Superior Plus

Q1

For the three months ended
March 31, 2023

TSX: SPB **May 9, 2023**

Superior Plus Corp. Announces Record First Quarter Results and Increases 2023 Adjusted EBITDA Guidance

Superior Plus Corp. ("Superior") (TSX: SPB) today released its first quarter results for the period ended March 31, 2023. Unless otherwise expressed, all financial figures are expressed in Canadian dollars.

- ***Record First Quarter 2023 Adjusted EBITDA[1] of $272.1 million, a 9% increase from the prior year***
- ***First Quarter net earnings of $147.1 million, an increase of $6.1 million from the prior year***
- ***Superior is increasing its 2023 Pro Forma Adjusted EBITDA[1] guidance range to $620 million to $660 million, with a midpoint of $640 million, which includes the expected full twelve months of Certarus 2023 Adjusted EBITDA in the range of $175 million to $185 million. The full economic benefit of Certarus' expected 2023 Adjusted EBITDA will be retained in the business***
- ***Certarus also achieved record First Quarter Adjusted EBITDA of $62.8 million, a $35.0 million or 126% increase from the prior year quarter***

[1] Adjusted EBITDA and Pro Forma Adjusted EBITDA are Non-GAAP Financial Measures. See "Non-GAAP Financial Measures and Reconciliations" section below.

In announcing these results, Allan MacDonald, President and Chief Executive Officer of Superior said, "I would like to congratulate the Superior and Certarus Ltd. ("Certarus") teams on delivering solid results to start 2023. The Superior team delivered a strong first quarter consistent with management expectations, even with significantly warmer weather in most regions compared to the prior year and the five-year average. The first quarter Adjusted EBITDA of $272 million was a $22 million increase from 2022, and a record first quarter for Superior. The Certarus business continues to perform well ahead of expectations, delivering record first quarter EBITDA of $63 million."

"We are also increasing the 2023 Pro Forma Adjusted EBITDA guidance range driven by higher expected results for Certarus, which we now expect to deliver 2023 Adjusted EBITDA in the range of $175 million to $185 million," continued Mr. MacDonald. "I look forward to working with the Superior organization and welcoming the Certarus team to our organization in 2023."

FIRST QUARTER HIGHLIGHTS

- Net earnings of $147.1 million in the first quarter compared to $141.0 million in the prior year quarter driven by higher revenue and gross profit, partially offset by higher selling, distribution and administrative expenses ("SD&A"), a lower gain on derivatives and foreign currency translation of borrowings, higher income tax expense and finance expense.
- Basic and diluted earnings per share attributable to Superior was $0.63 per share, a decrease of $0.05 per share from the prior year quarter due to the impact of the higher amount of weighted average shares outstanding, partially offset by higher net earnings.
- Adjusted EBITDA for the first quarter was $272.1 million, an increase of $21.7 million compared to the prior year quarter as a result of higher EBITDA from operations[2], partially offset by higher corporate costs[2] and a realized loss on foreign currency hedges compared to a realized gain in the prior year quarter. EBITDA from operations increased primarily due to higher Adjusted EBITDA in North American wholesale propane distribution ("Wholesale Propane") and U.S. retail propane distribution ("U.S. Propane"), partially offset by modestly lower Canadian retail propane distribution ("Canadian Propane") Adjusted EBITDA.
- U.S. Propane Adjusted EBITDA for the first quarter was $175.9 million, an increase of $13.0 million from the prior year quarter of $162.9 million due to the impact of acquisitions completed in the prior year and, to a lesser extent, higher average margins related to increased prices to offset inflation and the impact of the weaker Canadian dollar on the translation of U.S. denominated transactions, partially offset by lower volumes related to the significantly warmer weather and higher operating costs[2] related to inflation and labour costs.
- Canadian Propane Adjusted EBITDA for the first quarter was $65.8 million, a decrease of $3.8 million from the prior year quarter of $69.6 million as a result of higher operating costs, partially offset by higher gross profit. Operating costs increased due to higher costs associated with inflation and the impact of the Canadian Emergency Wage Subsidy recorded in the prior year quarter. Gross profit increased driven by higher average margins related to increased sales prices to offset the impact of inflation, partially offset by lower sales volumes related to warmer weather.
- Wholesale Propane Adjusted EBITDA for the first quarter was $40.2 million, an increase of $21.1 million from the prior year quarter of $19.1 million primarily due to contribution from the acquisition of Kiva Energy, Inc. ("Kiva") and strong wholesale market fundamentals related to colder weather and lower propane inventories in the Western U.S.
- Corporate costs for the first quarter were $5.7 million compared to $2.7 million in the prior year quarter due to higher incentive plan costs related to the change in the share price in the prior year quarter. Superior realized a loss on foreign currency hedging contracts of $4.1 million compared to a gain of $1.5 million in the prior year quarter due to lower average hedge rates relative to changes in USDCAD exchange rates.
- Superior's Leverage Ratio[2] for the trailing twelve months ("TTM") ended March 31, 2023, improved to 3.9x, which is within Superior's targeted range of 3.5x to 4.0x and is expected to remain within Superior's targeted range upon the closing of the Certarus transaction. The improvement from 4.1x at December 31, 2022 was a result of lower debt levels.

[2] EBITDA from operations is a Non-GAAP Financial Measure. Leverage Ratio is a Non-GAAP ratio. See "Non-GAAP Financial Measures and Reconciliations" section below. Operating costs and corporate costs are supplementary financial measures.

CERTARUS UPDATE

As previously communicated, the waiting period under the Hart-Scott-Rodino Act in the United States, where over 85% of Certarus' revenues are generated, expired on February 13, 2023. Superior and Certarus have now each complied with the Supplementary Information Request from the Canadian Competition Bureau, and the Canadian Competition Bureau continues its review of the transaction. Superior expects the acquisition will close in the second quarter.

In the first quarter of 2023, Certarus achieved record Adjusted EBITDA of $62.8 million, which was a $22.4 million improvement compared to the previous record quarter set in the fourth quarter of 2022, and a $35.0 million or 126% improvement from the prior year quarter. The growth in Adjusted EBITDA was driven by contribution from a new utility support contract, improved pricing, lower product costs, an increase in average mobile storage units ("MSUs") for the quarter, increased efficiencies and strong demand for Certarus' low carbon energy offering. Average daily sales volume was 71,723 MMBtu per day, a 17% increase compared to the prior year quarter. Average MSUs for the first quarter were 646, an 18% increase compared to the prior year quarter as a result of MSU purchases made in the past twelve months. As a result of the record quarter and expectations for the remainder of the year, Certarus now expects to achieve 2023 Adjusted EBITDA in the range of $175 million to $185 million.

"We are proud of the continued strong execution by the Certarus team to start 2023", said Curtis Philippon, President and CEO of Certarus. "The success of the regional and industry diversification initiatives has driven strong year over year organic growth across our compressed natural gas ("CNG"), renewable natural gas and hydrogen platform. We continue to improve MSU operating efficiencies and utilization, and in the first quarter, we added 10 more MSUs taking our total MSU count to 650 at March 31, 2023. We are excited about joining the Superior Plus team once the transaction closes, and look forward to working together to continue to organically grow the Certarus business."

Certarus continues to be a leader in the distribution of hydrogen in North America and has supported more than 40 hydrogen projects. Recently, through a collaboration with ATCO, Certarus provided a 20% hydrogen and natural gas blend to the Edmonton Convention Centre that was used to power the Canadian Hydrogen Conference. At the conference, Certarus was also the proud recipient of the Hydrogen Delivery Award.

Capital Allocation

Capital Expenditures

- Maintenance capital expenditures were $13.4 million in the quarter, compared to $7.3 million in the prior year quarter related to the timing of expenditures.
- Efficiency, process improvement and growth-related capital expenditures were $16.7 million compared to $7.9 million in the prior year quarter due to the timing of tank purchases for new customers, integration activity and the impact of the weaker Canadian dollar on U.S. denominated capital expenditures.
- Investment in leased vehicles and other leased assets was $9.0 million compared to $6.0 million in the prior year quarter related to the timing of renewing property leases, partially offset by the timing of delivery of leased vehicles.

Tuck-in Acquisitions

- On February 1, 2023, Superior acquired all the issued and outstanding shares of ACME Propane, Inc. ("ACME"), a residential and commercial retail propane distributor in Lincoln, California for an aggregate purchase price of approximately US$3.3 million (C$4.4 million) before adjustments for working capital.

Quarterly Dividend

- Superior is declaring a quarterly common share dividend of $0.18 per share, payable to shareholders of record as of June 30, 2023. The common share dividend will be payable on July 17, 2023.

Normal Course Issuer Bid

- On October 11, 2022, the TSX accepted Superior's notice of intention to establish a new normal course issuer bid program (the "NCIB"). The NCIB permits the purchase of up to 10.1 million shares of Superior's common shares, representing approximately 5% of the issued and outstanding common shares as of September 30, 2022, by way of normal course purchases effected through the facilities of the TSX and/or alternative Canadian trading systems.

Financial Overview

	Three Months Ended March 31	
(millions of dollars, except per share amounts)	**2023**	2022
Revenue	**1,255.4**	1,170.4
Gross Profit	**541.2**	393.9
Net earnings	**147.1**	141.0
Net earnings attributable to Superior per share, diluted (3)	**$0.63**	$0.68
EBITDA from operations (1)	**281.9**	251.6
Adjusted EBITDA (1)	**272.1**	250.4
Net cash flows from operating activities	**350.1**	121.8
Net cash flows from operating activities per share, diluted (3)	**$1.52**	$0.59
AOCF before transaction and other costs (1)(2)	**242.5**	232.4
AOCF before transaction and other costs per share, diluted (1)(2)(3)	**$1.05**	$1.13
AOCF (1)	**234.9**	225.3
AOCF per share, basic and diluted (1)(3)	**$1.02**	$1.09
Cash dividends declared on common shares	**36.1**	31.7
Cash dividends declared per common share	**$0.18**	$0.18

(1) EBITDA from operations, Adjusted EBITDA, AOCF before transaction, restructuring and other costs, and AOCF are Non-GAAP financial measures. See "Non-GAAP Financial Measures and Reconciliations" section below.

(2) Transaction, restructuring and other costs are related to acquisition activities and the restructuring and integration of acquisitions. See "Transaction, restructuring and other costs" in the First Quarter MD&A for further details. These expenses are included in SD&A and are disclosed in Note 21 of the audited consolidated financial statements as at and for the three months ended March 31, 2023 and 2022.

(3) The weighted average number of shares outstanding for the three months ended March 31, 2023 was 230.7 million (three months ended, March 31, 2022 was 206.0 million). The weighted average number of shares assumes the exchange of the preferred shares into common shares. There were no other dilutive instruments with respect to AOCF per share and AOCF before transaction, restructuring and other costs per share for the three months ended March 31, 2023 and 2022.

Segmented Information

	Three Months Ended March 31	
(millions of dollars)	**2023**	2022
EBITDA from operations[(1)]		
U.S. Propane Adjusted EBITDA[(1)]	**175.9**	162.9
Canadian Propane Adjusted EBITDA[(1)]	**65.8**	69.6
Wholesale Propane Adjusted EBITDA[(1)]	**40.2**	19.1
	281.9	251.6

(1) EBITDA from operations and Adjusted EBITDA are Non-GAAP financial measures. See "Non-GAAP Financial Measures and Reconciliations" section below. Comparative figures have been restated to present the separate results of the Wholesale Propane and Canadian Propane segment in 2021. See the "Overview of Superior and Basis of Presentation" in the 2022 Annual MD&A for more information about the change in segment reporting.

MD&A and Financial Statements

Superior's MD&A, the unaudited Consolidated Financial Statements and the Notes to the unaudited Consolidated Financial Statements as at and for the quarter ended March 31, 2023 provide a detailed explanation of Superior's operating results. These documents are available online on Superior's website at www.superiorplus.com under the Investor Relations section and on SEDAR under Superior's profile at www.sedar.com.

2023 First Quarter Conference Call

Superior will conduct a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2023 first quarter financial results will be held at 10:30 AM EDT on Wednesday, May 10, 2023. To listen to the live webcast, please use the following: link. The webcast will be available for replay on Superior's website at: www.superiorplus.com under the Events section.

Annual General Meeting

We are holding our annual meeting in a virtual-only format so shareholders may attend and participate in the annual meeting via live webcast on Tuesday, May 9, 2023 at 4:00 PM EDT. Please see Superior's website at www.superiorplus.com for detailed instructions.

About Superior

Superior is a leading North American distributor and marketer of propane and distillates and related products and services, servicing approximately 936,000 customer locations in the U.S. and Canada.

About Certarus

Certarus is the North American leader in providing on-road low carbon energy solutions through a fully integrated CNG, renewable natural gas and hydrogen platform. Certarus safely delivers clean burning fuels to energy, utility, agricultural and industrial customers not connected to a pipeline. By displacing more carbon intensive fuels, Certarus is leading the energy transition and helping customers lower operating costs and improve environmental performance. With the largest fleet of mobile storage units in North America, Certarus is uniquely positioned to meet the growing demand for low and zero emission energy distribution. For more information, visit www.certarus.com or contact: Curtis Philippon, President & CEO, Tel: (403) 852-1070, or Dan Bertram, Vice President, Corporate Development, Tel: (403) 830-4262.

Non-GAAP Financial Measures and Reconciliation

Throughout this news release, Superior has identified specific terms that it uses that are not standardized measures under International Financial Reporting Standards ("Non-GAAP Financial Measures") and, therefore may not be comparable to similar financial measures disclosed by other issuers. Reconciliations of these Non-GAAP Financial Measures to the most directly comparable financial measures in Superior's annual financial statements are provided below. Certain additional disclosures for these Non-GAAP Financial Measures, including an explanation of the composition of these financial measures, how they provide helpful information to an investor, and any additional purposes management uses for them, are incorporated by reference from the "Non-GAAP Financial Measures and Reconciliations" section in Superior's 2022 Annual MD&A dated February 16, 2023, available on www.sedar.com.

For the Three Months Ended March 31, 2023	**U.S. Propane**	**Canadian Propane**	**Wholesale Propane**	**Results from operations**	**Corporate**	**Total**
Earnings (loss) before income taxes	**143.4**	**47.1**	**48.2**	**238.7**	**(30.0)**	**208.7**
Adjust for:						
Amortization and depreciation included in	**47.0**	**17.9**	**4.4**	**69.3**	**0.2**	**69.5**
Finance expense	**2.3**	**0.8**	**0.1**	**3.2**	**23.1**	**26.3**
EBITDA	**192.7**	**65.8**	**52.7**	**311.2**	**(6.7)**	**304.5**
Gain on disposal of assets and other	**(0.1)**	**(0.2)**	**(0.1)**	**(0.4)**	**–**	**(0.4)**
Transaction, restructuring and other costs	**5.5**	**0.2**	**0.1**	**5.8**	**1.8**	**7.6**
Unrealized gain on derivative financial instruments	**(22.2)**	**–**	**(12.5)**	**(34.7)**	**(4.9)**	**(39.6)**
Adjusted EBITDA	**175.9**	**65.8**	**40.2**	**281.9**	**(9.8)**	**272.1**
Adjust for:						
Current income tax expense	**–**	**–**	**–**	**–**	**(4.8)**	**(4.8)**
Transaction, restructuring and other costs	**(5.5)**	**(0.2)**	**(0.1)**	**(5.8)**	**(1.8)**	**(7.6)**
Interest expense	**(1.6)**	**(0.8)**	**(0.2)**	**(2.6)**	**(22.2)**	**(24.8)**
AOCF	**168.8**	**64.8**	**39.9**	**273.5**	**(38.6)**	**234.9**

For the Three Months Ended March 31, 2022	U.S. Propane	Canadian Propane	Wholesale Propane	Results from operations	Corporate	Total
Earnings (loss) before income taxes	128.2	52.9	16.2	197.3	(10.2)	187.1
Adjust for:						
Amortization and depreciation included in	32.9	16.8	1.7	51.4	0.2	51.6
Finance expense	1.3	0.8	0.1	2.2	13.8	16.0
EBITDA	162.4	70.5	18.0	250.9	3.8	254.7
Loss (gain) on disposal of assets and other	0.2	(1.1)	(0.1)	(1.0)	–	(1.0)
Transaction, restructuring and other costs	3.9	0.2	–	4.1	3.0	7.1
Unrealized loss (gain) on derivative financial instruments	(3.6)	–	1.2	(2.4)	(8.0)	(10.4)
Adjusted EBITDA	162.9	69.6	19.1	251.6	(1.2)	250.4
Adjust for:						
Current income tax expense	–	–	–	–	(1.7)	(1.7)
Transaction, restructuring and other costs	(3.9)	(0.2)	–	(4.1)	(3.0)	(7.1)
Interest expense	(0.9)	(0.8)	(0.1)	(1.8)	(14.5)	(16.3)
AOCF	158.1	68.6	19.0	245.7	(20.4)	225.3

Leverage Ratio and Pro Forma Adjusted EBITDA

Superior's Total Net Debt to Adjusted EBITDA Leverage Ratio is a non-GAAP ratio as its components are Non-GAAP Financial Measures. Adjusted EBITDA for the Total Net 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 Net Debt to Adjusted EBITDA Leverage Ratio.

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

(in millions)	**March 31, 2023**	December 31, 2022
Current borrowings	**14.6**	14.8
Current lease liabilities	**49.2**	47.3
Non-current borrowings	**1,668.0**	1,911.3
Non-current lease liabilities	**171.1**	175.7
	1,902.9	2,149.1
Add back deferred financing fees and discounts	**19.0**	19.9
Deduct cash and cash equivalents	**(80.7)**	(58.4)
Deduct Vendor Note[(1)]	**–**	(128.0)
Net debt	**1,841.2**	1,982.6
Adjusted EBITDA for the year ended 2022	**449.8**	449.8
Adjusted EBITDA for the year ended March 31, 2022	**(250.4)**	–
Adjusted EBITDA for the year ended March 31, 2023	**272.0**	–
Pro-forma adjustment	**1.1**	35.8
Pro-forma Adjusted EBITDA for the trailing-twelve months	**472.5**	485.6
Leverage Ratio	**3.9x**	4.1x

[(1)] Superior received the proceeds from the sale of the Vendor Note in January 2023.

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 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: Superior’s future financial position, expected 2023 Adjusted EBITDA pro forma the completion of the acquisition of Certarus, expected Adjusted EBITDA of Certarus for 2023, the completion and timing of the acquisition of Certarus, and expected Leverage Ratio in the range of 3.5x to 4.0x at the closing of the acquisition of Certarus.

Forward-looking information is provided to provide information about management’s expectations and plans for 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 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 and businesses it plans to acquire or has acquired. Superior cautions that the assumptions used to prepare such forward-looking information, including Superior’s estimated Adjusted EBITDA pro forma the acquisition of Certarus and Certarus’ estimated 2023 Adjusted EBITDA could prove to be incorrect or inaccurate.

In preparing the forward-looking information, Superior considered numerous economic and market assumptions regarding foreign exchange rates, competition, expected average weather and economic performance of each region where Superior and Certarus operate, including key assumptions listed under the heading in this news release and under the heading “Financial Outlook” in Superior’s 2023 First Quarter MD&A**.**

Additional key assumptions or risk factors with respect to the forward-looking information include, but are not limited to, the satisfaction of the conditions, including receipt of required regulatory approvals, to the acquisition of Certarus, without significant changes to the terms or anticipated timing of the transaction; no material divestitures; anticipated financial performance; current business and economic trends; and the amount of future dividends paid by Superior.

Other particular, key assumptions and expectations underlying Superior’s pro forma Adjusted EBITDA guidance range include a Certarus average MSU count of 668 trailers in 2023; Adjusted EBITDA per average MSU of approximately $270,000; and Superior corporate costs consistent with historical levels.

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 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 risks relating to satisfaction of the conditions to, and completion of the acquisition of Certarus on the anticipated timeline, incorrect assessments of value when making acquisitions, failure to realize expected cost-savings and synergies from acquisitions, increases in debt service charges, colder average weather than anticipated, the loss of key personnel, fluctuations in foreign currency and exchange rates, fluctuations in commodity prices, increasing rates of inflation, 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, Superior does not undertake 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:

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Management's Discussion and Analysis of 2023 First Quarter Results
May 9, 2023

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 months ended March 31, 2023 and 2022, as well as forward-looking information about future periods. The information in this MD&A is current to May 9, 2023, and should be read in conjunction with Superior's unaudited condensed consolidated financial statements and notes thereto as at and for the three months ended March 31, 2023 and 2022.

The accompanying unaudited condensed consolidated financial statements of Superior were prepared by and are the responsibility of Superior's management. Superior's unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022 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 three months ended March 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 and Basis of Presentation

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

Superior, through its ownership of Superior LP and Superior GP, consists of the following three reportable segments: the U.S. Retail Propane Distribution ("U.S. Propane"), Canadian Retail Propane Distribution ("Canadian Propane") and North American Wholesale Propane Distribution ("Wholesale Propane"). The U.S. Propane segment distributes propane gas and liquid fuels primarily in the Eastern United States, as well as the Midwest and California to residential and commercial customers. The Canadian Propane segment distributes propane gas and liquid fuels across Canada to residential and commercial customers. The Wholesale Propane segment is a distributor and marketer of propane gas and other natural gas liquids across Canada and the U.S. to wholesale customers and supplies the majority of propane gas required by the Canadian Propane segment and a portion of the propane gas required by the U.S. Propane segment.

Non-GAAP Financial Measures

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

The intent of using Non-GAAP financial measures is to provide additional useful information to investors and analysts; the measures do not have standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Non-GAAP financial measures differently. See “Non-GAAP Financial Measures and Reconciliations” 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, 2023 Adjusted EBITDA guidance range, the markets for our products and our financial results, expected Leverage ratio, business strategy and objectives, development plans and programs, organic growth, weather, commercial demand in Canada and the U.S., product pricing and sourcing, volumes and pricing, wholesale propane market fundamentals, exchange rates, expected synergies from acquisitions, expected seasonality of demand, long-term incentive plan accrual estimates 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 closing of the Certarus Ltd. (“Certarus”) within expected timelines, obtaining the expected synergies from the Kamps Propane (“Kamps”), which includes the wholesale business Kiva, and Quarles Petroleum, Inc. (“Quarles”) acquisitions and other acquisitions consistent with historical averages over the relevant period, no material divestitures, 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 in Western Canada, trading data, cost estimates, our ability to obtain financing on acceptable terms and statements regarding net working capital and capital expenditure requirements of Superior or Superior LP, the assumptions set forth under the “Financial Outlook” sections in this MD&A. The forward-looking information is also subject to the risks and uncertainties set forth below.

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

When relying on Superior’s forward-looking information to make decisions with respect to Superior, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking information is provided as of the date of this document and, except as required by law, neither Superior nor Superior

LP undertakes to update or revise such information to reflect new information, subsequent or otherwise. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

FINANCIAL OVERVIEW - GAAP FINANCIAL INFORMATION

Consolidated Statements of Net Earnings

	Three Months Ended March 31	
(millions of dollars, except per share amounts)	**2023**	2022
Revenue	**1,255.4**	1,170.4
Cost of sales (includes products and services)	**(714.2)**	(776.5)
Gross profit	**541.2**	393.9
Expenses		
Selling, distribution and administrative costs ("SD&A")	**(316.3)**	(237.5)
Finance expense	**(26.3)**	(16.0)
Gain on derivatives and foreign currency translation of borrowings	**10.1**	46.7
	(332.5)	(206.8)
Earnings before income taxes	**208.7**	187.1
Income tax expense	**(61.6)**	(46.1)
Net earnings	**147.1**	141.0
Net earnings attributable to:		
Superior	**140.7**	135.1
Non-controlling interest	**6.4**	5.9
Net earnings per share attributable to Superior(1)		
Basic and diluted	**0.63**	0.68
Cash flows from operating activities	**350.1**	121.8
Cash flows from operating activities, per share(1)	**1.52**	0.59

(1) The weighted average number of shares outstanding for the three months ended March 31, 2023 was 230.7 million (March 31, 2022 - 206.0 million). The weighted average number of shares assumes the exchange of the issued and outstanding preferred shares into common shares. There were no other dilutive instruments for the three months ended March 31, 2023 and 2022.

Non-GAAP Financial Measures

The following summary contains Non-GAAP financial information. The intent of this Non-GAAP financial information is to provide additional useful information to investors and analysts as they exclude non-cash items and expenses related to acquisitions. These measures do not have standardized meanings under IFRS and should not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Non-GAAP financial measures differently. See "Non-GAAP Financial Measures and Reconciliations" on page 26 for more information about these measures.

Summary of AOCF

	Three Months Ended March 31	
(millions of dollars, except per share amounts)	**2023**	2022
U.S. Propane Adjusted EBITDA [1]	**175.9**	162.9
Canadian Propane Adjusted EBITDA [1]	**65.8**	69.6
Wholesale Propane Adjusted EBITDA [1]	**40.2**	19.1
EBITDA from operations [1]	**281.9**	251.6
Corporate operating costs [1]	**(5.7)**	(2.7)
Realized gain (loss) on foreign currency hedging contracts [2]	**(4.1)**	1.5
Adjusted EBITDA [1]	**272.1**	250.4
Interest expense [3]	**(24.8)**	(16.3)
Current income tax expense [3]	**(4.8)**	(1.7)
AOCF before transaction, restructuring and other costs [1]	**242.5**	232.4
Transaction, restructuring and other costs [4]	**(7.6)**	(7.1)
AOCF [1]	**234.9**	225.3
AOCF per share before transaction, restructuring and other costs [4][5]	**$1.05**	$1.13
AOCF per share [5]	**$1.02**	$1.09
Dividends declared per common share	**$0.18**	$0.18

(1) These amounts are Non-GAAP financial measures, see "Non-GAAP financial measures and reconciliations" on page 26 for more information. Comparative figures have been restated to present the separate results of the Wholesale Propane and Canadian Propane segments in the first quarter of 2022.

(2) Realized gain (loss) on foreign currency hedging contracts are reconciled to gain (loss) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 26 for more information.

(3) Interest expense is the sum of interest on borrowings and interest on lease liabilities. Current income tax expense forms part of the total income tax expense, see Note 13 of the unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022.

(4) Transaction, restructuring and other costs are related to acquisition activities and the restructuring and integration of acquisitions, see "Transaction, restructuring and other costs" for further details. These expenses are included in SD&A and are disclosed in Note 15 of the unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022.

(5) The weighted average number of shares outstanding for the three months ended March 31, 2023 was 230.7 million (March 31, 2022 - 206.0 million). The weighted average number of shares assumes the exchange of the issued and outstanding preferred shares into common shares. There were no other dilutive instruments for the three months ended March 31, 2023 and 2022.

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

	Three Months Ended March 31	
(millions of dollars)	**2023**	2022
Cash flows from operating activities	**350.1**	121.8
Non-cash interest expense, loss on redemption net of interest on vendor note [(2)]	**1.5**	(0.3)
Changes in non-cash operating working capital	**(112.1)**	92.0
Income taxes paid (received)	**(2.3)**	9.2
Interest paid	**28.8**	20.3
Current income tax expense [(2)]	**(4.8)**	(1.7)
Finance expense recognized in net earnings	**(26.3)**	(16.0)
AOCF[(1)]	**234.9**	225.3

(1) AOCF is a Non-GAAP financial measure. See "Non-GAAP financial measures and reconciliations" on page 26 for more information.
(2) This information is provided in Note 15 of the unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022.

COMPLETED AND ANNOUNCED TRANSACTIONS

On December 22, 2022 Superior entered into a definitive arrangement agreement to acquire Certarus Ltd. ("Certarus"), a leading North American low carbon energy solutions provider (the "Certarus Acquisition"). Under the terms of the Certarus Acquisition, Superior will acquire all the outstanding common shares of Certarus, representing an equity value of $853 million and assume Certarus' outstanding net debt estimated at the time of signing to be $196 million, for a total acquisition value of $1.05 billion. The Certarus shareholders will receive $353 million in cash and $500 million of Superior common shares priced at $10.25 per share, representing approximately 17% pro forma ownership. On February 14, 2023, 99.9% of the Certarus shareholders voted in favour of the acquisition of Certarus by Superior. The transaction is expected to close in the second quarter of 2023, subject to satisfaction of the remaining customary closing conditions. Concurrently, Superior received lender commitments for a new $550 million senior secured credit facility with a three-year term from a syndicate of lenders to finance a portion of the Certarus Acquisition.

On February 1, 2023, Superior acquired all the issued and outstanding shares of ACME Propane, Inc. ("ACME"), a residential and commercial retail propane distributor in Lincoln, California for an aggregate purchase price of approximately US$3.3 million (C$4.4 million) before adjustments for working capital.

Q1 2023 Financial Results Compared to the Prior Year Quarter

The net earnings for the first quarter were $147.1 million, compared to net earnings of $141.0 million in the prior year quarter. The increase is primarily due to a higher gross profit, partially offset by higher SD&A and, to a lesser extent, higher finance expense, the impact of a lower gain on derivatives and foreign currency translation of borrowings compared to the prior year and higher income tax expense. Basic and diluted loss per share attributable to Superior was $0.63 per share, a decrease of $0.05 from $0.68 per share in the prior year quarter. The decrease is due to the impact from the increase in the weighted average shares outstanding, partially offset by the aforementioned reasons.

Revenue was $1,255.4 million, an increase of $85.0 million or 7% from the prior year quarter due to higher revenue in the U.S. Propane and Wholesale Propane segments, partially offset by lower revenue in the Canadian Propane segment. U.S. Propane revenue was $681.4 million, an increase of $47.8 million or 8% primarily due to the impact of acquisitions completed in the prior year and, to a lesser extent, higher sales prices to offset the impact of inflation and the impact of the weaker Canadian dollar on the translation of U.S. denominated revenue, partially offset by lower sales volumes as a result of significantly warmer weather and, to a lesser extent, lower commodity prices and a decline in heating oil customers. Wholesale Propane revenue, including intersegment revenues, was $491.4 million, an increase of $55.8 million or 13% primarily due to higher sales volumes related to the Kiva acquisition, partially offset by lower commodity prices and lower demand due to warmer weather. Canadian Propane revenue, including intersegment revenues, was $310.2 million, a decrease of $56.6 million or 15% primarily due to lower sales volumes and lower average wholesale commodity prices, partially offset by price increases to offset the impact of inflation. Intersegment revenues decreased by $38.0 million or 14% from the prior year quarter due primarily to lower commodity prices, partially offset by increased intersegment sales volumes. Due to the nature of Superior's operating model, the impact of commodity price volatility can be passed on to the customer.

Consolidated gross profit was $541.2 million, an increase of $147.3 million from $393.9 million in the prior year quarter. U.S. Propane gross profit increased primarily due to higher sales related to acquisitions completed in the prior year and increased margins associated with higher pricing to offset the impact of inflation, partially offset by the impact of warmer weather on sales volumes. Wholesale Propane gross profit increased primarily due to higher sales volumes related to the Kiva acquisition and strong market fundamentals relative to the prior year quarter. Canadian Propane gross profit increased primarily due to higher margins associated with higher pricing to offset the impact of inflation, partially offset by the impact of warmer weather on sales volumes. For U.S. Propane and Wholesale Propane gross profit, realized gains and losses related to Superior's commodity risk management are not included in gross profit. These realized gains and losses are reported as part of gains and losses on derivatives and foreign currency translation of borrowings.

SD&A was $316.3 million, an increase of $78.8 million or 33% from the prior year quarter, primarily due to an increase in U.S. Propane SD&A and, to a lesser extent, Wholesale Propane, Canadian Propane and Corporate SD&A. U.S. Propane SD&A was $199.2 million, an increase of $50.2 million or 34% from $149.0 million in the prior year quarter primarily due to the impact of completed acquisitions and, to a lesser extent, increased costs due to inflation, partially offset by lower volume-related costs. Wholesale Propane SD&A was $26.2 million, an increase of $18.5 million due primarily to the Kiva acquisition in the prior year. Canadian Propane SD&A was $83.2 million an increase of $8.3 million or 11% from $74.9 million in the prior year quarter due to the impact of inflation on expenses, the impact of acquisitions in the prior year, the impact of the Canadian Emergency Wage Subsidy program ("CEWS") recorded in the prior year quarter and lower volume-related expenses. Corporate SD&A was $7.7 million, an increase of $1.8 million or 31% from $5.9 million in the prior year quarter primarily due to higher incentive plan costs related to fluctuations in the share price, partially offset by lower transaction, restructuring and other costs.

Finance expense was $26.3 million, an increase of $10.3 million or 64% from $16.0 million in the prior year quarter. The increase is primarily due to higher average interest rates, higher average debt balances in the quarter, the impact of recording interest income on the Vendor Note in the prior year quarter and, to a lesser extent, the impact of the weaker Canadian on the translation of U.S. denominated transactions.

Gain (loss) on derivative and foreign currency translation of borrowings consists of unrealized gains (losses) on derivative financial instruments and foreign currency translation of borrowings, net of realized gains (losses) on derivative financial instruments and realized gains (losses) on settlement of U.S. denominated borrowings. The gain on derivatives and foreign currency translation of borrowings was $10.1 million for the three months ended March 31, 2023, a decrease of $36.6 million compared to a gain of $46.7 million in the prior year. The change is primarily due to changes in market prices of commodities, timing of maturities of underlying financial instruments and changes in foreign exchange rates relative to amounts hedged. For additional details, refer to Note 12 of the unaudited condensed consolidated financial statements.

Total income tax expense of $61.6 million was $15.5 million higher than the prior year quarter's expense of $46.1 million. Current income tax expense was $4.8 million, an increase of $3.1 million from the prior year quarter's expense of $1.7 million. The increase is primarily due to the timing of acquisitions and utilization of tax pools. This was further increased by a deferred income tax expense of $56.8 million, an increase of $12.4 million from the prior year quarter's expense of $44.4 million primarily due to the timing of acquisitions, revaluation of financial instruments and utilization of tax pools.

Q1 2023 Non-GAAP Financial Results Compared to the Prior Year Quarter

The following summary contains Non-GAAP financial information. The intent of this Non-GAAP financial information is to provide additional useful information to investors and analysts as they exclude non-cash items and expenses related to acquisitions. These measures do not have standardized meanings under IFRS and should not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Non-GAAP financial measures differently. See "Non-GAAP Financial Measures and Reconciliations" on page 26 for more information about these measures.

Adjusted EBITDA for the three months ended was $272.1 million, an increase of $21.7 million or 9% compared to the prior year quarter Adjusted EBITDA of $250.4 million. The increase is primarily due to higher EBITDA from operations and partially offset by higher corporate costs and a realized loss on foreign currency hedging contracts compared to a gain in the prior year quarter. EBITDA from operations increased $30.3 million or 12% compared to the prior year quarter primarily due to higher Wholesale Propane and higher U.S. Propane Adjusted EBITDA, partially offset by lower Canadian Propane Adjusted EBITDA. Wholesale Propane Adjusted EBITDA was $40.2 million, an increase of $21.1 million or 110% primarily due to the impact of the Kiva acquisition and, to a lesser extent, stronger propane wholesale market fundamentals compared to the prior year quarter. U.S. Propane Adjusted EBITDA was $175.9 million, an increase of $13.0 million or 8% primarily due to the impact of acquisitions, higher unit margins and the impact of the weaker Canadian dollar on the translation of U.S. denominated transactions, partially offset by the impact of significantly warmer weather on sales volumes, a decrease in heating oil customers and increased costs due to inflation. Canadian Propane Adjusted EBITDA was $65.8 million, a decrease of $3.8 million or 5% primarily due to lower sales volumes related to warmer weather, the impact of the CEWS benefit recorded in the prior year quarter and increased costs due to inflation, partially offset by higher unit margins. Corporate administrative costs were $5.7 million compared to $2.7 million in the prior year quarter. The increase is primarily due to higher incentive plan costs due to fluctuations in Superior's share price compared to the prior year quarter. Superior realized a loss on foreign currency hedging contracts of $4.1 million compared to a gain of $1.5 million in the prior year quarter due to lower average hedge rates relative to changes in exchange rates.

AOCF before transaction, restructuring and other costs was $242.5 million, an increase of $10.1 million or 4% from the prior year quarter of $232.4 million. The increase from the prior year quarter is primarily due to higher Adjusted EBITDA discussed above, partially offset by higher interest expense and higher current income tax expense. Interest expense increased by $8.5 million or 52% primarily due to higher average interest rates, higher average debt balances in the quarter and, to a lesser extent, the impact of the weaker Canadian on the translation of U.S. denominated transactions. Current income tax expense increased by $3.1 million due to the timing of acquisitions and utilization of tax pools. AOCF per share before transaction, restructuring and other costs assuming the conversion of preferred shares was $1.05 per share, a decrease of $0.08 per share or 7% from the prior year quarter AOCF per share as the higher AOCF was offset by the impact from the increase in the weighted average shares outstanding.

AOCF for the three months ended March 31, 2023 was $234.9 million, an increase of $9.6 million or 4% from the prior year quarter AOCF of $225.3 million, consistent with AOCF before transaction, restructuring and other costs. Transaction, restructuring and other costs for the three months ended March 31, 2023 were $7.6 million, an increase of $0.5 million or 7% from prior year quarter of $7.1 million primarily due to integration costs related to past acquisitions in the current quarter and costs related to the Certarus acquisition compared to less integration costs in the prior year quarter offset by greater costs related to the acquisitions. AOCF per share for three months ended March 31, 2023 was $1.02 per share assuming the conversion of the preferred shares, a decrease of $0.07 per share or 6%

from the prior year quarter AOCF per share of $1.09 per share as the higher AOCF was offset by the impact from the increase in the weighted average shares outstanding.

RESULTS OF SUPERIOR'S OPERATING SEGMENTS

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

U.S. PROPANE

U.S. Propane's operating results:

	Three Months Ended March 31	
(millions of dollars)	**2023**	2022
Revenue	**681.4**	633.6
Cost of Sales	**(339.8)**	(385.9)
Gross profit	**341.6**	247.7
Realized gain (loss) on derivatives related to commodity risk management (2)	**(18.9)**	27.2
Adjusted gross profit(1)	**322.7**	274.9
SD&A	**(199.2)**	(149.0)
Add back (deduct):		
Amortization and depreciation included in SD&A(3)	**47.0**	32.9
Transaction, restructuring and other costs(3)	**5.5**	3.9
Loss (gain) on disposal of assets (3)	**(0.1)**	0.2
Operating costs(1)	**(146.8)**	(112.0)
Adjusted EBITDA(1)	**175.9**	162.9
Add back (deduct):		
Gain (loss) on disposal of assets (3)	**0.1**	(0.2)
Transaction, restructuring and other costs (3)	**(5.5)**	(3.9)
Amortization and depreciation included in SD&A (3)	**(47.0)**	(32.9)
Unrealized gain on derivative financial instruments (2)	**22.2**	3.6
Finance expense	**(2.3)**	(1.3)
Earnings before income tax	**143.4**	128.2

(1) Adjusted Gross Profit, Adjusted EBITDA and Operating Costs are Non-GAAP financial measures. See "Non-GAAP financial measures and reconciliations" on page 26 for more information.

(2) Realized and unrealized gain (loss) are derivatives related to commodity risk management and are reconciled to gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 26 for more information.

(3) The sum of the above amounts and the balances included in the Canadian Propane, Wholesale Propane and the Corporate segments are included in SD&A and are disclosed in Note 15 or Note 19 of the unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022.

Revenue for the three months ended March 31, 2023 was $681.4 million, an increase of $47.8 million or 8% from the prior year quarter primarily due to the impact of acquisitions completed in the prior year and, to a lesser extent, higher sales prices to offset the impact of inflation and the impact of the weaker Canadian dollar on the translation of U.S. denominated revenue, partially offset by lower sales volumes and lower wholesale commodity prices.

U.S. Propane Adjusted Gross Profit

	Three Months Ended March 31	
(millions of dollars)	**2023**	2022
Propane distribution [1]	**334.0**	241.5
Realized gain (loss) on derivatives related to commodity risk management [1]	**(18.9)**	27.2
Adjusted gross profit related to propane distribution	**315.1**	268.7
Other services [1]	**7.6**	6.2
Adjusted gross profit [2]	**322.7**	274.9

[1] The sum of propane distribution and other services agrees to segment disclosure in the unaudited condensed consolidated financial statements. Realized gain (loss) are derivatives related to commodity risk management and are reconciled to gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 26 for more information.
[2] Adjusted gross profit from operations is a Non-GAAP financial measure. See "Non-GAAP financial measures and reconciliations" on page 26 for more information.

Adjusted gross profit related to propane distribution for the three months ended March 31, 2023 was $315.1 million, an increase of $46.4 million or 17% from the prior year quarter primarily due to the impact of acquisitions, higher average sales margins and the impact of the weaker Canadian dollar on the translation of U.S. denominated transactions, partially offset by the impact of warmer weather and a decrease in distillate customers.

Total sales volumes were 584 million litres, a decrease of 12 million litres or 2% due to the impact of warmer weather in the current quarter, partially offset by the incremental volumes from acquisitions completed in the prior year. Average weather, as measured by degree days, across markets where U.S. propane operates for the first quarter was 14% warmer than the prior year quarter and 12% warmer than the five-year average. Excluding the West Coast which was 10% colder than the prior year, the first quarter was approximately 16% warmer than the prior year and 13% warmer than the five-year average resulting in one of the warmest winters in the Eastern U.S. in the last 125 years. Residential sales volumes decreased by 16 million litres or 4% from the prior year quarter due primarily to the impact of warmer average weather and, to a lesser extent, a decline in heating oil volumes as a result of focusing on higher margin propane customers, partially offset by acquisitions completed in the prior year. Commercial volumes increased by 4 million litres or 2% compared to the prior year quarter primarily due to the impact of acquisitions completed in the prior year, partially offset by the impact of warmer weather on sales volumes.

U.S. Propane average sales margins were 54.0 cents per litre, an increase of 8.9 cents or 19.7% from 45.1 cents per litre in the prior year quarter primarily due to higher sales prices to offset the impact of inflation and the impact of the weaker 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 $7.6 million, an increase of $1.4 million or 23% over the prior year quarter primarily due to the impact of the weaker Canadian dollar on the translation of U.S. denominated transactions and the contribution from acquisitions completed in the prior year.

U.S. Propane Sales Volumes
End-Use Application

	Three Months Ended March 31	
(millions of litres)	**2023**	2022[1]
Residential	**346**	362
Commercial[1]	**238**	234
Total	**584**	596

[1] Prior period volumes have been restated to conform to the current period presentation.

Volumes by Region [1]

	Three Months Ended March 31	
(millions of litres)	**2023**	2022
Northeast	**396**	435
Southeast	**81**	96
Midwest	**41**	48
West	**66**	17
Total	**584**	596

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

Operating Costs and SD&A

Operating costs were $146.8 million, an increase of $34.8 million or 31% over the prior year quarter primarily due to the impact of acquisitions and, to a lesser extent, the impact of the weaker Canadian dollar on the translation of U.S. denominated operating costs and inflation, partially offset by lower volume-related expenses.

SD&A includes amortization, depreciation and transaction, restructuring and other costs whereas operating costs exclude these expenses and is used in the determination of Adjusted EBITDA. SD&A was $199.2 million, an increase of $50.2 million or 34% over the prior year quarter. The increase is consistent with the increase in operating costs and includes higher depreciation and amortization as a result of a higher asset base associated with acquisitions and higher transaction, restructuring and other costs.

Earnings before income tax

Earnings before income tax were $143.4 million, an increase of $15.2 million over the prior year quarter due to the reasons described above and the impact of a larger unrealized gain on derivative financial instruments compared to the prior year quarter.

Financial Outlook

U.S. Propane Adjusted EBITDA in 2023 is anticipated to be slightly higher than 2022. The impact of the full year contribution from acquisitions completed in the year, optimizing customer pricing, the realization of synergies and cost-saving initiatives and, to a lesser extent, the impact of the weaker Canadian dollar on the translation of U.S. denominated EBITDA is expected to be partially offset by the impact of the significantly warmer weather experienced in the first quarter and the impact of inflationary pressures on operating costs. The average weather for the remainder of 2023 in the Eastern U.S., Upper Midwest and California, as measured by degree days, is anticipated to be consistent with the five-year average.

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

CANADIAN PROPANE

Canadian Propane's operating results:

	Three Months Ended March 31	
(millions of dollars)	**2023**	2022[3]
Revenue	**310.2**	366.8
Cost of Sales	**(179.1)**	(238.2)
Gross profit	**131.1**	128.6
SD&A	**(83.2)**	(74.9)
Add back (deduct):		
Amortization and depreciation included in SD&A [2]	**17.9**	16.8
Transaction, restructuring and other costs [2]	**0.2**	0.2
Gain on disposal of assets [2]	**(0.2)**	(1.1)
Operating costs[1]	**(65.3)**	(59.0)
Adjusted EBITDA[1]	**65.8**	69.6
Add back (deduct):		
Gain on disposal of assets [2]	**0.2**	1.1
Transaction, restructuring and other costs[2]	**(0.2)**	(0.2)
Amortization and depreciation included in SD&A[2]	**(17.9)**	(16.8)
Finance expense	**(0.8)**	(0.8)
Earnings before income tax	**47.1**	52.9

(1) Adjusted EBITDA and Operating Costs are Non-GAAP financial measures. See "Non-GAAP financial measures and reconciliations" on page 26 for more information.

(2) The sum of the above amounts and the balances included in the U.S. Propane, Wholesale Propane and Corporate segments are included in SD&A and are disclosed in Note 15 or Note 19 of the unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022.

(3) Comparative figures have been restated to present the separate results of the Wholesale Propane and Canadian Propane segments in the first quarter of 2022.

Revenue for the three months ended March 31, 2023 was $310.2 million, a decrease of $56.6 million or 15% from the prior year quarter primarily due to lower sales volumes and lower average wholesale commodity prices, partially offset by price increases to offset the impact of inflation.

Canadian Propane Gross Profit

	Three Months Ended March 31	
(millions of dollars)	**2023**	2022[2]
Propane distribution	**127.8**	124.5
Other services	**3.3**	4.1
Gross profit[1]	**131.1**	128.6

(1) The sum of propane distribution and other services agrees to segment disclosure in the unaudited condensed consolidated financial statements.

(2) Comparative figures have been restated to present the separate results of the Wholesale Propane and Canadian Propane segments in the first quarter of 2022.

Gross profit related to propane distribution for the three months ended March 31, 2023 was $127.8 million, an increase of $3.3 million or 3% from the prior year quarter due to price increases to offset the impact of inflation, partially offset by lower sales volumes due to warmer weather.

Total sales volumes were 413 million litres, a decrease of 44 million litres or 10% primarily due to warmer weather. Average weather across Canada for the first quarter, as measured by degree days was 7% warmer than the prior year quarter and 5% warmer than the five-year average. Western Canada was 1% warmer than the prior year quarter while Eastern Canada was 13% warmer than the prior year quarter. Residential sales volumes decreased by 11 million litres or 13% primarily due to the warmer weather, partially offset by the impact of acquisitions completed in the prior year. Commercial sales volumes decreased by 33 million litres or 9% primarily due to warmer weather.

Average propane sales margins were 30.9 cents per litre, an increase of 3.7 cents or 14.0% from 27.2 cents per litre in the prior year quarter primarily due to price increases to offset the impact of inflation.

Other services gross profit primarily includes equipment rental, installation, repair and maintenance and customer minimum use charges. Other services gross profit was $3.3 million, a decrease of $0.8 million or 20% from the prior year quarter of $4.1 million due to less equipment rental revenue in Western Canada as a result of less municipal and construction demand.

Canadian Propane Sales Volumes

Volumes by End-Use Application

	Three Months Ended March 31	
(millions of litres)	**2023**	2022[(1)]
Residential	**74**	85
Commercial	**339**	372
Total	**413**	457

(1) Prior period volumes have been restated to conform to the current period presentation.

Volumes by Region (1)

	Three Months Ended March 31	
(millions of litres)	**2023**	2022[(2)]
Western Canada	**180**	198
Eastern Canada	**175**	203
Atlantic Canada	**58**	56
Total	**413**	457

(1) Regions: Western Canada region consists of British Columbia, Alberta, Saskatchewan, Manitoba, Yukon, Alaska and Northwest Territories; Eastern Canada region consists of Ontario and Quebec; Atlantic Canada region consists of New Brunswick, Newfoundland & Labrador, Nova Scotia, Prince Edward Island and Maine.
(2) Prior period volumes have been reclassified to conform with current period presentation.

Operating Costs and SD&A

Operating costs were $65.3 million, an increase of $6.3 million or 11% compared to the prior year quarter. The increase in operating costs was primarily due to higher costs associated with inflation, the impact of acquisitions completed in the prior year, the impact of the CEWS benefit recorded in the prior year quarter and, to a lesser extent, higher vehicle maintenance costs, partially offset by lower volume-related costs. Canadian Propane recorded no benefits related to the CEWS program during the three months ended March 31, 2023 (2022 - $2.2 million).

SD&A includes amortization, depreciation and transaction, restructuring and other costs whereas operating costs exclude these expenses and is used in the determination of Adjusted EBITDA. SD&A was $83.2 million, an increase of $8.3 million or 11% over the prior year quarter. SD&A increased for the above reasons, as well as higher depreciation and amortization costs as a result of a higher asset base and the impact of a smaller gain on disposal of assets compared to the prior year quarter.

Earnings before income tax
Earnings before income tax was $47.1 million, a decrease of $5.8 million over the prior year quarter due to the above reasons.

Financial Outlook
Canadian Propane Adjusted EBITDA in 2023 is anticipated to be modestly lower than 2022 primarily due to reduced sales of carbon offset credits, the elimination of the CEWS benefit, warmer weather experienced in the first quarter and the impact of inflation on operating costs, partially offset by higher average margins. The average weather for the remainder of 2023, as measured by degree days, is expected to be consistent with the five-year average.

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

WHOLESALE PROPANE
Wholesale Propane's operating results:

	Three Months Ended March 31	
(millions of dollars)	**2023**	2022
Revenue	**491.4**	435.6
Cost of Sales	**(422.9)**	(418.0)
Gross profit	**68.5**	17.6
Realized gain (loss) on derivatives related to commodity risk management [(2)]	**(6.5)**	7.6
Adjusted gross profit[(1)]	**62.0**	25.2
SD&A	**(26.2)**	(7.7)
Add back (deduct):		
Amortization and depreciation included in SD&A [(3)]	**4.4**	1.7
Transaction, restructuring and other costs [(3)]	**0.1**	–
Gain on disposal of assets [(3)]	**(0.1)**	(0.1)
Operating costs[(1)]	**(21.8)**	(6.1)
Adjusted EBITDA[(1)]	**40.2**	19.1
Add back (deduct):		
Gain on disposal of assets [(3)]	**0.1**	0.1
Transaction, restructuring and other costs[(3)]	**(0.1)**	–
Amortization and depreciation included in SD&A[(3)]	**(4.4)**	(1.7)
Unrealized gain (loss) on derivative financial instruments[(2)]	**12.5**	(1.2)
Finance expense	**(0.1)**	(0.1)
Earnings before income tax	**48.2**	16.2

(1) Adjusted Gross Profit, Adjusted EBITDA and Operating Costs are Non-GAAP financial measures. See "Non-GAAP financial measures and reconciliations" on page 26 for more information.
(2) Realized and unrealized gain (loss) are derivatives related to commodity risk management and are reconciled to gains (losses) on derivatives and foreign currency translation of borrowings, see "Non-GAAP financial measures and reconciliations" on page 26 for more information.
(3) The sum of the above amounts and the balances included in the U.S. Propane, Canadian Propane and Corporate segments are included in SD&A and are disclosed in Note 15 or Note 19 of the unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022.

Revenue for the three months ended March 31, 2023 was $491.4 million, an increase of $55.8 million or 13% from the prior year quarter primarily due to higher sales volumes related to the Kiva acquisition, the impact of strong wholesale market fundamentals in California, the Western U.S. and Canada and, to a lesser extent, the impact of the weaker Canadian dollar on the translation of U.S. denominated transactions partially offset by lower average wholesale propane prices.

Adjusted gross profit for the three months ended March 31, 2023 was $62.0 million, an increase of $36.8 million or 146% from the prior year quarter primarily due to the contribution from the Kiva acquisition completed in the prior year quarter and, to a lesser extent, higher average unit margins associated with stronger wholesale propane market fundamentals compared to the prior year quarter.

Total third-party sales volumes were 497 million litres, an increase of 153 million litres or 44% from the prior year quarter, primarily due to incremental volumes from the Kiva acquisition and 12% colder weather than the five-year average in California.

Wholesale Propane Sales Volumes
Wholesale Propane Volumes by Customer Relation

	Three Months Ended March 31	
(millions of litres)	**2023**	2022
Third party sales volumes		
United States	**423**	278
Canada	**74**	66
	497	344
Sales volumes to the Canadian Propane and US Propane segments	**486**	474
Total	**983**	818

Average propane sales margins, including the impact of sales to other divisions, were 6.3 cents per litre, an increase of 3.2 cents from 3.1 cents per litre in the prior year quarter primarily due to strong market fundamentals in California and, to a lesser extent, Canada.

Operating Costs and SD&A
Operating costs were $21.8 million, an increase of $15.7 million compared to the prior year quarter primarily due to the Kiva acquisition completed in the prior year and, to a lesser extent, higher freight costs.

SD&A includes amortization, depreciation and transaction, restructuring and other costs whereas operating costs exclude these expenses and is used in the determination of Adjusted EBITDA. SD&A was $26.2 million, an increase of $18.5 million over the prior year quarter. SD&A increased for the above reasons, as well as higher depreciation and amortization costs as a result of a higher asset base and higher transaction, restructuring and other costs related to the acquisition and integration of Kiva.

Earnings before income tax
Earnings before income tax was $48.2 million, an increase of $32.0 million over the prior year quarter earnings of $16.2 million, for the above reasons and the impact of an unrealized gain on derivatives in the current quarter compared to a loss in the prior year quarter.

Financial Outlook
Wholesale Propane Adjusted EBITDA in 2023 is anticipated to be higher than 2022 as a result of the full year contribution from the Kiva acquisition, the strong market fundamentals realized in the first quarter and the impact of a weaker Canadian dollar on the translation of U.S. denominated transactions. The average weather for the remainder of 2023, 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 Superior.

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 vehicles.

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

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

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

Superior's capital expenditures are as follows:

	Three Months Ended March 31	
(millions of dollars)	**2023**	2022
Efficiency, process improvement and growth-related[1]	**16.7**	7.9
Maintenance capital[1]	**13.4**	7.3
	30.1	15.2
Proceeds on disposition of assets [1]	**(1.2)**	(2.1)
Property, plant and equipment acquired through acquisition[2]	**1.9**	102.4
Total net capital expenditures	**30.8**	115.5
Investment in leased vehicles[2]	**3.2**	4.5
Investment in other leased assets[2]	**5.8**	1.5
Total expenditures including finance leases	**39.8**	121.5

(1) The amounts disclosed in the unaudited condensed consolidated statements of cash flows for the three months ended March 31, 2023 and 2022 is made up of the sum of these amounts and the cash flows used in investing activities related to discontinued operations.

(2) Property, plant and equipment acquired through acquisitions is disclosed in Note 4 of the unaudited condensed consolidated financial statements. The sum of the leases is disclosed as additions in Note 11 of the unaudited condensed consolidated financial statements.

Efficiency, process improvement and growth-related expenditures were $16.7 million for the three months ended March 31, 2023 compared to $7.9 million in the prior year quarter. The increase is primarily due to the timing of tank purchases including the impact of supply chain challenges during COVID, integration activity and the impact of the weaker Canadian dollar on the translation of U.S. denominated purchases.

Maintenance capital expenditures were $13.4 million for the three months ended March 31, 2023 compared to $7.3 million in the prior year quarter primarily due to the timing of expenditures including the impact of supply chain challenges during COVID.

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

Superior entered into $3.2 million of leased vehicles for the three months ended March 31, 2023 compared to $4.5 million in the prior year quarter. The decrease is primarily due to timing of acquiring vehicles under leases. Other leased assets of $5.8 million increased from the prior year quarter mainly due to the timing of renewing property leases and the impact of changes in discount rates.

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

CORPORATE OPERATING COSTS AND SD&A

Corporate operating costs for the three months ended March 31, 2023 were $5.7 million an increase of $3.0 million compared to $2.7 million in the prior year quarter. The increase is primarily due to higher long-term incentive plan costs compared to the prior year quarter related to fluctuations in the share price.

Corporate administration costs included in Adjusted EBITDA exclude depreciation, amortization and transaction, restructuring and other costs. Corporate SD&A was $7.7 million for the three months ended March 31, 2023, an increase of $1.8 million or 31% from $5.9 million in the prior year quarter primarily due to the above reasons, partially offset by lower transaction, restructuring and other costs compared to the prior year quarter due to the timing of the completion of acquisitions.

FINANCE AND INTEREST EXPENSE

Finance expense was $26.3 million for the three months ended March 31, 2023, an increase of $10.3 million compared to $16.0 million in the prior year quarter. The increase is primarily due to higher average interest rates, higher average debt balances in the quarter, the impact of interest income on the Vendor Note in the prior year quarter and, to a lesser extent, the impact of the weaker Canadian dollar on the translation of U.S. denominated transactions.

Interest expense included in AOCF excludes interest earned on the Vendor Note, premiums and other losses on the redemption of senior unsecured notes and the unwinding of discounts on decommissioning liabilities and non-cash financing expenses. Interest expense was $24.8 million, an increase of $8.5 million, compared to $16.3 million in the prior year quarter. The increase is primarily due to higher average debt balances associated with acquisitions and higher average interest rates on the credit facility debt.

TRANSACTION, RESTRUCTURING AND OTHER COSTS

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

	Three Months Ended March 31	
(millions of dollars)	**2023**	2022
Total transaction, restructuring and other costs	**7.6**	7.1

For the three months ended March 31, 2023, Superior incurred $7.6 million in costs related to the acquisition of Certarus and the acquisitions completed in the prior year.

The costs in the prior year quarter related primarily to completed acquisitions and integrations related to prior year 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 Canadian, U.S., Hungarian and Luxembourg income tax.

Total income tax expense for the three months ended March 31, 2023 was $61.6 million, comprised of $4.8 million in current income tax expense and $56.8 million in deferred income tax expense. This compares to a total income tax expense of $46.1 million in the prior year quarter, which consisted of a current income tax expense of $1.7 million and $44.4 million deferred income tax expense.
Current income tax expense for the three months ended March 31, 2023 was $4.8 million (2022 – $1.7 million expense), consisting of income taxes in Canada of $2.4 million (2022 – $1.4 million), in the U.S. of $0.3 million (2022 – $0.3 million) and in Hungary of $2.1 million (2022 – $nil). Deferred income tax expense for the three months

ended March 31, 2023 was $56.8 million (2022 – $44.4 million expense), resulting in a net deferred income tax liability of $155.3 million as at March 31, 2023.

FINANCIAL OUTLOOK

Superior is updating the 2023 Pro Forma Adjusted EBITDA guidance range of $585 million to $635 million to a range of $620 million to $660 million. Superior is increasing the range due to the first quarter results and updated expected results of Certarus for 2023. Superior's Pro Forma Adjusted EBITDA guidance range includes the expected pro forma full twelve months of Certarus 2023 Adjusted EBITDA in the range of $175 million to $185 million.

Achieving Superior's Adjusted EBITDA depends on the operating results of its segments. In addition to the operating results of Superior's segments, significant assumptions underlying the achievement of Superior's 2023 guidance are:

- Weather for the remainder of 2023 is expected to be consistent with the average temperature for the last five years based on heating degree days;
- Economic growth activity in Canada and the U.S. is expected to increase modestly and will not be negatively impacted by inflation and higher interest rates used to control inflation;
- Superior expects to continue to attract capital and obtain financing on acceptable terms;
- Superior expects maintenance and non-recurring capital expenditures net of disposals and including vehicle leases to be in the range of $200 million to $240 million;
- Superior is substantively hedged for its estimated U.S. dollar exposure for 2022, and due to the hedge position, a change in the Canadian to U.S, dollar exchange rate for 2022 would not have a material impact to Superior.
- The foreign currency exchange rate between the Canadian dollar and U.S. dollar is expected to average $0.75 for the remainder of 2023 on all unhedged foreign currency transactions;
- Financial and physical counterparties are expected to continue fulfilling their obligations to Superior;
- Regulatory authorities are not expected to impose any new regulations impacting Superior; and
- Canadian, U.S. and Hungarian based current income tax expense are expected to be in the range of $20 million to $25 million for 2023 based on existing statutory income tax rates and the ability to use available tax basis.

U.S. Propane

- Continue to realize synergies from acquisitions primarily through supply chain efficiencies, margin management improvements and operational expense savings;
- Continue to increase prices to lessen the impact of inflation on fuel costs, labour and other costs;
- Wholesale propane prices are not anticipated to significantly affect demand for propane and related services; and
- Continue to implement cost-saving initiatives related to workforce optimization.

Canadian Propane

- Volumes are anticipated to increase as a result of increased oilfield activity in Western Canada and increased demand from commercial customers related to the easing of COVID-19 restrictions;
- Continue to increase prices to lessen the impact of inflation on, fuel costs, labour and other costs; and
- Wholesale propane prices are not anticipated to significantly affect demand for propane and related services.

Wholesale Propane

- Wholesale propane market fundamentals related to basis differentials are expected to decrease due to average market conditions for the remainder of the year;
- Continue to grow third-party sales volumes through sales and marketing initiatives to offset the impact of higher costs due to inflation; and
- Realize synergies from the Kiva acquisition through operational expense savings.

Certarus

- The natural gas price differential to diesel remains favourable such that compressed natural gas remains a cost-effective means to displace diesel; and
- Assuming an average mobile storage unit ("MSUs") count of 668 trailers in 2023 and average EBITDA per MSU consistent with Certarus' historic results.

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

LIQUIDITY AND CAPITAL RESOURCES

Debt Management Update
Superior is focused on managing both Net debt and its Leverage Ratio. Superior's Leverage Ratio as at March 31, 2023 was 3.9x, compared to 4.1x at December 31, 2022. The decrease in the Leverage Ratio was due to lower Net Debt and, to a lesser extent, the impact of a marginally stronger Canadian dollar on the translation of U.S. denominated debt partially offset by lower Pro forma Adjusted EBITDA.

Net Debt, Pro forma Adjusted EBITDA and Leverage Ratio are Non-GAAP measures, see "Non-GAAP financial measures and reconciliations" on page 26.

Borrowing
Superior's revolving syndicated bank facility ("credit facility"), term loans, lease obligations and other debt (collectively "borrowing") before deferred financing fees was $1,921.9 million as at March 31, 2023, a decrease of $247.1 million from $2,169.0 million as at December 31, 2022. The decrease is primarily due to the receipt of proceeds from the sale of the Vendor Note, cashflow generated from operations in the quarter used to payoff the debt and, to a lesser extent, lower capital requirements associated with decreased commodity prices.

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

	As at March 31, 2023			
(millions of dollars)	Total Amount	Borrowing	Letters of Credit Issued	Amount Available
Revolving term bank credit facilities[(1)]	750.0	349.7	23.5	376.8
Senior unsecured notes[(1)]	1,311.0	1,311.0	–	–
Deferred consideration and other	40.9	40.9	–	–
Lease liabilities	220.3	220.3	–	–
Total	**2,322.2**	**1,921.9**	**23.5**	**376.8**

(1) Revolving term bank credit facilities and term loan balances are presented before deferred financing fees, see Note 10 of the unaudited condensed consolidated financial statements.

Net Working Capital
Consolidated net working capital was $57.3 million as at March 31, 2023, a decrease of $107.4 million from $164.7 million as at December 31, 2022. The decrease from December 31, 2022 is primarily due to the inclusion of the Vendor Note (Note 5) in trade and other receivables and, to a lesser extent, the timing of customer receipts compared to the timing of supplier payments. Net working capital is defined in the unaudited condensed consolidated financial statements and notes thereto as at and for the three months ended March 31, 2023 and 2022. See Note 19 of the unaudited condensed consolidated financial statements.

Compliance
In accordance with the credit facility, Superior must maintain certain covenants and ratios that represent Non-GAAP financial measures. Superior was in compliance with its lender covenants as at March 31, 2023, 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 March 31, 2023, Superior's defined benefit pension plans had an estimated net defined benefit going concern surplus of approximately $4.8 million (December 31, 2022 – surplus $4.5 million) and a net pension solvency surplus of approximately $5.2 million (December 31, 2022 – surplus $5.0 million). Funding requirements by applicable pension legislation are based upon going concern and solvency actuarial assumptions. These assumptions differ from the going concern actuarial assumptions found in Superior's year end audited consolidated financial statements.

Contractual Obligations and Other Commitments(3)

	April 1 to March 31						
	Current	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**
Borrowings before deferred financing fees and discounts (1)	14.6	10.3	7.4	5.7	350.5	1,313.1	1,701.6
Lease liabilities (2)	49.2	42.3	30.9	24.1	18.2	55.6	220.3
Non-cancellable, low-value, short-term leases and leases with variable lease payments (2)	2.9	0.3	–	–	–	–	3.2
Equity derivative contracts (1)	13.0	1.8	1.4	–	–	–	16.2
US dollar foreign currency forward sales contracts (1)	223.6	192.0	120.0	9.0	–	–	544.6
USD/CAD call options(1)	1.0	48.0	–	–	–	–	49.0
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts (1) (3)	155.4	12.3	1.1	–	–	–	168.8

(1) See Notes 10 and 12 of the March 31, 2023 unaudited condensed consolidated financial statements.
(2) See Note 11 of the March 31, 2023 unaudited condensed consolidated financial statements. Operating leases comprise Superior's off-balance-sheet obligations and are contracts that do not meet the definition of a lease under IFRS 16 or are exempt.
(3) Does not include the impact of financial derivatives.

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

Shareholders' Capital

As at March 31, 2023, the following shares were issued and outstanding:

	Common shares		Preferred shares	
	Issued number (Millions)	Share capital	Issued number (Millions)	Equity attributable to NCI
Balance as at December 31, 2022	200.7	$2,617.9	0.3	$352.4
Unrealized foreign currency loss on translation	–	–	–	**(1.0)**
Balance as at March 31, 2023	**200.7**	**$2,617.9**	**0.3**	**$351.4**

On October 11, 2022, the TSX accepted Superior's notice of intention to establish a new normal course issuer bid program (the "NCIB"). The NCIB permits the purchase of up to 10.1 million shares of Superior's common shares, representing approximately 5% of the issued and outstanding common shares as of September 30, 2022, by way of normal course purchases effected through the facilities of the TSX and/or alternative Canadian trading systems. The NCIB commenced on October 13, 2022 and will terminate on October 13, 2023, or on such earlier date as Superior may complete its purchases pursuant to the notice of intention filed with the TSX in respect of the NCIB. Any common shares purchased by Superior will be cancelled. Purchases are made by Superior in accordance with the requirements of the TSX and the price which Superior pays for any such common shares will be the market price of any such common shares at the time of acquisition, or such other price as may be permitted by the TSX. For purposes of the TSX rules, a maximum of 123,619 common shares may be purchased by Superior on any one day under the bid, except where purchases are made in accordance with the "block purchase exception" of the TSX rules. For the year ended December 31, 2022, 994,542 common shares have been repurchased for $10 million, including commission, at a volume weighted average price of $10.06 per common share. The repurchased shares, with a total book value of $13 million, were immediately cancelled.

Dividends

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 2023 above, and "Summary of Cash Flow" for additional details.

Dividends declared to common shareholders for the three months ended March 31, 2023 were $36.1 million or $0.18 per common share compared to $31.7 million or $0.18 per common share from the prior year quarter. The increase was due to the issuance of common shares during the previous 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 is currently suspended and will remain in place should Superior elect to reactivate the DRIP, subject to regulatory approval, at a future date.

Subject to approval of future common share dividends by the Board of Directors, Superior intends to move from a monthly common share dividend payment to a quarterly common share dividend payment, following the monthly March 2023 dividend which is payable on April 17, 2023. Consistent with Superior's current practice, quarterly dividend payments of $0.18 per share are expected to be declared to shareholders of record on the last day of March, June, September and December and paid on the 15th day of the month immediately following such record date. Should the dividend payment date fall on a weekend or on a statutory holiday, the dividend payment date will be the next succeeding business day following the weekend or statutory holiday.

Subject to approval by the Board of Directors, the first quarterly dividend on the common shares is expected to have a record date of June 30, 2023 and to be paid on July 17, 2023. Superior's current annualized cash dividend of $0.72 per share is expected to remain unchanged.

Dividends Declared to Preferred Shareholders

Dividends declared to preferred shareholders for the three months ended March 31, 2023 were US$4.7 million (C$6.4 million) or US$18.1 (C$24.6) per preferred share (March 31, 2022 - US$4.7 million (C$5.9 million) or US$18.1 (C$22.7) per preferred share).

SUMMARY OF CASH FLOW

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

	Three Months Ended March 31	
(millions of dollars)	**2023**	2022
Cash flows from operating activities	**350.1**	121.8
INVESTING ACTIVITIES		
Acquisitions, net of cash acquired	**(3.5)**	(287.4)
Purchase of property, plant and equipment and intangible assets	**(30.1)**	(15.2)
Proceeds on disposal of property, plant and equipment	**1.2**	2.1
Cash flows used in investing activities	**(32.4)**	(300.5)
FINANCING ACTIVITIES		
Proceeds of revolving term bank credit facilities and other debt	**441.7**	860.4
Repayment of revolving term bank credit facilities and other debt	**(683.7)**	(618.5)
Principal repayment of lease obligations	**(10.8)**	(9.6)
Dividends paid to shareholders	**(42.5)**	(37.6)
Cash flows from (used in) financing activities	**(295.3)**	194.7
Net increase in cash and cash equivalents	**22.4**	16.0
Cash and cash equivalents, beginning of the period	**58.4**	28.4
Effect of translation of foreign currency-denominated cash and cash equivalents	**(0.1)**	(0.3)
Cash and cash equivalents, end of the period	**80.7**	44.1

Cash flows from operating activities for the three months ended March 31, 2023 was $350.1 million, an increase of $228.3 million, from the prior year quarter primarily due to the positive change in non-cash operating working capital compared to the prior year quarter, partially offset by the lower AOCF in the current period.

Cash flows used in investing activities were $32.4 million, a decrease of $268.1 million from the prior year quarter primarily due to the timing of acquisitions, partially offset by the increase in purchases of property, plant and equipment and intangible assets.

Cash flows used in financing activities were $295.3 million, a decrease of $490.0 million from the prior year quarter, primarily due to advances under the credit facility to fund acquisitions in the prior year and the funds from operating activities being used to paydown debt.

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 March 31, 2023, Superior has hedged approximately 92.5% of its estimated U.S. dollar exposure for the next 12 months and approximately 79.9% for calendar 2024. A summary of the notional amounts of Superior's U.S. dollar forward contracts and options for the rolling twelve months is provided in the table below.

	April 1 to March 31						
	Current	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**
USD-foreign currency forward sales contracts	223.6	192.0	120.0	9.0	–	–	544.6
USD/CAD call options(1)	1.0	48.0	–	–	–	–	49.0
Net average external US$/CDN$ exchange rate	1.31	1.32	1.33	1.31	–	–	1.32

(1)USD/CAD call options expire in varying maturity dates between March and October 2024 with strikes ranging from 1.33 to 1.47.

For additional details on Superior's financial instruments, including the amount and classification of gains and losses recorded, summary of fair values, notional balances, effective rates and terms, and significant assumptions used in the calculation of the fair value of Superior's financial instruments, see Note 12 to the unaudited condensed consolidated financial statements for the three months ended March 31, 2023.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

Changes in Internal Controls over Financial Reporting
No changes were made in Superior's ICFR that have materially affected, or are reasonably likely to materially affect, Superior's ICFR in the three months ended March 31, 2023. However, management continues the process of harmonizing and integrating acquired businesses on to Superior's existing information technology platform.

Effectiveness
An evaluation of the design effectiveness of Superior's DC&P and ICFR was conducted as at March 31, 2023 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 designed effectively at March 31, 2023 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 Quarles effective June 1, 2022. Summary financial information pertaining to this acquisition that was included in the unaudited condensed consolidated financial statements of Superior as at March 31, 2023, is as follows:

(millions of Canadian dollars)	**Three Months Ended March 31, 2023 Quarles**
Sales	54.8
Net earnings for the period	15.0

(millions of Canadian dollars)	**March 31, 2023 Quarles**
Current assets	16.8
Non-current assets	195.8
Current liabilities	(6.2)
Non-current liabilities	(3.5)

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, 2022. 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, the assessment of potential provision for asset retirement obligations, estimating liabilities under the cap and trade programs and estimating the incremental borrowing rate on leases.

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, 2023, or latter periods. Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the unaudited condensed consolidated financial statements of Superior.

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

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The amendments to IAS 1 and IFRS Practice Statement 2 had no material impact on the unaudited condensed consolidated financial statements.

Amendments to IAS 12, Income taxes ("IAS 12"), Deferred Tax related to Assets and Liabilities arising from a Single Transaction
In May 2021, the IASB issued amendments to IAS 12, to require companies to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. A temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. The amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. There was no significant impact from these amendments on the unaudited condensed consolidated financial statements of the Company as a result of the initial application.

Amendments to IAS 8, Accounting Policies, Changes in Accounting estimates and Errors ("IAS 8"), to introduce a definition of accounting estimates
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments to IAS 8 had no material impact on the unaudited condensed consolidated financial statements.

Amendments to IAS 12, Exposure Draft International Tax Reform—Pillar Two Model Rules
In January 2023, the IASB proposed amendments to IAS 12 aim to provide temporary relief from accounting for deferred taxes arising from the imminent implementation of the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD). The proposed amendments would introduce: a temporary exception to the accounting for deferred taxes arising from the implementation of the rules; and targeted disclosure requirements for affected companies. The issuance of final amendments resulting from the Exposure Draft is expected in the second quarter of 2023. Superior is currently assessing the impact that the amendments to IAS 12 will have on the unaudited condensed consolidated financial statements.

QUARTERLY FINANCIAL AND OPERATING INFORMATION

IFRS Measures

(millions of dollars, except per share amounts)	**Q1 2023**	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenue	**1,255.4**	1,070.30	510.5	628.6	1,170.4	824.9	362.6	365.6
Gross profit	**541.2**	429.2	172.2	194.5	393.9	281.9	132.6	149.1
Net earnings (loss)	**147.1**	63.0	(206.9)	(85.0)	141.0	13.8	(35.9)	(36.1)
Per share, basic	**$0.63**	0.27	(1.06)	(0.46)	0.68	0.04	(0.24)	(0.24)
Per share, diluted	**$0.63**	0.27	(1.06)	(0.46)	0.68	0.04	(0.24)	(0.24)
Net working capital (deficit) [1]	**57.3**	164.7	(0.4)	39.1	161.9	10.1	(111.5)	(65.1)

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

Non-GAAP Financial Measures [1]

(millions of dollars, except per share amounts)	**Q1 2023**	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Adjusted EBITDA	**272.1**	182.6	(8.8)	25.6	250.4	142.2	13.0	31.6
AOCF before transaction, restructuring and other costs	**242.5**	152.8	(32.9)	5.6	232.4	131.6	(4.8)	9.0
Per share, basic	**$1.05**	0.66	(0.14)	0.02	1.13	0.64	(0.02)	0.04
Per share, diluted	**$1.05**	0.66	(0.14)	0.02	1.13	0.64	(0.02)	0.04
AOCF	**234.9**	102.5	(47.2)	(6.9)	225.3	123.3	(11.7)	4.7
Per share, basic	**$1.02**	0.44	(0.20)	(0.03)	1.09	0.60	(0.06)	0.02
Per share, diluted	**$1.02**	0.44	(0.20)	(0.03)	1.09	0.60	(0.06)	0.02

[1]Adjusted EBITDA, AOCF before transaction, restructuring and other costs, AOCF and the related per share amounts, are Non-GAAP financial measures, see " Non-GAAP financial measures and reconciliations" on page 26.

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, acquisitions and divestitures may impact quarterly results. For information on acquisitions see Note 4 in the March 31, 2023 unaudited condensed consolidated financial statements.

Volumes

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
U.S. Propane sales volumes (millions of litres)	**584**	491	204	242	596	400	168	212
Canadian Propane sales volumes (millions of litres)	**413**	356	180	226	457	356	186	216
Wholesale Propane sales volumes (millions of litres) (1)	**497**	395	278	303	344	287	166	176

(1) Wholesale propane sales volumes exclude inter-segment sales.

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

(millions of litres)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Residential	**346**	272	74	105	362	224	61	97
Commercial	**238**	219	130	137	234	176	107	115
Total	**584**	491	204	242	596	400	168	212

Canadian Propane sales by end-use application are as follows:

(millions of litres)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Residential	**74**	57	21	28	85	59	20	27
Commercial	**339**	299	159	198	372	297	166	189
Total	**413**	356	180	226	457	356	186	216

Wholesale Propane sales by region are as follows:

(millions of litres)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
United States	**423**	323	252	276	278	226	144	144
Canada	**74**	72	26	27	66	61	22	32
Total	**497**	395	278	303	344	287	166	176

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

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

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

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

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

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

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

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

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

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

Adjusted EBITDA is a significant performance measure used by management and investors to evaluate Superior's ongoing performance of its businesses. Adjusted EBITDA is also used as one component in determining short-term incentive compensation for certain management employees. Adjusted EBITDA is consistent with Segment Profit as disclosed in Note 29 of the annual consolidated financial statements.

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

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

Reconciliation of net earnings to EBITDA, Adjusted EBITDA and AOCF

The below information is derived from Note 15 Supplemental Disclosure of the Condensed Consolidated Statements of Net Earnings, Note 19 Reportable Segment Information and Note 13 Income Taxes of the unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022.

For the Three Months Ended March 31, 2023	U.S. Propane	Canadian Propane	Wholesale Propane	Results from operations	Corporate	Total
Earnings (loss) before income taxes	**143.4**	**47.1**	**48.2**	**238.7**	**(30.0)**	**208.7**
Adjust for:						
Amortization and depreciation included in SD&A	**47.0**	**17.9**	**4.4**	**69.3**	**0.2**	**69.5**
Finance expense	**2.3**	**0.8**	**0.1**	**3.2**	**23.1**	**26.3**
EBITDA	**192.7**	**65.8**	**52.7**	**311.2**	**(6.7)**	**304.5**
Gain on disposal of assets and other	**(0.1)**	**(0.2)**	**(0.1)**	**(0.4)**	**–**	**(0.4)**
Transaction, restructuring and other costs	**5.5**	**0.2**	**0.1**	**5.8**	**1.8**	**7.6**
Unrealized gain on derivative financial instruments	**(22.2)**	**–**	**(12.5)**	**(34.7)**	**(4.9)**	**(39.6)**
Adjusted EBITDA	**175.9**	**65.8**	**40.2**	**281.9**	**(9.8)**	**272.1**
Adjust for:						
Current income tax expense	**–**	**–**	**–**	**–**	**(4.8)**	**(4.8)**
Transaction, restructuring and other costs	**(5.5)**	**(0.2)**	**(0.1)**	**(5.8)**	**(1.8)**	**(7.6)**
Interest expense	**(1.6)**	**(0.8)**	**(0.2)**	**(2.6)**	**(22.2)**	**(24.8)**
AOCF	**168.8**	**64.8**	**39.9**	**273.5**	**(38.6)**	**234.9**

For the Three Months Ended March 31, 2022	U.S. Propane	Canadian Propane	Wholesale Propane	Results from operations	Corporate	Total
Earnings (loss) before income taxes	128.2	52.9	16.2	197.3	(10.2)	187.1
Adjust for:						
Amortization and depreciation included in SD&A	32.9	16.8	1.7	51.4	0.2	51.6
Finance expense	1.3	0.8	0.1	2.2	13.8	16.0
EBITDA	162.4	70.5	18.0	250.9	3.8	254.7
Loss (gain) on disposal of assets and other	0.2	(1.1)	(0.1)	(1.0)	–	(1.0)
Transaction, restructuring and other costs	3.9	0.2	–	4.1	3.0	7.1
Unrealized loss (gain) on derivative financial instruments	(3.6)	–	1.2	(2.4)	(8.0)	(10.4)
Adjusted EBITDA	162.9	69.6	19.1	251.6	(1.2)	250.4
Adjust for:						
Current income tax expense	–	–	–	–	(1.7)	(1.7)
Transaction, restructuring and other costs	(3.9)	(0.2)	–	(4.1)	(3.0)	(7.1)
Interest expense	(0.9)	(0.8)	(0.1)	(1.8)	(14.5)	(16.3)
AOCF	158.1	68.6	19.0	245.7	(20.4)	225.3

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 as a result of the customer contract not being included in the determination of the fair value for this risk management activity.

Reconciliation of gross profit to adjusted gross profit

For the Three Months Ended March 31, 2023	**U.S. Propane**	**Canadian Propane**	**Wholesale Propane**	**Total**
Gross Profit	**341.6**	**131.1**	**68.5**	**541.2**
Realized loss on derivatives related to commodity risk management	**(18.9)**	**–**	**(6.5)**	**(25.4)**
Adjusted gross profit	**322.7**	**131.1**	**62.0**	**515.8**

For the Three Months Ended March 31, 2022	U.S. Propane	Canadian Propane	Wholesale Propane	Total
Gross Profit	247.7	128.6	17.6	393.9
Realized gain on derivatives related to commodity risk management	27.2	–	7.6	34.8
Adjusted gross profit	274.9	128.6	25.2	428.7

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

For the Three Months Ended March 31, 2023	**U.S. Propane**	**Wholesale Propane**	**Results from Operations**	**Corporate**	**Total**
Realized loss on derivatives related to commodity risk management	**(18.9)**	**(6.5)**	**(25.4)**	**–**	**(25.4)**
Realized loss on foreign currency hedging contracts	**–**	**–**	**–**	**(4.1)**	**(4.1)**
Realized loss included in AOCF	**(18.9)**	**(6.5)**	**(25.4)**	**(4.1)**	**(29.5)**
Unrealized gain on derivatives related to commodity risk management	**22.2**	**12.4**	**34.6**	**–**	**34.6**
Unrealized gain on foreign currency hedging contracts	**–**	**–**	**–**	**3.9**	**3.9**
Unrealized loss on equity derivative contracts	**–**	**–**	**–**	**(1.2)**	**(1.2)**
Unrealized foreign exchange gain on U.S. dollar debt	**–**	**–**	**–**	**2.3**	**2.3**
Unrealized gain excluded in AOCF	**22.2**	**12.4**	**34.6**	**5.0**	**39.6**
Total gain on derivatives and foreign currency translation of borrowings	**3.3**	**5.9**	**9.2**	**0.9**	**10.1**

For the Three Months Ended March 31, 2022	U.S. Propane	Wholesale Propane	Results from Operations	Corporate	Total
Realized gain on derivatives related to commodity risk management	27.2	7.6	34.8	–	34.8
Realized gain on foreign currency hedging contracts	–	–	–	1.5	1.5
Realized gain included in AOCF	27.2	7.6	34.8	1.5	36.3
Unrealized gain (loss) on derivatives related to commodity risk management	3.6	(1.2)	2.4	–	2.4
Unrealized gain on foreign currency hedging contracts	–	–	–	3.4	3.4
Unrealized loss on equity derivative contracts	–	–	–	(2.9)	(2.9)
Unrealized loss on contingent consideration	–	–	–	(0.4)	(0.4)
Unrealized foreign exchange gain on U.S. dollar debt	–	–	–	7.9	7.9
Unrealized gain (loss) excluded in AOCF	3.6	(1.2)	2.4	8.0	10.4
Total gain on derivatives and foreign currency translation of borrowings	30.8	6.4	37.2	9.5	46.7

Operating Costs

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

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

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

Reconciliation of SD&A to Operating Costs

For the Three Months Ended March 31, 2023	**U.S. Propane**	**Canadian Propane**	**Wholesale Propane**	**Results from operations**	**Corporate**	**Total**
SD&A	**199.2**	**83.2**	**26.2**	**308.6**	**7.7**	**316.3**
Amortization and depreciation included in SD&A	**(47.0)**	**(17.9)**	**(4.4)**	**(69.3)**	**(0.2)**	**(69.5)**
Transaction, restructuring and other costs	**(5.5)**	**(0.2)**	**(0.1)**	**(5.8)**	**(1.8)**	**(7.6)**
Gain on disposal of assets and other	**0.1**	**0.2**	**0.1**	**0.4**	**–**	**0.4**
Operating Costs	**146.8**	**65.3**	**21.8**	**233.9**	**5.7**	**239.6**

For the Three Months Ended March 31, 2022	U.S. Propane	Canadian Propane	Wholesale Propane	Results from operations	Corporate	Total
SD&A	149.0	74.9	7.7	231.6	5.9	237.5
Amortization and depreciation included in SD&A	(32.9)	(16.8)	(1.7)	(51.4)	(0.2)	(51.6)
Transaction, restructuring and other costs	(3.9)	(0.2)	–	(4.1)	(3.0)	(7.1)
Gain (loss) on disposal of assets and other	(0.2)	1.1	0.1	1.0	–	1.0
Operating Costs	112.0	59.0	6.1	177.1	2.7	179.8

Net Debt, Pro Forma Adjusted EBITDA and Leverage Ratio

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

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

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

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

Reconciliation of Net debt and Pro Forma Adjusted EBITDA

(in millions)	March 31 2023	December 31 2022
Current borrowings	**14.6**	14.8
Current lease liabilities	**49.2**	47.3
Non-current borrowings	**1,668.0**	1,911.3
Non-current lease liabilities	**171.1**	175.7
	1,902.9	2,149.1
Add back deferred financing fees and discounts	**19.0**	19.9
Deduct cash and cash equivalents	**(80.7)**	(58.4)
Deduct Vendor Note[(1)]	**–**	(128.0)
Net debt	**1,841.2**	1,982.6
Adjusted EBITDA for the year ended 2022	**449.8**	449.8
Adjusted EBITDA for the year ended March 31, 2022	**(250.4)**	–
Adjusted EBITDA for the year ended March 31, 2023	**272.1**	–
Pro-forma adjustment	**1.1**	35.8
Pro-forma Adjusted EBITDA for the trailing-twelve months	**472.6**	485.6
Leverage Ratio	**3.9x**	4.1x

(1) Superior received the proceeds from the sale of the Vendor Note in January 2023.

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 Novel Coronavirus outbreak, or fear of any of the foregoing, could adversely impact us by causing operating or supply chain delays and disruptions, labour shortages, expansion project delays and facility shutdowns which could have a negative impact on our ability to conduct our business and increase our costs. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result. Any of these events in isolation or in combination, could have a material negative impact on our financial condition, operating results and cash flows.

Cash Dividends to Shareholders are Dependent on the Performance of Superior LP
Superior depends entirely on the operations and assets of Superior LP. Superior’s ability to make dividend payments to its shareholders depends on Superior LP’s ability to make distributions on its outstanding limited partnership units, as well as on the operations and business of Superior LP.

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

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

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

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

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

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

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

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

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

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

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

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

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

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 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.

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

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

Certarus’ operations result in exposure to fluctuations in commodity prices, including natural gas, diesel and propane. On volumes that the Company delivers under an all-in pricing structure, rapid increases in natural gas prices can result in some margin compression. However, the Company actively seeks to limit the level of exposure it has to commodity prices. In addition to having the ability to adjust pricing on short term jobs as they refresh, the Company has contractual mechanisms in place to flow through the excess cost of natural gas once certain index thresholds are exceeded. These arrangements provide significant downside protection in a rising natural gas price environment.

Political uncertainties

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

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

Transportation network disruptions

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

Current Economic Conditions

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

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

The future impact of these events on liquidity, volatility, credit availability and market and financial conditions generally, could change at any time. The duration and ultimate impact on the economy are unknown at this time, and, as a result, it is difficult to estimate the longer-term impact on our operations and the markets for our products. At the current time, we expect an impact to our business as it relates to our customers that operate in industries governments have classified as non-essential and customers required to operate at reduced capacities. During the three months ended March 31, 2023, the impact of these events caused a decrease in sales volumes and sales prices for our Canadian Propane operating segment and to a lesser extent our U.S. and Wholesale Propane operating segments. Management has taken steps to reduce capital and selling, distribution and administrative costs to minimize the impact these events have had on our business.

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

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

Health, Safety and Environment

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

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

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

Employee and Labour Relations

Approximately 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.

Superior Plus Corp.
Condensed Consolidated Balance Sheets

(Unaudited, millions of Canadian dollars)	Note	As at March 31 2023	As at December 31 2022[1]
Assets			
Current Assets			
Cash and cash equivalents		**80.7**	58.4
Trade and other receivables	**5**	**386.4**	531.8
Prepaids and deposits		**57.0**	99.6
Inventories	**6**	**103.9**	153.0
Other current financial assets	**12**	**10.1**	10.6
Total Current Assets		**638.1**	853.4
Non-current Assets			
Property, plant and equipment	**4**	**1,355.6**	1,364.6
Intangible assets	**4**	**541.8**	563.9
Goodwill	**4**	**1,656.6**	1,658.1
Notes receivable and other investments		**0.2**	0.2
Employee future benefits		**8.2**	6.7
Deferred tax assets	**13**	**23.4**	32.1
Other non-current financial assets	**12**	**0.4**	0.4
Total Non-current Assets		**3,586.2**	3,626.0
Total Assets		**4,224.3**	4,479.4
Liabilities and Equity			
Current Liabilities			
Trade and other payables	**8**	**456.4**	580.5
Contract liabilities		**19.4**	25.0
Lease liabilities	**11**	**49.2**	47.3
Borrowings	**10**	**14.6**	14.8
Dividends payable		**14.2**	14.2
Other current financial liabilities	**12**	**23.2**	55.6
Total Current Liabilities		**577.0**	737.4
Non-current Liabilities			
Lease liabilities	**11**	**171.1**	175.7
Borrowings	**10**	**1,668.0**	1,911.3
Other liabilities	**9**	**44.5**	37.1
Provisions	**7**	**10.7**	8.3
Employee future benefits		**6.8**	5.5
Deferred tax liabilities	**13**	**178.7**	130.8
Other non-current financial liabilities	**12**	**7.2**	12.8
Total Non-current Liabilities		**2,087.0**	2,281.5
Total Liabilities		**2,664.0**	3,018.9
Equity			
Capital		**2,617.9**	2,617.9
Deficit		**(1,564.9)**	(1,669.5)
Accumulated other comprehensive earnings		**155.9**	159.7
Non-controlling interest		**351.4**	352.4
Total Equity	**14**	**1,560.3**	1,460.5
Total Liabilities and Equity		**4,224.3**	4,479.4

[1]Restated, see Note 2(b).

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Superior Plus Corp.
Condensed Consolidated Statements of Changes in Equity

(Unaudited, millions of Canadian dollars)	Share Capital (Note 14)	Contributed Surplus	Total Capital	Deficit	Accumulated Other Comprehensive Earnings	Non-controlling Interest (Note 14)	Total
As at January 1, 2023	**2,616.7**	**1.2**	**2,617.9**	**(1,669.5)**	**159.7**	**352.4**	**1,460.5**
Net earnings for the period	**–**	**–**	**–**	**140.7**	**–**	**6.4**	**147.1**
Unrealized foreign currency loss on translation of foreign operations	**–**	**–**	**–**	**–**	**(3.6)**	**(1.0)**	**(4.6)**
Actuarial defined benefit loss	**–**	**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**
Income tax recovery on other comprehensive earnings	**–**	**–**	**–**	**–**	**0.1**	**–**	**0.1**
Total comprehensive earnings (loss)	**–**	**–**	**–**	**140.7**	**(3.8)**	**5.4**	**142.3**
Dividends and dividend equivalent declared to common shareholders	**–**	**–**	**–**	**(36.1)**	**–**	**–**	**(36.1)**
Dividends to non-controlling interest shareholders	**–**	**–**	**–**	**–**	**–**	**(6.4)**	**(6.4)**
As at March 31, 2023	**2,616.7**	**1.2**	**2,617.9**	**(1,564.9)**	**155.9**	**351.4**	**1,560.3**
As at January 1, 2022	2,349.1	1.2	2,350.3	(1,419.5)	52.8	328.6	1,312.2
Net earnings for the period	–	–	–	135.1	–	5.9	141.0
Unrealized foreign currency loss on translation of foreign operations	–	–	–	–	(14.8)	(3.5)	(18.3)
Actuarial defined benefit gain	–	–	–	–	0.5	–	0.5
Income tax expense on other comprehensive loss	–	–	–	–	(0.1)	–	(0.1)
Total comprehensive earnings (loss)	–	–	–	135.1	(14.4)	2.4	123.1
Dividends and dividend equivalent declared to common shareholders	–	–	–	(31.7)	–	–	(31.7)
Dividends to non-controlling interest shareholders	–	–	–	–	–	(5.9)	(5.9)
As at March 31, 2022	2,349.1	1.2	2,350.3	(1,316.1)	38.4	325.1	1,397.7

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

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

(Unaudited, millions of Canadian dollars, except per share amounts)	Note	Three Months Ended March 31 2023	2022
Revenue	**15, 17**	**1,255.4**	1,170.4
Cost of sales (includes products and services)	**15**	**(714.2)**	(776.5)
Gross profit		**541.2**	393.9
Expenses			
Selling, distribution and administrative costs (“SD&A”)	**15**	**(316.3)**	(237.5)
Finance expense	**15**	**(26.3)**	(16.0)
Gain on derivatives and foreign currency translation of borrowings	**12, 15**	**10.1**	46.7
		(332.5)	(206.8)
Earnings before income taxes	**15**	**208.7**	187.1
Income tax expense	**13**	**(61.6)**	(46.1)
Net earnings for the period	**15**	**147.1**	141.0
Net earnings attributable to:			
Superior		**140.7**	135.1
Non-controlling interest		**6.4**	5.9
Net earnings per share attributable to Superior			
Basic and diluted	**16**	**0.63**	0.68
Other comprehensive loss			
Items that may be reclassified subsequently to net earnings			
Unrealized foreign currency loss on translation of foreign operations		**(4.6)**	(18.3)
Items that will not be reclassified to net earnings			
Actuarial defined benefit gain (loss)		**(0.3)**	0.5
Income tax recovery (expense) on other comprehensive loss		**0.1**	(0.1)
Other comprehensive loss for the period		**(4.8)**	(17.9)
Total comprehensive earnings for the period		**142.3**	123.1
Total comprehensive earnings for the period attributable to:			
Superior		**136.9**	120.7
Non-controlling interest		**5.4**	2.4

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Superior Plus Corp.
Condensed Consolidated Statements of Cash Flows

(Unaudited, millions of Canadian dollars)	Note	Three Months Ended March 31 2023	2022
OPERATING ACTIVITIES			
Net earnings for the period		**147.1**	141.0
Adjustments for:			
Depreciation included in SD&A		**35.1**	24.8
Depreciation of right-of-use assets included in SD&A		**10.7**	8.0
Amortization of intangible assets included in SD&A		**23.7**	18.8
Gain on disposal of assets and other non-cash items		**(0.4)**	(1.0)
Unrealized gain on financial and non-financial derivatives and foreign exchange loss on U.S. dollar debt	**12**	**(39.6)**	(10.4)
Finance expense recognized in net earnings		**26.3**	16.0
Income tax expense recognized in net earnings	**13**	**61.6**	46.1
Changes in non-cash operating working capital and other	**18**	**112.1**	(92.0)
Cash flows from operating activities before income taxes and interest paid		**376.6**	151.3
Income taxes received (paid)		**2.3**	(9.2)
Interest paid		**(28.8)**	(20.3)
Cash flows from operating activities		**350.1**	121.8
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	**4**	**(3.5)**	(287.4)
Purchase of property, plant and equipment and intangible assets	**19**	**(30.1)**	(15.2)
Proceeds on disposal of property, plant and equipment		**1.2**	2.1
Cash flows used in investing activities		**(32.4)**	(300.5)
FINANCING ACTIVITIES			
Proceeds from revolving term bank credit facilities and other debt		**441.7**	860.4
Repayment of revolving term bank credit facilities and other debt		**(683.7)**	(618.5)
Principal repayment of lease obligations		**(10.8)**	(9.6)
Dividends paid to shareholders		**(42.5)**	(37.6)
Cash flows from (used in) financing activities		**(295.3)**	194.7
Net increase in cash and cash equivalents		**22.4**	16.0
Cash and cash equivalents, beginning of the period		**58.4**	28.4
Effect of translation of foreign currency-denominated cash and cash equivalents		**(0.1)**	(0.3)
Cash and cash equivalents, end of the period		**80.7**	44.1

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, all amounts including tabular amounts are stated in millions of Canadian dollars, except per share amounts and unless otherwise stated)

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 condensed consolidated financial statements were authorized for issue by the Board of Directors on May 9, 2023.

Reportable Operating Segments

Superior reports three distinct segments: the United States Retail Propane Distribution ("U.S. Propane"), Canadian Retail Propane Distribution ("Canadian Propane") and North American Wholesale Propane Distribution ("Wholesale Propane"). The U.S. Propane segment distributes propane gas and liquid fuels primarily in the Eastern United States, as well as the Midwest and California to retail customers, including residential and commercial customers. The Canadian Propane segment distributes propane gas and liquid fuels across Canada to retail customers, including residential and commercial customers. The Wholesale Propane segment supplies the majority of the propane gas for the Canadian Propane business, a portion of the propane gas for the U.S. Propane business and also supplies propane and other natural gas liquids to third-party wholesale customers in Canada and the United States ("U.S.").

2. BASIS OF PRESENTATION

(a) Preparation of Condensed Consolidated Financial Statements

The accompanying condensed consolidated financial statements were prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") using accounting policies Superior adopted in its annual consolidated financial statements as at and for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023 (see 2(d)). The condensed consolidated financial statements were prepared on a going concern basis.

The condensed 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 condensed 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 a 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 period.

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 period. Exchange differences are recognized in other comprehensive loss for the period.

If Superior loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity, while any resultant gain or loss is recognized in earnings or loss. Any investment retained is recognized at fair value.

(b) Reclassification of Comparative Figures

During the three months ended March 31, 2023, Superior finalized the purchase price allocation for certain acquisitions that were completed in the prior year. As disclosed in Note 4, Superior has restated the condensed consolidated balance sheets as at December 31, 2022 to record the impact of the adjusted purchase allocations as if the accounting for the business combination had been completed at the acquisition date. The condensed consolidated statements of changes in equity, net earnings and total comprehensive earnings and cash flows for the three months ended March 31, 2022 remain unchanged since the impact of the changes made were not significant to these condensed consolidated financial statements.

Prior year figures in Note 19, *Reportable Segment Information*, have been restated as a result of Superior's change in reportable segments; see Note 1 of the December 31, 2022 annual consolidated financial statements.

(c) Significant Accounting Judgments, Estimates and Assumptions

The preparation of Superior's condensed consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. 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 condensed consolidated financial statements are consistent with those disclosed in Superior's 2022 annual consolidated financial statements.

(d) Changes in Accounting Policies and Disclosures

Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"), to Introduce a Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments to IAS 8 are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments to IAS 8 had no material impact on the condensed consolidated financial statements.

Amendments to IAS 1, *Presentation of Financial Statements* and IFRS Practice Statement 2, *Disclosure of Accounting Policies*

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

Practice Statement 2 had no material impact on the condensed consolidated financial statements.

Amendments to IAS 12, *Income Taxes* ("IAS 12"), Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 to require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. A temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. There was no significant impact from these amendments on the condensed consolidated financial statements as a result of the initial application.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the condensed consolidated financial statements of Superior.

(e) Standards Issued But Not Yet Effective

Amendments to IAS 12, Exposure Draft International Tax Reform—Pillar Two Model Rules

In January 2023, the IASB proposed amendments to IAS 12 aim to provide temporary relief from accounting for deferred taxes arising from the imminent implementation of the Pillar Two model rules published by the Organization for Economic Co-operation and Development. The proposed amendments would introduce: a temporary exception to the accounting for deferred taxes arising from the implementation of the rules; and targeted disclosure requirements for affected companies. The issuance of final amendments resulting from the Exposure Draft is expected in the second quarter of 2023. Superior is currently assessing the impact that the amendments to IAS 12 will have on the condensed consolidated financial statements

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

3. SEASONALITY OF OPERATIONS

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 in heating from end-use customers. They then decline through the second and third quarters, rising seasonally again in the fourth quarter with heating demand. Similarly, net working capital is typically at seasonal highs during the first and fourth quarters, and normally declines to seasonal lows in the second and third quarters. Net working capital is also significantly influenced by wholesale propane prices and other refined fuels.

For the 12 months ended March 31, 2023, Superior reported gross profit of $1,337.1 million (March 31, 2022 − $957.5 million) and net loss of $81.8 million (March 31, 2022 − $127.2 million net earnings).

4. ACQUISITIONS

Unless otherwise stated, the purchase price allocations discussed below are considered preliminary and, as a result, may be adjusted during the 12-month period following the acquisition once all the required information, as discussed below, 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.

Acquisition costs directly attributable to the below acquisition were expensed and is included in SD&A. 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.

ACME Propane, Inc. ("ACME")

On February 1, 2023, Superior acquired all the issued and outstanding shares of ACME, a residential and commercial retail propane distributor in Lincoln, California for an aggregate purchase price of approximately C$4.4 million (US$3.3 million) before adjustments for working capital. The goodwill recognized is not deductible for income tax purposes.

Trade and other receivables	**0.2**
Property, plant and equipment	**1.9**
Intangible assets	**1.0**
Trade and other payables and contract liabilities	**(0.1)**
Deferred tax liabilities	**(0.7)**
Net identifiable assets	**2.3**
Consideration transferred	
Fair value of deferred consideration	**0.9**
Cash paid on acquisition	**3.5**
Total consideration transferred	**4.4**
Goodwill arising on acquisition	**2.1**

If the acquisition had occurred on January 1, 2023, revenue and net earnings for the three months ended March 31, 2023 would have increased by $0.6 million and decreased by $0.1 million, respectively.

Subsequent to the acquisition date, the acquisition contributed revenue and net earnings of $1.2 million and $0.3 million, respectively, for the three months ended March 31, 2023 to the U.S. Propane segment.

Certarus Ltd. ("Certarus")

On December 22, 2022, Superior entered into a definitive arrangement agreement to acquire Certarus Ltd. ("Certarus"), a leading North American low carbon energy solutions provider (the "Certarus Acquisition"). Under the terms of the Certarus Acquisition, Superior will acquire all the outstanding common shares of Certarus for $353 million in cash and 48.8 million common shares of Superior, representing approximately 17% pro forma ownership. The transaction is expected to close in the second quarter of 2023, subject to satisfaction of the remaining customary closing conditions. Concurrently, Superior received lender commitments for a new $550 million senior secured credit facility with a three-year term from a syndicate of lenders to finance a portion of the Certarus Acquisition.

Kamps Propane, Inc., High Country Propane, Inc., Pick Up Propane, Inc., Competitive Capital, Inc. and Propane Construction and Meter Services (collectively, "Kamps Propane") and Kiva Energy, Inc. ("Kiva")

	Previously Reported	Adjustments	March 31 2023
Trade and other receivables	**39.9**	–	**39.9**
Prepaid expenses	**1.2**	–	**1.2**
Inventories	**16.8**	–	**16.8**
Property, plant and equipment	**101.4**	**(0.4)**	**101.0**
Intangible assets	**102.2**	**3.3**	**105.5**
Trade and other payables and contract liabilities	**(43.5)**	**(0.6)**	**(44.1)**
Short-term debt and lease liabilities	**(20.1)**	–	**(20.1)**
Long-term debt and lease liabilities	**(38.0)**	–	**(38.0)**
Provisions and other liabilities	**(11.5)**	–	**(11.5)**
Deferred tax liabilities	**(42.0)**	**(1.9)**	**(43.9)**
Net identifiable assets	**106.4**	**0.4**	**106.8**
Consideration transferred			
Cash paid on acquisition(1)	**275.3**	**1.9**	**277.2**
Total consideration transferred	**275.3**	**1.9**	**277.2**
Goodwill arising on acquisition	**168.9**	**1.5**	**170.4**

(1) *Consideration paid for Kamps Propane after total working capital adjustments of approximately $17.6 million is cash paid of $284.4 million net of estimated recovery of $7.2 million.*

On March 23, 2022, Superior acquired all the issued and outstanding shares of Kamps Propane and Kiva for an aggregate purchase price of $302 million (US$240 million) before final adjustments for working capital of $24.8 million (US$19.7 million). Goodwill arising on this acquisition has been allocated between the U.S. Propane segment for $109.4 million and the Wholesale Propane segment for $61.0 million. The goodwill recognized is not deductible for income tax purposes.

During the quarter, Superior has finalized the purchase price allocation and, as a result, the previously reported fair values changed as follows:

Consideration increased by $1.9 million as a result of updating the estimated adjustment for working capital acquired. Trade and other payables and contract liabilities changed as a result of updating fair value estimates. Property, plant and equipment and intangible assets changed as a result of updating the estimated age, cost and quantity of tanks, vehicles and equipment acquired. Deferred tax liabilities were updated as a result of the aforementioned changes. As a result of these adjustments, goodwill was increased by $1.5 million.

Included in trade and other receivables of Superior as at March 31, 2023, was $7.2 million representing a refund from the seller representing the final adjustment for working capital; see Note 5.

McRobert Fuels ("McRobert")

During the three months ended March 31, 2023, Superior finalized the purchase price allocation related to the acquisition of McRobert with no change from the previously reported balances. Goodwill arising on this acquisition formed part of the Canadian Propane segment.

5. TRADE AND OTHER RECEIVABLES

A summary of trade and other receivables is as follows:

	March 31 2023	December 31 2022
Trade receivables, net of allowances	**359.7**	375.4
Vendor Note[(2)]	–	128.0
Accounts receivable – other[(1)]	**26.7**	28.4
Trade and other receivables	**386.4**	531.8

[(1)] This balance consists of accounts receivable related to indirect tax, final settlements related to acquisitions and other miscellaneous balances. Prior year balance has been restated, see Note 2(b).

[(2)] On April 9, 2021, Superior completed the previously announced sale of its Specialty Chemicals business for total consideration of $725 million. Superior received $600 million in cash proceeds, less a working capital adjustment of $17.0 million and $125 million in the form of a 6% unsecured note ("Vendor Note"). The principal amount of the Vendor Note and accrued and unpaid interest were due on October 9, 2026. The purchase price was subject to adjustment based on the average net earnings before interest, taxes, depreciation, amortization and other non-cash expenses of the business for the three consecutive 12-month periods following the closing date. On December 21, 2022, Superior entered into an agreement to sell the Vendor Note, including the contingent consideration, to ERCO Worldwide LP (an affiliate of Birch Hill Equity Partners), the purchaser of the Specialty Chemicals business, for total proceeds of $128 million. Superior received the proceeds from the sale of the Vendor Note in January 2023.

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

	March 31 2023	December 31 2022
Current	**243.2**	270.3
Past due less than 90 days	**104.2**	96.6
Past due over 90 days	**30.5**	24.9
Trade receivables	**377.9**	391.8

Superior's trade receivables are stated after deducting an allowance for doubtful accounts of $18.2 million as at March 31, 2023 (2022 - $16.4 million). The movement in the allowance for doubtful accounts is as follows:

	March 31 2023	December 31 2022
Allowance for doubtful accounts, beginning of the period	**(16.4)**	(12.9)
Impairment losses recognized on receivables	**(5.3)**	(9.4)
Amounts written off during the period as uncollectible	**3.1**	6.2
Amounts recovered	**0.4**	0.6
Foreign exchange impact and other	–	(0.9)
Allowance for doubtful accounts, end of the period	**(18.2)**	(16.4)

6. INVENTORIES

A summary of inventories is as follows:

	March 31 2023	December 31 2022
Propane, heating oil and other refined fuels	**83.3**	133.1
Propane retailing materials, supplies, appliances and other	**20.6**	19.9
	103.9	153.0

7. PROVISIONS

A summary of provisions is as follows:

	Restructuring	**Decommissioning**	**Other**	**Total**
Balance as at December 31, 2021	2.1	7.4	3.6	13.1
Additions	–	1.2	27.7	28.9
Utilization	(1.1)	(0.2)	(0.8)	(2.1)
Unwinding of discount	–	0.2	–	0.2
Impact of change in discount rate	–	(0.6)	–	(0.6)
Net foreign currency exchange difference	–	0.3	0.3	0.6
Balance as at December 31, 2022	1.0	8.3	30.8	40.1
Additions	**–**	**2.4**	**–**	**2.4**
Utilization	**–**	**(0.3)**	**(27.7)**	**(28.0)**
Amounts reversed or reclassified	**–**	**–**	**(2.9)**	**(2.9)**
Unwinding of discount	**–**	**0.1**	**–**	**0.1**
Net foreign currency exchange differences	**–**	**0.2**	**(0.2)**	**–**
Balance as at March 31, 2023	**1.0**	**10.7**	**–**	**11.7**

	March 31 2023	December 31 2022
Current (Note 8)	**1.0**	31.8
Non-current	**10.7**	8.3
	11.7	40.1

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 condensed consolidated statements of net earnings and total comprehensive earnings or condensed 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 condensed consolidated statements of net earnings and total comprehensive earnings or condensed consolidated balance sheets.

8. Trade and Other Payables

A summary of trade and other payables is as follows:

	March 31 2023	December 31 2022
Trade payables	**326.6**	426.9
Provisions (Note 7)	**1.0**	31.8
Accrued liabilities and other payables[1]	**115.8**	108.9
Current taxes payable	**2.9**	0.8
Share-based payments, current portion	**10.1**	12.1
Trade and other payables	**456.4**	580.5

[1] Restated, see Note 2(b).

9. Other Liabilities

A summary of other liabilities is as follows:

	March 31 2023	December 31 2022
Quebec cap and trade payable	**13.7**	12.1
California cap and trade payable	**27.9**	23.0
Share-based payments and other	**1.7**	2.0
Washington cap and trade payable	**1.2**	–
Other liabilities	**44.5**	37.1

Superior operates in California, Washington and Quebec, and is required to participate in the respective government cap and trade programs, which require Superior to settle any liability with cap and trade at the end of each compliance period. Intangible assets are recorded when cap and trade emission units are purchased, and cap and trade liabilities are recorded upon the import of propane. These are included in the condensed consolidated statements of cash flows, net of the liability that has been accrued related to cap and trade payable as part of changes in non-cash working capital.

10. BORROWINGS

A summary of borrowings is as follows:

	Year of Maturity	Effective Interest Rate	**March 31 2023**	December 31 2022
Revolving Term Bank Credit Facilities [1]				
Bankers' Acceptances ("BA")	2027	Floating BA rate plus 1.70%	**–**	93.0
Secured Overnight Financing Rate ("SOFR") loans (US$250.0 million; 2022 - US$365.0 million)	2027	Term SOFR rate plus 1.70%	**337.9**	494.7
U.S. Base Rate loans (Prime and Swing Line) (US$8.7 million; 2022 - US$nil)	2027	U.S. Prime rate plus 0.70%	**11.8**	–
			349.7	587.7
Other Debt				
Deferred consideration	2023-2031	1.74%-8.74%	**34.1**	37.5
Other term loans [4]	2023-2031	1.9%-6.5%	**6.8**	7.6
			40.9	45.1
Senior Unsecured Notes				
Senior unsecured notes [3]	2028	4.25%	**500.0**	500.0
Senior unsecured notes [2]	2029	4.50%	**811.0**	813.2
			1,311.0	1,313.2
Total borrowings before deferred financing fees			**1,701.6**	1,946.0
Deferred financing fees and discounts			**(19.0)**	(19.9)
Total borrowings before current maturities			**1,682.6**	1,926.1
Current maturities			**(14.6)**	(14.8)
Total non-current borrowings			**1,668.0**	1,911.3

(1) As at March 31, 2023, Superior had $23.5 million of outstanding letters of credit (2022 - $24.2 million) and $413.3 million of outstanding financial guarantees on behalf of its businesses (2022 - $391.8 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 June 6, 2022, Superior amended the syndicated credit facility and extended the maturity to June 6, 2027, with no change to the financial covenants. The credit facilities are secured by substantially all of the assets of Superior. The lender commitments remain at $750.0 million and can be increased to $1,050.0 million on condition that no event of default has occurred and lender consent is provided. In 2022, Superior also replaced the London Interbank Offered Rate to the SOFR as the benchmark interest rate for the U.S. tranche of the syndicated credit facility in accordance with the amendment.

(2) On March 11, 2021, Superior's subsidiaries, Superior Plus LP and Superior General Partner Inc., issued at par US$600 million of 4.5% senior unsecured notes due March 15, 2029. The fair value of the outstanding US$600 million senior unsecured notes is $731.4 million (2022 - $697.5 million) based on prevailing market prices. There was an unrealized foreign exchange translation gain on the US$600 million senior unsecured note of $2.3 million for the three months ended March 31, 2023, respectively (2022 - $7.9 million gain).

(3) On May 18, 2021, Superior's wholly owned subsidiary, Superior Plus LP, has completed a private placement of C$500 million of 4.25% senior unsecured notes, at par value, due May 18, 2028, which are guaranteed by Superior and certain of its subsidiaries. The fair value of the 4.25% senior unsecured note based on prevailing market rates is $447.5 million (2022 - $434.0 million).

(4) Other term loans consisting of $1.4 million (US$1.0 million) (2022 - $1.6 million or US$1.2 million) in term bank loans bearing interest at 3.99% to 5.50% due between 2023 and 2025, and $5.4 million (US$4.0 million) (2022 - $6.0 million or US$4.4 million) in other term loans bearing interest at 1.9% to 6.5% due between 2023 to 2031.

Future required repayments of borrowings before deferred financing fees are as follows:

2023-2024	14.6
2024-2025	10.3
2025-2026	7.4
2026-2027	5.7
2027-2028	350.5
Thereafter	1,313.1
Total	**1,701.6**

11. LEASING ARRANGEMENTS

The lease liabilities by operating segment are as follows:

	U.S. Propane	**Canadian Propane**	**Wholesale Propane**	**Corporate**	**Total**
As at December 31, 2021	95.5	69.1	8.8	1.1	174.5
Lease liabilities assumed as part of a business combination	27.8	–	4.5	–	32.3
Additions	25.5	11.4	11.9	–	48.8
Finance expense on lease liabilities	5.2	3.2	0.8	0.1	9.3
Lease payments	(25.8)	(19.4)	(6.2)	(0.4)	(51.8)
Impact of changes in foreign exchange rates and other	8.9	(0.1)	1.1	–	9.9
As at December 31, 2022	137.1	64.2	20.9	0.8	223.0
Additions	**1.1**	**1.7**	**6.2**	**–**	**9.0**
Finance expense on lease liabilities	**1.5**	**0.7**	**0.3**	**–**	**2.5**
Lease payments	**(7.4)**	**(5.0)**	**(0.8)**	**(0.1)**	**(13.3)**
Impact of changes in foreign exchange rates and other	**(0.5)**	**–**	**(0.4)**	**–**	**(0.9)**
As at March 31, 2023	**131.8**	**61.6**	**26.2**	**0.7**	**220.3**

	March 31 2023	December 31 2022
Current portion of lease liabilities	**49.2**	47.3
Non-current portion of lease liabilities	**171.1**	175.7
Total lease liabilities	**220.3**	223.0

The present values of lease payments are as follows:

	Minimum Rental Payments		Present Value of Rental Payments	
	March 31 2023	December 31 2022	**March 31 2023**	December 2022
Not later than one year	**55.3**	52.9	**49.2**	47.3
Later than one year and not later than five years	**138.7**	142.1	**115.5**	117.8
Later than five years	**72.6**	75.0	**55.6**	57.9
Less: future finance charges	**(46.3)**	(47.0)	**–**	–
Present value of minimum rental payments	**220.3**	223.0	**220.3**	223.0

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

	March 31 2023	December 31 2022
Not later than one year	**2.9**	2.0
Later than one year and not later than five years	**0.3**	0.6
	3.2	2.6

12. 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 three months ended March 31, 2023, 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 March 31, 2023
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Foreign currency forward contracts, net sale	**1.7**	–	–	**1.7**
Equity derivative contract	–	**0.7**	–	**0.7**
Propane, West Texas Intermediate ("WTI"), butane, heating oil and diesel wholesale purchase and sale contracts	–	**8.1**	–	**8.1**
Total assets	**1.7**	**8.8**	–	**10.5**
Liabilities				
Foreign currency forward contracts, net sale	**(15.2)**	–	–	**(15.2)**
Equity derivative contract	–	**(1.7)**	–	**(1.7)**
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	–	**(13.5)**	–	**(13.5)**
Total liabilities	**(15.2)**	**(15.2)**	–	**(30.4)**
Total net liabilities	**(13.5)**	**(6.4)**	–	**(19.9)**
Current portion of assets	**1.3**	**8.8**	–	**10.1**
Current portion of liabilities	**(8.1)**	**(15.1)**	–	**(23.2)**

				As at December 31, 2022
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts, net sale	3.0	–	–	3.0
Equity derivative contract	–	1.9	–	1.9
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	–	6.1	–	6.1
Total assets	3.0	8.0	–	11.0
Liabilities				
Foreign currency forward contracts, net sale	(20.3)	–	–	(20.3)
Cross-currency interest rate swaps	–	(1.8)	–	(1.8)
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	–	(46.3)	–	(46.3)
Total liabilities	(20.3)	(48.1)	–	(68.4)
Total net liabilities	(17.3)	(40.1)	–	(57.4)
Current portion of assets	2.7	7.9	–	10.6
Current portion of liabilities	(9.0)	(46.6)	–	(55.6)

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

Description	Notional	Term	Effective Rates	Valuation Technique(s) and Key Input(s)
Level 1 fair value hierarchy:				
Foreign currency forward contracts	US$544.6	2023–2026	$1.26 – $1.43	Quoted bid prices in the active market
Foreign currency options USD/CAD calls	US$49.0	2024	$1.33 – $1.47	Quoted bid prices in the active market
Level 2 fair value hierarchy:				
Equity derivative contracts	C$16.2	2023–2025	$11.91	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	86.84 USG[(1)]	2023–2026	$1.02 – $3.16	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 three months ended March 31, 2023 and 2022 are as follows:

	Three Months Ended March 31					
	2023			2022		
Description	**Realized Loss**	**Unrealized Gain (Loss)**	**Total**	Realized Gain	Unrealized Gain (Loss)	Total
Foreign currency forward contracts – net sale and foreign currency options, USD/CAD calls	**(4.1)**	**3.9**	**(0.2)**	1.5	3.4	4.9
Equity derivative contracts	**–**	**(1.2)**	**(1.2)**	–	(2.9)	(2.9)
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	**(25.4)**	**34.6**	**9.2**	34.8	2.4	37.2
Total gains (losses) on financial and non-financial derivatives	**(29.5)**	**37.3**	**7.8**	36.3	2.9	39.2
Loss from the fair value change of contingent consideration	**–**	**–**	**–**	–	(0.4)	(0.4)
Foreign exchange gain on U.S. dollar debt	**–**	**2.3**	**2.3**	–	7.9	7.9
Total gains (losses)	**(29.5)**	**39.6**	**10.1**	36.3	10.4	46.7

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 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 values of cash and cash equivalents, trade and other receivables, trade and other payables, dividends payable and revolving term bank credit facilities disclosed in Note 10, 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 10 is determined by quoted market prices (Level 2 fair value hierarchy).

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported on the condensed consolidated balance sheets when Superior 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 March 31, 2023 and 2022, Superior has not recorded any amount against other current and non-current financial assets and 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.

Superior's operating segments enter into various propane forward purchase and sale agreements to manage the economic exposure of its wholesale customer supply contracts and monitor their fixed-price propane positions on a daily basis to monitor compliance with established risk management policies. Superior's operating segments maintain a substantially balanced fixed-price propane position in relation to its wholesale customer supply commitments.

Superior, on behalf of its operating segments, enters into foreign currency forward contracts to manage the economic exposure of its operations to movements in foreign currency exchange rates. Superior's operating segments contract 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. Superior's operating segments deal with a large number of small customers, thereby reducing this risk. Superior's operating segments actively monitor the creditworthiness of its commercial customers. Overall, Superior's credit quality is enhanced by its portfolio of customers, which is diversified across geographical (primarily Canada and the U.S.) and end-use (primarily commercial, residential and industrial) markets.

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

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 facilities, 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 March 31, 2023, Superior estimates that a 10% increase in its share price would have resulted in a $1.5 million increase in earnings due to the revaluation of equity derivative contracts.

Superior's contractual obligations associated with its financial liabilities for the periods from April 1 to March 31 of the respective years are as follows:

	April 1 to March 31						
	Current	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**
Borrowings before deferred financing fees and discounts	14.6	10.3	7.4	5.7	350.5	1,313.1	1,701.6
Lease liabilities	49.2	42.3	30.9	24.1	18.2	55.6	220.3
Non-cancellable, low-value, short-term leases and leases with variable lease	2.9	0.3	–	–	–	–	3.2
USD foreign currency forward contracts - net sale	223.6	192.0	120.0	9.0	–	–	544.6
USD/CAD call options(1)	1.0	48.0	–	–	–	–	49.0
Equity derivative contracts	13.0	1.8	1.4	–	–	–	16.2
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	155.4	12.3	1.1	–	–	–	168.8

(1)USD/CAD call options expire on varying maturity dates between March and October 2024 with strike rates ranging from $1.33 to $1.47.

Superior's contractual obligations are considered normal 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 March 31, 2023 and 2022.

13. 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., Hungary and Luxembourg income taxes.

Total income tax expense for the three months ended March 31, 2023, composed of current income tax expense of $4.8 million and deferred income tax expense of $56.8 million (three months ended March 31, 2022 – total income tax expense consisting of current income tax expense of $1.7 million and deferred income tax expense of $44.4 million) with a corresponding total net deferred income tax liability of $155.3 million as at March 31, 2023 (December 31, 2022 – total net deferred income tax liability of $98.7 million, restated see Note 2(b)).

14. TOTAL EQUITY

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

Common Shares

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

	Issued Number of Common Shares (Millions)	Total Capital Attributable to Common Shareholders	Equity Attributable to Common Shareholders
As at December 31, 2022	200.7	2,617.9	1,108.1
Net earnings for the period	–	–	**140.7**
Other comprehensive loss	–	–	**(3.8)**
Dividends declared to common shareholders	–	–	**(36.1)**
As at March 31, 2023	**200.7**	**2,617.9**	**1,208.9**

Preferred Shares of Superior Plus US Holdings

The preferred shares issued by Superior's subsidiary ("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 13% 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, increase in 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 holders of Common Shares.

Dividends declared to preferred shareholders for the three months ended March 31, 2023 were US$4.7 million (C$6.4 million) or US$18.1 (C$24.6) per Preferred Share, respectively (three months ended March 31, 2022 – US$4.7 million (C$5.9 million) or US$18.1 (C$22.7) per Preferred Share, respectively).

NCI	**Issued Number of Preferred Shares (Millions)**	**Equity Attributable to NCI**
As at December 31, 2022	0.3	352.4
Net earnings for the period	–	**6.4**
Other comprehensive loss, allocated to NCI	–	**(1.0)**
Dividends to preferred shareholders	–	**(6.4)**
As at March 31, 2023	**0.3**	**351.4**

15. SUPPLEMENTAL DISCLOSURE OF CONDENSED CONSOLIDATED STATEMENTS OF NET EARNINGS

	Three Months Ended March 31	
	2023	2022
Revenue		
Revenue from products[3]	**1,230.7**	1,148.1
Revenue from the rendering of services	**18.0**	16.2
Tank and equipment rental	**6.7**	6.1
	1,255.4	1,170.4
Cost of sales		
Cost of products and services[1]	**(712.3)**	(775.1)
Low value, short-term and variable lease payments	**(1.9)**	(1.4)
	(714.2)	(776.5)
SD&A		
Other expenses in SD&A[4]	**(66.7)**	(41.5)
Restructuring, transaction and other costs	**(7.6)**	(7.1)
Employee costs and employee future benefit expense[2]	**(135.8)**	(104.2)
Vehicle operating costs[4]	**(33.3)**	(24.8)
Facilities maintenance expense[4]	**(2.9)**	(8.6)
Depreciation of right-of-use assets	**(10.7)**	(8.0)
Depreciation included in SD&A	**(35.1)**	(24.8)
Amortization of intangible assets	**(23.7)**	(18.8)
Low value, short-term and variable lease payments	**(0.9)**	(0.7)
Gain on disposal of assets	**0.4**	1.0
	(316.3)	(237.5)
Finance expense		
Interest on borrowings	**(22.3)**	(14.5)
Interest earned on Vendor Note (see Note 5)	**–**	1.9
Interest on lease liability	**(2.5)**	(1.8)
Amortization of borrowing fees, unwinding of discount on decommissioning liabilities and non-cash financing expenses	**(1.5)**	(1.6)
	(26.3)	(16.0)
Gain on derivatives and foreign currency translation of borrowings		
Realized gain (loss) on financial and non-financial derivatives and foreign currency translation	**(29.5)**	36.3
Unrealized gain on financial and non-financial derivatives and foreign currency translation	**39.6**	10.4
	10.1	46.7
Earnings before income taxes	**208.7**	187.1
Income tax expense		
Current income tax expense	**(4.8)**	(1.7)
Deferred income tax expense	**(56.8)**	(44.4)
	(61.6)	(46.1)
Net earnings for the period	**147.1**	141.0

(1) During the three months ended March 31, 2023, the cost of products and services includes inventories recognized as expense and inventory write-down of $706.9 million and $1.2 million, respectively (2022 - $767.8 million and $1.0 million, respectively).
(2) Expense is shown net of the Canadian Emergency Wage subsidy of $nil (2022 - $2.2 million).
(3) Included in revenue from products is the sale of carbon credit of $nil during the three months ended March 31, 2023 (2022 - $1.7 million).
(4) Restated to conform with current period presentation.

16. NET EARNINGS PER SHARE, BASIC AND DILUTED

Net earnings per share	Three Months Ended March 31 2023	2022
Basic		
Net earnings for the period attributable to common shareholders	**140.7**	135.1
Dividends declared to common shareholders	**36.1**	31.7
Excess earnings allocated to common shareholders	**91.0**	88.3
Total earnings allocated to common shareholders	**127.1**	120.0
Weighted average number of shares outstanding (millions) – basic	**200.7**	176.0
Net earnings per share attributable to common shareholders	**$0.63**	$0.68
Diluted		
Net earnings for the period attributable to common shareholders assuming preferred shares convert	**147.1**	141.0
Weighted average number of common shares outstanding (millions) assuming preferred shares convert	**230.7**	206.0
	$0.64	$0.68
Net earnings per share attributable to common shareholders	**$0.63**	$0.68

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 14). 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 (loss) 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 in each period presented in reference to that period's earnings or loss. Consequently, the sum of the four quarters' earnings (loss) per share data will not necessarily equal the annual earnings (loss) per share data.

17. DISAGGREGATION OF REVENUE

Revenue is disaggregated by primary geographical market, type of customer and major product and service lines.

For the Three Months Ended March 31, 2023

	Canada	**U.S.**	**Inter-segment**	**Total**
Revenue from sale of products	**507.4**	**950.9**	**(227.6)**	**1,230.7**
Revenue from services	**3.9**	**14.1**	**–**	**18.0**
Tank and equipment rental	**1.1**	**5.6**	**–**	**6.7**
Total revenue	**512.4**	**970.6**	**(227.6)**	**1,255.4**

For the Three Months Ended March 31, 2022

	Canada	U.S.	Inter-segment	Total
Revenue from sale of products	644.7	769.0	(265.6)	1,148.1
Revenue from services	4.2	12.0	–	16.2
Tank and equipment rental	1.4	4.7	–	6.1
Total revenue	650.3	785.7	(265.6)	1,170.4

18. SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING WORKING CAPITAL CHANGES AND OTHER

	Three Months Ended March 31	
	2023	2022
Changes in non-cash operating working capital and other		
Trade and other receivables, and prepaids and deposits	**185.5**	(34.5)
Inventories	**48.8**	16.6
Trade and other payables and other liabilities	**(122.2)**	(74.1)
	112.1	(92.0)

19. REPORTABLE SEGMENT INFORMATION

Superior operates three operating segments: U.S. Propane, Canadian Propane and Wholesale Propane. This is consistent with Superior's internal reporting and organization structure and how the Chief Operating Decision Maker ("CODM"), the President and Chief Executive Officer, reviews the operating results, assesses performance, and makes capital allocation decisions. Generally, these divisions are split between customer type, being wholesale and retail, and retail is further split by customers in the United States and Canada.

The U.S. Propane segment distributes propane gas and liquid fuels along the Eastern U.S. and into the Midwest and California. The Canadian Propane segment includes the Canadian retail business with operations across Canada. The Wholesale Propane segment is the wholesale business with operations in Canada and the Western United States. See Note 1 for further details.

The CODM regularly reviews segment profit and capital expenditures as a measure of segment assets. Segment profit represents earnings before interest, taxes, depreciation, amortization, losses (gains) on disposal of assets, finance expense, transaction, restructuring and other costs, and unrealized gains (losses) on derivative financial instruments. Capital expenditures are reviewed by the CODM representing additions to property, plant and equipment, software and vehicle and other leases.

Segment information is presented below. In the tables below, income tax recoveries and expense are not allocated to the segments. Information by country is provided in Note 20 of these condensed consolidated financial statements.

Three Months Ended March 31, 2023	**U.S. Propane**	**Canadian Propane**	**Wholesale Propane**	**Corporate**	**Total Segments**	**Inter-segment**	**Total Consolidated**
Revenue							
External customers	**681.4**	**300.2**	**273.8**	**–**	**1,255.4**	**–**	**1,255.4**
Inter-segment[1]	**–**	**10.0**	**217.6**	**–**	**227.6**	**(227.6)**	**–**
Total revenue	**681.4**	**310.2**	**491.4**	**–**	**1,483.0**	**(227.6)**	**1,255.4**
Cost of sales (includes products and services)[1]	**(339.8)**	**(179.1)**	**(422.9)**	**–**	**(941.8)**	**227.6**	**(714.2)**
Realized loss on financial and non-financial derivatives	**(18.9)**	**–**	**(6.5)**	**(4.1)**	**(29.5)**	**–**	**(29.5)**
SD&A excluding costs identified below	**(146.8)**	**(65.3)**	**(21.8)**	**(5.7)**	**(239.6)**	**–**	**(239.6)**
Segment profit (loss)	**175.9**	**65.8**	**40.2**	**(9.8)**	**272.1**	**–**	**272.1**
Depreciation included in SD&A	**(23.9)**	**(10.1)**	**(1.1)**	**–**	**(35.1)**	**–**	**(35.1)**
Depreciation of right-of-use assets included in SD&A	**(6.3)**	**(3.1)**	**(1.2)**	**(0.1)**	**(10.7)**	**–**	**(10.7)**
Amortization of intangible assets included in SD&A	**(16.8)**	**(4.7)**	**(2.1)**	**(0.1)**	**(23.7)**	**–**	**(23.7)**
Transaction, restructuring and other costs included in SD&A	**(5.5)**	**(0.2)**	**(0.1)**	**(1.8)**	**(7.6)**	**–**	**(7.6)**
Gain on disposal of assets included in SD&A	**0.1**	**0.2**	**0.1**	**–**	**0.4**	**–**	**0.4**
Finance expense	**(2.3)**	**(0.8)**	**(0.1)**	**(23.1)**	**(26.3)**	**–**	**(26.3)**
Unrealized gain on derivatives and unrealized gain on foreign currency translation of borrowings	**22.2**	**–**	**12.5**	**4.9**	**39.6**	**–**	**39.6**
Earnings (loss) before income taxes	**143.4**	**47.1**	**48.2**	**(30.0)**	**208.7**	**–**	**208.7**
Income tax expense							**(61.6)**
Net earnings for the period							**147.1**

[1] *Inter-segment revenue and cost of sales are eliminated upon consolidation and reflected in the "inter-segment" column.*

Three Months Ended March 31, 2022	U.S. Propane	Canadian Propane (2)	Wholesale Propane (2)	Corporate	Total Segments	Inter-segment	Total Consolidated
Revenue							
External customers	633.6	357.6	179.2	–	1,170.4	–	1,170.4
Inter-segment(1)	–	9.2	256.4	–	265.6	(265.6)	–
Total revenue	633.6	366.8	435.6	–	1,436.0	(265.6)	1,170.4
Cost of sales (includes products and services)(1)	(385.9)	(238.2)	(418.0)	–	(1,042.1)	265.6	(776.5)
Realized gain on financial and non-financial derivatives	27.2	–	7.6	1.5	36.3	–	36.3
SD&A excluding costs identified below	(112.0)	(59.0)	(6.1)	(2.7)	(179.8)	–	(179.8)
Segment profit (loss)	162.9	69.6	19.1	(1.2)	250.4	–	250.4
Depreciation included in SD&A	(15.0)	(9.4)	(0.4)	–	(24.8)	–	(24.8)
Depreciation of right-of-use assets included in SD&A	(4.4)	(2.8)	(0.7)	(0.1)	(8.0)	–	(8.0)
Amortization of intangible assets included in SD&A	(13.5)	(4.6)	(0.6)	(0.1)	(18.8)	–	(18.8)
Transaction, restructuring and other costs included in SD&A	(3.9)	(0.2)	–	(3.0)	(7.1)	–	(7.1)
Gain (loss) on disposal of assets included in SD&A	(0.2)	1.1	0.1	–	1.0	–	1.0
Finance expense	(1.3)	(0.8)	(0.1)	(13.8)	(16.0)	–	(16.0)
Unrealized gain on derivatives, fair value change in contingent consideration and realized and unrealized gain (loss) on foreign currency translation of borrowings	3.6	–	(1.2)	8.0	10.4	–	10.4
Earnings (loss) before income taxes	128.2	52.9	16.2	(10.2)	187.1	–	187.1
Income tax expense							(46.1)
Net earnings for the period							141.0

(1) *Inter-segment revenue and cost of sales are eliminated upon consolidation and reflected in the "inter-segment" column.*

(2) *Restated, see Note 2(b).*

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

	U.S. Propane	Canadian Propane	Wholesale Propane	Corporate	Total
As at March 31, 2023					
Net working capital(1)	**47.2**	**85.1**	**(34.3)**	**(40.7)**	**57.3**
Total assets	**2,724.8**	**992.5**	**395.9**	**111.1**	**4,224.3**
Total liabilities	**586.3**	**139.2**	**249.3**	**1,689.2**	**2,664.0**
As at December 31, 2022					
Net working capital(1) (2)	25.8	85.6	5.7	47.6	164.7
Total assets(2)	2,797.9	1,017.4	431.4	232.7	4,479.4
Total liabilities(2)	686.3	156.2	246.1	1,930.3	3,018.9

	U.S. Propane	Canadian Propane	Wholesale Propane	Corporate	Total
Capital expenditures for the three months ended March 31, 2023					
Purchase of property, plant and equipment and intangible assets	**19.8**	**8.2**	**2.1**	**–**	**30.1**
Vehicle lease additions	**1.1**	**1.3**	**0.8**	**–**	**3.2**
Capital expenditures excluding other lease liabilities	**20.9**	**9.5**	**2.9**	**–**	**33.3**
Other lease additions	**–**	**0.4**	**5.4**	**–**	**5.8**
Additions through business combinations (Note 4)(3)	**2.9**	**–**	**–**	**–**	**2.9**
Total capital expenditures	**23.8**	**9.9**	**8.3**	**–**	**42.0**
Capital expenditures for the three months ended March 31, 2022 (2)					
Purchase of property, plant and equipment and intangible assets	8.2	6.6	0.4	–	15.2
Vehicle lease additions	2.8	1.7	–	–	4.5
Capital expenditures excluding other lease liabilities	11.0	8.3	0.4	–	19.7
Other lease additions	0.1	1.1	0.3	–	1.5
Additions through business combinations (Note 4)(2)(3)	142.6	–	65.5	–	208.1
Total capital expenditures	153.7	9.4	66.2	–	229.3

(1) *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.*

(2) *Restated, see Note 2(b).*

(3) *These include property, plant and equipment and intangible assets acquired through business combination.*

20. GEOGRAPHICAL INFORMATION

	U.S.	Canada	Other	Total Consolidated
Revenue for the three months ended March 31, 2023	**1,208.3**	**47.1**	**–**	**1,255.4**
Property, plant and equipment as at March 31, 2023	**769.0**	**354.0**	**–**	**1,123.0**
Right-of-use assets as at March 31, 2023	**150.8**	**81.8**	**–**	**232.6**
Intangible assets as at March 31, 2023	**406.8**	**135.0**	**–**	**541.8**
Goodwill as at March 31, 2023	**1,319.1**	**337.5**	**–**	**1,656.6**
Total assets as at March 31, 2023	**3,014.1**	**1,187.2**	**23.0**	**4,224.3**
Revenue for the three months ended March 31, 2022	785.6	384.8	–	1,170.4
Property, plant and equipment as at December 31, 2022[(1)]	772.1	356.7	–	1,128.8
Right-of-use assets as at December 31, 2022	157.0	78.8	–	235.8
Intangible assets as at December 31, 2022[(1)]	420.4	143.5	–	563.9
Goodwill as at December 31, 2022[(1)]	1,320.7	337.4	–	1,658.1
Total assets as at December 31, 2022[(1)]	3,132.2	1,319.6	27.6	4,479.4

(1) *Restated, see Note 2(b).*