consolidated Statements of Net Earnings (Loss).