

Superior Plus Corporation (2025 Q4 Results)
February 20, 2026

Corporate Speakers:

- Chris Lichtenheldt; Superior Plus Corporation; Vice President of Investor Relations
- Allan MacDonald; Superior Plus Corporation; President and Chief Executive Officer
- Grier Colter; Superior Plus Corporation; Executive Vice President and Chief Financial Officer
- Dale Winger; Certarus; President

Participants:

- Aaron MacNeil; TD Cowen; Analyst
- Ben Isaacson; Scotia Bank; Analyst
- Gary Ho; Desjardins; Analyst
- Daryl Young; Stifel; Analyst
- Nelson Ng; RBC Capital Markets; Analyst
- Patrick Kenny; National Bank; Analyst
- Robert Catellier; CIBC Capital Markets; Analyst

PRESENTATION

Operator^ Good day and thank you for standing by. Welcome to the Superior Plus 2025 Fourth Quarter Results Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Chris Lichtenheldt, Vice President of Investor Relations. Please go ahead.

Chris Lichtenheldt^ Thank you. Good morning, everyone and welcome to Superior Plus' conference call and webcast to review our 2025 fourth quarter and full year results. On the call today we have Allan MacDonald, President and CEO, Grier Colter, Executive Vice President and Chief Financial Officer, and Dale Winger, President of Certarus. For this morning's call, Allan and Grier will begin with their prepared remarks, and then we'll open the call for questions.

Listeners are reminded that some of the comments made today may be forward-looking in nature and information provided may refer to non-GAAP measures. Please refer to our continuous disclosure documents available on SEDAR and our website. Also note, the dollar amounts discussed on today's call are expressed in U.S. dollars unless otherwise noted.

I'll now turn the call over to Allan.

Allan MacDonald^ Thanks, Chris. Good morning, everyone, and thanks for joining us today. Well 2025 was a year of significant transition for Superior Plus. Over the course of the year, we continue to reshape how we operate across North America, advancing our Superior Delivers transformation while maintaining operational continuity in a challenging environment. We made real progress and also learned some hard lessons particularly as change met a difficult winter.

Superior Delivers has a clear purpose: To build a propane business that operates at a lower cost, handles volatility better and performs consistently, especially in winter. As we integrated teams across the U.S. and Canada implemented new systems and aligned leadership around a single operating model, the organization navigated a meaningful amount of change. While the pace and scale of that change created execution pressure at times, it also strengthened our foundation.

In CNG, Certarus operated in a difficult macroeconomic environment driven by a downturn in oil and gas activity. Pricing pressure in well site created a \$40 million gross margin headwind which our team was able to largely but not entirely offset. Despite that backdrop, we maintained a strong operational discipline and continue to diversify the business. Overall, 2025 was demanding, but it improved our visibility into the business and sharpened our focus as we move into 2026. To be clear, we are staying the course, maintaining our \$75 million Superior Delivers target and managing what we can control.

Turning to results. We delivered modest organic growth in both the fourth quarter and the full year, in line with our realized guidance. As we redesigned how we schedule route and deliver propane, we are transitioning to a more efficient delivery model. Now that transition is still in progress, and this winter tested the system under very difficult conditions, including sharp localized demand, icy and snowy road conditions, and a network that hadn't yet reached full optimization, adding complexity during peak period demands. These challenges were not unique to Superior though, the broader propane industry faced elevated demand along supply constraints and extreme weather events across multiple regions.

I want to recognize and thank our teams for their extraordinary efforts during this period. We expanded our driver base, increased call center capacity, and applied every available short-term measure to support our customers. While the winter highlighted areas where execution can improve, we are on the right path and the network we're building is performing more consistently as optimization progresses. As a result of strong winter demand, we expect higher-than-normal deliveries to continue into March and April as customer inventories are replenished.

Based on what we've learned, Superior Delivers will require more time to fully realize its intended benefits than it originally anticipated. This reflects executional complexity but not a change in strategy. We were ambitious, and that's a good thing. It's now more likely a 3-year journey rather than 2. But that's because we want to get this right. and take the time to build a truly transformational platform, and we are absolutely staying the course.

Superior Delivers contributed to propane growth in 2025 and is expected to contribute more meaningfully in '26. We also acknowledge that early iterations of our delivery tools did not perform as intended and contributed lower than optimal customer tank levels heading into winter. These issues have been addressed with updated tools and delivery methodologies now in place, we are seeing improved performance and better predictability through peak demand.

On the customer side, we continue to make progress. We've developed proprietary capabilities that allow us to precisely target attractive customer segments and allocate sales and marketing resources accordingly. Conversion rates are improving, and we are building the organizational capability required to scale this approach over time.

Turning to CNG, 2025 was a challenging year for Certarus, especially in the well site business. Early in the third quarter, well site pricing declined materially and has not yet recovered. This pricing pressure overshadowed several positive developments, including two new data center contracts and the opening of a hub in Florida to support industrial growth. Despite lower oil and gas activity, Certarus delivered record volumes, reflecting strong market share retention in well site and continued success with our industrial customers.

Well site remains the largest end market for Certarus, and the current pricing environment represents a meaningful change. While pricing will improve over time as the cycle evolves, the timing and the extent of that remain uncertain. As a result, we're resetting our outlook for Certarus to reflect current market conditions, guiding to lower EBITDA in 2026 and adjusting our expectations for '27, and Grier will discuss this in more detail.

With that context, we're introducing 2026 guidance that reflects approximately 2% expected EBITDA growth. Increased contribution from propane is offset by lower earnings at Certarus, reflecting a full year of lower CNG pricing.

Now while we remain confident in Superior Delivers and maintain our \$75 million target, we are updating our '27 outlook to reflect the CNG market conditions and a slightly longer execution cycle for Superior Delivers. We believe this provides a realistic and transparent view of our path forward while maintaining confidence in the long-term potential of the business.

On capital allocation, we remain confident in the underlying value of Superior. In the near term, we expect to continue repurchasing shares. However, over the medium term, we anticipate shifting debt repayment -- shifting toward debt payments, sorry, as we prepared for the potential redemption of our \$260 million preferred shares in mid-2027. We -- assuming, of course our share price remains below the conversion price of approximately CAD \$12.

Now while 2025 presented its challenges, it also strengthened our operating discipline and clarified our priorities. We're executing a more focused plan, building a more

resilient platform, staying the course and managing what we control to position Superior to deliver sustainable value over the long term.

So with that, thank you all. To hand things over to Grier.

Grier Colter^ Thank you, Allan. And good morning. As discussed, 2025 was a year of significant change that brought both successes and some challenges across the business. Propane had a decent year and grew EBITDA modestly but did not benefit fully from the cold weather in Q4, given we are in the midst of our transformation and still adjusting to our leaner operating structure and new delivery methods. In C&G, the factors within our control were managed well but not able to fully offset the pricing pressure in the well site business.

I'll start by recapping our consolidated financial results for the full year and for the fourth quarter. Full year adjusted EBITDA of \$463.5 million was up approximately 2% due to modestly higher adjusted EBITDA from U.S. and Canadian propane, which was up about 4% and partially offset by a decline in CNG, which was down about 4%. Q4 adjusted EBITDA of \$161.9 million increased 2% versus Q4 2024 and driven by higher contributions from Superior Delivers and propane, offset partly by pricing pressure in CNG.

Full year adjusted EBITDA per share of \$1.46 and increased by 15% compared to 2024 due to lower average shares outstanding, higher adjusted EBITDA from North American propane and lower interest costs partially offset by lower adjusted EBITDA from CNG. Adjusted net earnings per share of \$0.31 increased by 94% and free cash flow per share of \$0.87 nearly double for the same reasons, with lower CapEx also contributing to free cash flow growth.

For Q4, adjusted EBITDA per share of \$0.55 increased 12% due to the same factors driving the full year increase. Adjusted net earnings per share of \$0.27 increased 17% from last year due to lower shares outstanding and higher adjusted EBITDA. Free cash flow per share of \$0.37 increased 23%, again driven by lower shares outstanding and higher adjusted EBITDA in addition to reductions in CapEx and interest expense.

Turning now to the businesses. For the full year, adjusted EBITDA in North American propane increased 4% to \$346.7 million, driven by benefits from Superior Delivers as well as favorable weather. Looking into the regions. Full year adjusted EBITDA in U.S. propane was \$246.3 million, a 5% increase, driven by Superior Delivers and higher volumes due to colder weather. In the fourth quarter, adjusted EBITDA for U.S. propane was \$96.7 million which was up 9% from last year. This increase was primarily due to the positive impact from Superior Delivers, which contributed to higher margins and lower costs, partially offset by a temporary reduction in capacity as the business adjusts to the new delivery methodology.

Full year adjusted EBITDA for Canadian propane was \$100.4 million, an increase of approximately 2%, primarily due to higher sales volumes and lower operating costs,

partially offset by a stronger U.S. dollar and the sale of fewer carbon credits compared with the prior year. In fourth quarter, adjusted EBITDA for Canadian propane was \$36.2 million. This was relatively in line with Q4 '24 as the benefits for Superior Delivers and lower operating costs were offset by the sale of fewer carbon credits compared with Q4 2024. In total, our propane transformation, Superior Delivers, contributed \$16.2 million to full year results and \$11.2 million in the fourth quarter.

Moving now to Certarus' full year adjusted EBITDA of \$142.5 million was down 4% compared to 2024, primarily because of lower realized prices in the well site business, partly offset by growth in industrial markets and higher volumes across the business. Notwithstanding a more challenging marketplace, Certarus is making significant progress on factors within its control, including a 6% reduction in operating cost per MMBtu in fiscal 2025. Our continued focus on capital discipline drove a 50% or nearly \$50 million reduction in CapEx as to tariffs, which contributed to a record year for free cash flow.

Fourth quarter adjusted EBITDA in CNG was \$34.3 million, down \$4.9 million or 13% compared to last year. This was mainly a result of pricing pressure in the all site business. Consolidated capital expenditures for the year were about \$140 million or 26% lower compared to 2024, driven mostly by lower spending in C&G. Within the regions, CapEx in Canada increased 11% as the company executed a significant fleet refreshment in order to reduce maintenance costs and optimize asset availability going forward.

For the quarter and full year, corporate operating costs were \$5.3 million and \$25.7 million respectively, which was in line with last year and also with our guidance. Our leverage at the end of 2025 was 4.0x, down about 1/2 of a turn compared to a year earlier due to higher adjusted EBITDA and to a lesser extent, lower net debt balances.

We continue to believe that share repurchases are an excellent use of capital. During the year, we repurchased 19.6 million shares or approximately 8% of our shares outstanding. From November 2024 until today now purchased approximately 32 million shares or about 13% of our shares outstanding. And this has been a meaningful driver behind our improved per share metrics.

As Allan mentioned, we are expecting adjusted EBITDA growth of 2% in 2026. In propane, the growth of 3% to 8% assumes warmer weather in 2026 versus 2025 and in line with the 5-year average. It also includes a contribution from Superior Delivers of approximately \$50 million, up approximately \$16 million from 2025 -- in 2025, sorry, as the transformation continues to progress. We have also assumed some continued customer attrition as our churn reduction and customer acquisition programs continue to ramp up.

It's worth noting in propane we expect the first quarter of 2026 to be modestly lower than Q1 2025 due to warmer weather and delivery capacity constraints. The remaining three quarters are expected to grow as Superior Delivers continues to provide benefit, including the peak shaving dynamic of our delivery methodology.

In CNG, we have not seen a material reduction in pricing since Q3 2025 and are assuming relatively stable prices through 2026. However, 2026 adjusted EBITDA to tariffs is expected to decline between 4% and 9%, based primarily on realizing lower prices over the full year as well as a reduction in ancillary revenue from utility winter standby services.

Notably, the expected decline in full year EBITDA in CNG is expected to take place entirely in the first quarter. Specifically, we expect Certarus' first quarter EBITDA to be relatively flat with Q4 2025 or down about 30% to 35% from Q1 2025, with growth expected in the following three quarters. This decline in first quarter EBITDA is due to the aforementioned reduction in ancillary revenue as well as well site pricing declines.

We expect overall CapEx, including lease additions of approximately \$160 million in 2026, up from about \$140 million in 2025 as we plan to invest in updating our U.S. propane delivery fleet to ensure optimal utilization and maintenance costs. We are also planning to modestly increase our investment in CNG.

Regarding share repurchases, we continue to see a significant opportunity in repurchasing our shares at these levels. However, we may spend less on share repurchases during 2026 as we shift some of our capital to additional debt repayment. As a reminder, we have a \$260 million convertible preferred share instrument outstanding with the conversion price materially higher than where we are trading.

These preferred shares are redeemable at par and mid-2027, if not converted. Therefore we believe it's prudent to increase our financial capacity ahead of this potential redemption to partly offset the incremental leverage associated with taking out the preferred equity. Taking out these preferred shares also eliminates the potential \$30 million common share dilution associated with this instrument and is, therefore consistent with our capital allocation strategy aimed at reducing our common shares outstanding and improving per share metrics.

As Allan mentioned, we are revising our multiyear outlook. We now expect a 3-year CAGR on EBITDA of about 2% over the years from 2024 to seven which is down from about 8% previously. This reflects lower pricing at Certarus and a more gradual progression of our propane transformation, with 2028 now expected to be the first full year of \$75 million in benefits from Superior Delivers. With this extended timeline to execute Superior Delivers, we are also tempering our customer growth expectations, which has contributed to our reduced outlook going into 2027.

With that, I will turn it back for Q&A.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Aaron MacNeil from TD Cowen.

Aaron MacNeil^ You had said something to the effect of that the original tools didn't perform as expected, and I can appreciate that Superior Delivers is a work in progress. But how are you thinking about optimization of the business versus having redundancy and the ability to ensure you're actually able to deliver for your customers? Then also energy affordability is a bit of a hot button or is becoming a bigger hot button. You've had some negative press in terms of hiking rental fees. Do you see a scenario where public or political pressure could be a potential headwind to sort of enact some of your Delivers agenda?

Allan MacDonald^ Aaron, it's Allan. So for the first thing in terms of coverage I wasn't taken back by our coverage capability in terms of what our plans are at Superior Delivers. I think what really was challenging for us was we went in -- as you recall from our last quarterly call, we went into Q4 with a slight delay in the rollout of this tool. It doesn't take much in this industry to put you on your back foot. But that delay caused us to not be able to pull tickets forward out of Q4 and Q1 into our sort of slower season. And that backlog that we went into with slightly lower tank inventories, coupled with really, really challenging weather, was what got us.

So we've got a couple of things, in terms of redundancy, we're planning. One, full realization of the optimization capabilities is going to be a big one. Two, getting our tank inventories levels exactly where we want them to be going into the winter this year is going to be important. Three, having those once-a-year deliveries that happen in Q4 and Q1 pulled into the slower seasons is going to be really important for us. Then finally, we've learned a lot, but one of the things we learned is that we have a whole contingency of staff, propane specialists that work on things like service or tank setting, that are also able to shift over to help us address peaks or demands that happen to be local. That actually worked well for us through this year and help us maintain our service to our customers.

So the flexibility that we've built into the propane specialist role, I think has proved itself to be really, really critical.

So I don't think that we're in no way creating an organization that's incapable of handling these peaks. It was just -- it was, to be honest, a bit of a perfect storm.

In terms of the rental and regulation, I mean never say never. That was less of us introducing anything untoward when it comes to pricing and more of us cleaning up contracts and customer agreements that were put in place that were frankly shortsighted, maybe misinformed. So we had customers that had, in some cases, no volume over a 2 or 3-year period, but had assets that we placed on site and that we were responsible to maintain from a regulatory standpoint.

Going forward today, if a customer came in and said, hey, we want propane storage on site but we're not going to be a high-volume customer, we'd be more than happy to accommodate them. But we do it via a rental agreement as opposed to a price per liter or

price per gallon agreement. What we were doing there was really just addressing some of the customer agreements that we had historically.

Now that's totally understandable when you realize how many acquisitions we did. Through the course of acquiring hundreds of thousands of customers, you're going to have situations like this. So we don't think the pricing is any way unreasonable. It's easy when you're talking about a new customer is sometimes a bit of a hurdle when you're addressing kind of sense in the past.

Aaron MacNeil^ Appreciate that. I can appreciate it's a tough question as well. I'm not sure if Dale's on but--

Allan MacDonald^ Sitting right next to me.

Aaron MacNeil^ Perfect. Dale, I'm hoping you can speak to the magnitude of the pricing headwinds that you're facing relative to the prior quarter. Then maybe can you speak to the Florida opportunity specifically in terms of the types of volume you might see in a sort of non-oil and gas hub versus what you typically see in the more traditional business?

Dale Winger^ We'll talk about the well site pricing dynamic first. So as Grier mentioned, the pricing that we experienced in the fourth quarter was flat to the pricing we experienced in the third quarter. So the big pricing erosion that happened in the middle of the year which creates some tough comps in the first part of this year.

As Allan mentioned, we've had the overall 2025 impact was \$40 million. And you can see, based on our volumes, what the impact of \$1 of price erosion means. And so overall, like over the last 2 years, we've seen the price to win in the marketplace decline by 25%, 15% decline overall, 2025 versus 2024. But we are encouraged that pricing has been stable over the last six months. Our guidance sort of incorporates the fact that we'll not -- we're not expecting to recover that in 2026. We're kind of expecting conditions to continue as over the last six months or so.

Then over the Florida opportunity, we do have -- we're actually really excited about that. It signals like good demand that we open that hub and immediately had customers that were interested in being able to provide the service, I think it speaks to -- the dynamic that we're really seeing right now is access to energy is really important for lots of different types of industrial and utility customers and whether it's the speed or the reliability or the cost, sometimes they can't get those kind of on the timeline or at the cost or the reliability that they want.

And so we're excited about the start that we had in Florida. Right now I mean in the first quarter, it's going to represent like less than 1% of our volumes. But you can see the -- Florida represents our 21st hub. So the volume that we generated in 2025, we did that off 20 hubs, and so you can kind of get a sense of the volume per hub. It can be a few thousand MMBtu per day.

Of course new hub development and expansion is a huge part of our Accelerate growth strategy going forward. We're excited that we have signed an agreement for a property for a Houston location. So we're actively driving forward plans to progress that and have gas flowing there serving customers in the Houston metro area by midyear.

Operator^ One moment for our next question. Our next question comes from the line of Ben Isaacson from Scotia Bank.

Ben Isaacson^ Just -- actually just one question on Certarus. I might not ask this correctly, but I'm trying to understand the cost curve. What is the marginal cost to deliver? And what is your kind of price point? I'm trying to understand how much downside is there in pricing when it comes to looking at some kind of cost group, if that's even the right way to look at it?

Allan MacDonald^ Ben, it's Allan. You just cut out on us a little bit there, but you're talking about Certarus, right?

Ben Isaacson^ Yes. Sorry. I'm just trying to understand the cost curve of Certarus.

Allan MacDonald^ No. It makes sense. Do you want to have a go with that? Or do you want me to--

Dale Winger^ Yes. Well of course we have disclosures on our kind of cost per MMBtu. You can see that we improved that by 6% 2025 over 2024. We have continued plans to continue to advance that. I mean we are the market leader. And so of course in a environment of increased price-based competition, having scale as it relates to driver utilization, the ability to employ internal drivers, some of the operating experience in terms of loading MMBTU per gas per trailer with compression technology to make sure that we're driving efficiencies on each load delivered some new technology that we installed in 2025 called smart trailers. We've equipped 50% of our fleet, that gives us real-time visibility into the trailer levels regardless --

Ben Isaacson^ Sorry, can I just refocus the question? I guess what I'm trying to drive at is the current pricing environment, are those producers that are lowering prices right now, are they making money? And if they are, how much lower can prices go to the point where they become marginal and they start to exit the industry? I'm just trying to find out how much downside there could be to prices and kind of where do you fit relative to that downside on the cost curve?

Allan MacDonald^ Well, Dale is going to have a comment on this, but I'm going to -- I can't resist. I've got an opinion. I think you've got to think about it in terms of two markets, Ben. In the well site business, especially in West Texas, you've got very dense -- you got a very dense customer base with high demand and a lot of capability, both on the vendor and the supplier side. So that's one microcosm, if you will.

Then when you factor in what's the complexity of the job, what's the distance that is required to be traveled, what's the volume and in which geography, that's when the economics really change, because this is like an airline business. And it's not obviously fully saturated the way the convenience store business is where there's one in every corner. So the more you -- the bigger your fleet and the better your utilization, lower your cost base.

When you're starting with jobs big or small outside of West Texas, that's where we have a pretty strong advantage versus our competition because we've got the ability to handle complexity at a lower cost. We've got scale. We can take on a small job in Florida because we've got other jobs to rationalize the fleet across in the same geography.

So Dale, I'm [going on to] something here, but maybe you'd like to--

Dale Winger^ The two other just things to think about, Ben, that we observed in 2025. Prior to that, 2023 and 2024, many companies were adding trailers to the fleet. So some of the market pricing is going to be determined by supply of trailers versus demand for trailers, right? And we did not see that trend continue. They were not people adding trailers to the fleet in 2025. And so that's kind of a good sort of early indicator of sort of supply, we're now kind of in a window where demand can kind of catch up to the supply.

And we have had a couple of small cases where people that were supplying mobile CNG exited basins either to shrink their footprint or to pursue other opportunities. So those are both early indicators that the supply -- that we're in a situation where demand can catch up to supply. Some of these mobile power opportunities and getting energy to people in industrial markets are going to further help increase the demand and allow that to improve the market pricing levels as that equipment goes to serve that marketplace.

Ben Isaacson^ Then just quickly, have prices fallen to the point where some high-cost guys have exited the market or I guess they just don't participate in that particular contract? Is that right?

Dale Winger^ What we've seen is more local decisions to shrink footprints. So we haven't seen anybody exit the market entirely. What we've seen is maybe they are servicing a geographic area, now they're servicing fewer or a smaller geographic area.

Ben Isaacson^ Then just to flip to the Investor Day the \$1 to \$1.10 target. Is that pushed back? Or is that now off the table?

Grier Colter^ And just to be clear, are you talking Superior Delivers? Or what's

Ben Isaacson^ Yes, I'm sorry, you had a target of \$1 to \$1.10 of free cash flow. I think that was the goal in '27 overall, I think company-wide. So the question is, is that target -- is that free cash flow target set back? Or do you think that needs to be revisited?

Grier Colter^ Yes, certainly set back. I don't think we're going to get that specific about when exactly that free cash flow target would be cut, but yes, definitely pushed back. Like as we said, there's there are some differences here with the environment that we're operating in in CNG. Of course that's had some impact. That may turn, but our assumptions are that let's assume that this is the environment that we've gotten. This is where we're operating at (inaudible) so that has an impact.

If that were to change, then it gets you a lot closer to that number. Or if not, then yes, it's going to take you quite a lot longer on the CNG side. Superior Delivers, I think we've been pretty clear, that's just going to take a year longer, still \$75 million. So that's pretty much the fact. Then the third big factor is just, like, the longer it takes to kind of have the business the platform or the foundation fully intact to go after new customer growth, that's, again delayed by about a year, and so there's kind of an impact on the overall customer growth. So I'd say yes, that's a delay.

To give you the exact numbers and when that cash flow target exactly would occur is pretty difficult [for you to do], but hopefully, that is somewhat helpful.

Operator^ One moment for our next question. Our next question comes from the line of Gary Ho from Desjardins.

Gary Ho^ Just wanted to dig in to continue with the Certarus discussions a bit. Something that came out from your press release and comments this morning. So two things. First, I think you noted two new data center contracts. Was there a new one that was just one and how many MSUs are expected to deploy there in the duration? Then second, I think where you mentioned the ancillary revenues from a utilities contract in your prepared remarks. Correct me if I'm wrong, I think that's the U.S. Northeast customer. Maybe can you elaborate on that a little bit more? And if I remember correctly, that contract was from late fall into the winter. So will some of that negative impact flow through to 2027 as well?

Allan MacDonald^ Yes. I'll start. Thanks for the question, Gary. We're pretty enthused about early inning progress with the data center. I want to give our team a lot of credit for operating 100% safely and 100% reliably for our new customers in those segments as we've mobilized and helped bring them an energy solution that's really valuable for their business. The -- we currently have -- but the jobs are scaling up, and so there were two new that started in the fourth quarter, and those are approximately 30 to -- we'll probably get to close to 40 trailers for those two jobs.

Grier Colter^ And yes, Gary, so on the second part of your question, just the ancillary revenue, yes, you're right, that's referring to the customer, the Northeast kind of utility customer. The way that I would think about it is we had several contracts with this customer. They've got a number of sites, and we had a number of sites and through this winter, we have fewer sites. So the business actually from that customer right now is not nearly as large as what it was in previous winters.

So I -- the exposure -- I guess if we think about it this way, the exposure going forward for the kind of 2026, 2027 winter, if you will, I'd say is not that great because we have much less exposure to that customer today through this winter. And that's part of the impact that you're seeing to the Certarus numbers through Q4 and what we indicated what happened kind of Q1 of '26. That's reflecting a big chunk of that business well over half, actually, I'd say, of the business that's already out, and so that's reflected in those numbers.

So the future potential -- now look -- and Dale can speak more to this, we'll continue to be competitive and participate in ongoing bids to keep business with what's a great customer and a great relationship that we've got. But the exposure certainly is not nearly what it was a year ago.

Dale Winger^ Yes. You know what's interesting, Gary -- hi, Gary. So what's interesting about that is we were talking about this yesterday. The dynamic nature of the contracts at Certarus means you're -- your contracts are almost always at market price and because they tend to be short term in nature. When you have utility contracts that are multiyear, they reflect the impact of pricing changes over the course of that contract happened all at once. So some of that -- and of course we renewed the contract, the pricing implications still happen all at once, but you go into a new contract at a lower price. So part of what you're seeing in the Northeast is really moving to more market pricing.

The second thing is our MS user, overutilized right now. We've got every MSU that we own in production right now, along with some rentals. So it's not like this created debt capacity for us. It was really just more normalization of pricing in my mind. Having said that, a good customer and we'll continue to work with them with every opportunity.

Gary Ho^ So I just want to put a final point. So that -- the negative impact from that customer would be fully reflected in your '26 numbers?

Allan MacDonald^ Sorry. Yes. I kind of whispered that, but yes. Yes.

Gary Ho^ Okay. Great. Then, Grier, maybe just on the revised buyback assumption, \$50 million to \$100 million and your 3.5x leverage target for 2027. Can you maybe walk me through how the Brookfield preps gets modeled into those numbers? The lower buyback still wouldn't get you to the full \$260 million. So are you thinking of repaying the rest of that with incremental debt? I just want to pick your brain on that.

Grier Colter^ Yes. So a few things here. If I don't answer what you're asking, just ask again, but the numbers we've assumed, so when you look at that \$3.8 million target and the -- that's assuming that we would shift. That's the lower end of the buyback range. So if you say like we'll buy back \$50 to \$100. If we buy back \$50 that's how you get to 3.8%. Then getting out to the 3.5% would assume that you continue to be shifted to debt reduction.

There's various refinancing alternatives. But if the thinking is if we could partially refinance this through rediverted share repurchases, and ultimately the extra liquidity will come from all likelihood a public bond and the rates obviously are quite attractive, as you know. And so that's kind of probably the refinancing plan.

A couple of things I will say though, look, we have been buying back stock this year and we are going to continue to buy back stock for the foreseeable I just want to make clear. We still think that this is an excellent use of capital. And really, this is an intention to add flexibility to shift to debt reduction in half two, as our leverage is a priority. We've been, I think, very consistent on that. The factors that will kind of dictate what we do be cash flow, EBITDA-based, obviously we'll look at the share price and likelihood a reduction, those will be kind of the considerations.

Then lastly, I just want to reiterate the point that while this is obviously a -- is important from a debt reduction standpoint, this preferred share instrument, we could keep in it's got step-ups in coupon and other features. This is an equity -- it has an equity component to it, right? And so our view is that if we're in a position to redeem this, that you're removing this potential for a dilution of 30 million shares, which is like 12%, 13% of the equity.

And so while it would be in one way maybe viewed as a shift from buyback to debt reduction, the intention here would be to shift -- to redeem an instrument that has equity in it and you can very much view that as share repurchase as well as making sure that the leverage component is under control, each other at is an important piece of this. So I just want to make sure that's clear.

Operator^ One moment for our next question. Our next question comes from the line of Daryl Young from Stifel.

Daryl Young^ I wanted to talk a little bit about the propane business and the guide for 2026. If you strip out the incremental Superior Delivers contribution, it implies negative organic growth of sort of 3% to 5%. So I just wanted to get a sense of, is that a function of customers that would have left your platform last year because I know there's a big lag dynamic there? Or is that a function of customers that you expect to leave because of some of the challenges that have been incurred this winter? Any color there would be great.

Allan MacDonald^ Darryl, it's Allan. To be honest, it's a combination of both, primarily the first. We're not that bearish on churn going into 2026. But from the outset, we had built Superior Delivers in two stages. The first was getting the operational optimization done and dusted which is, of course delivery optimization and it's our wholesale network optimization and things like that.

Then the second piece was, was, frankly, a little more complex, and that's how do you manage churn in the propane space which is very difficult to see. As you all know there's big lag times and there's not a lot of predictive indicators. Then customer acquisition has

been a challenge for us and a lot of majors because of the history of growth through margin expansion. So the good news is, we're obviously well down the road on the first piece.

On the second piece, we are starting to put tools in place or we've got tools put in place for predictive modeling on managing customer retention. We've developed marketing programs that are having a much higher success rate in customer saves, if you will, when we identify customers that are at risk of churn. And we've got -- we're making good progress on a higher conversion rate of sales leads.

So that's all really encouraging. It's harder for that to make a material impact and when you're talking about quarter-over-quarter or even year-over-year because you don't get the full run rate benefit obviously of a new customer acquired in a given financial period. So we've always been of the mindset that first, get the operational optimization under place and then second start to build that commercial capability. So you're really just seeing -- I don't want to use the word delay but we're still doing that in succession, but the extra work that was required on the first piece, just means that the second piece is going to come in a little later. So that's probably the long and the short there, I think.

Daryl Young^ Okay. So it sounds like then as it relates to the \$75 million of upside from Superior Delivers, you still feel confident and you're seeing regional examples of how the customer acquisition model can work, and that's what gives you the confidence to keep the \$75 million target.

Operator^ Our next question comes from the line of Nelson Ng from RBC Capital Markets.

Nelson Ng^ So my first question just relates to propane. I wanted to better understand the tank inventory situation. So I think Allan, you mentioned that you entered into Q4 with lower inventory than you'd hoped for. Then you ended Q4 with I guess low customer in tank inventory. Due to the cold weather in Q1, do you also expect -- has inventory continued to decline as you face some, I guess delivery issues. And I know that you flagged earlier that you expanded your driver base to like help with the situation. But can you just talk about the in-tank inventory and when that would normalize? Like are we looking at March or sometime this spring.

Allan MacDonald^ Yes. No. Sure. Yes. Well as we said, we went in -- with the launch of version one of our delivery optimization tool caused us to go into Q4 with lower in tank inventories than we traditionally would Q4 and Q1 are really interesting because Q4 starts low in terms of demand and ends high. So you're ramping up. Q1 is the opposite. It starts high and you ramp down. So going into Q4 with a bit of a backlog, you've got demand coming. So you get that double whammy. We've managed to obviously sustain our capacity through December and January. And as winter starts to look a little bit more like spring, it gives us the opportunity to recover some of that some or all of the in-tank inventory levels. In other words, to get the customers to the level that we think is optimal.

So you got to remember, too, when we sit here in Toronto, sometimes you forget that we operate in everywhere from the Southern U.S. to northern parts of Canada. So spring doesn't come in March and April and every part, we're well into it in some parts of the U.S., and that's exactly what we're seeing is we're using that continued capacity that we've had through December and January to get our tank levels to where we want them to be. So it's my expectation that -- we said simply, yes. We had a tank inventory challenge that complicated the winter. We maintain service through that and coming out into the spring, you're going to see tank inventories normalize to where we think they should be.

Grier Colter^ And Nelson, maybe I'll just -- I'll tack on a little bit here. It is a bit tricky to estimate exactly when that's going to happen, like as you can probably appreciate, if you had really cold January, February, March, pretty tricky to catch up inventory in March. If you had a cool January and a cold February and a warmer March, obviously makes it a little bit easier to catch up the inventory levels. Some of this is a little bit difficult to predict and it will be somewhat predicated on what kind of weather you get if that makes sense.

Nelson Ng^ Yes. So does that mean we should generally see like with the cold weather we've seen to date that volumes in the first half of this year should be looking pretty good as you push inventory back up? Then I just want to just clarify, given the -- some of the delivery challenges, have you been is that -- if that was a benefit, like is a lot of that benefit offset by maybe it's like paying overtime wages and things like that to meet customer demands.

Allan MacDonald^ Well one of the important things to remember is we don't have unlimited capacity. So when you get to a point where it's so cold, that you have opportunities outside your normal customer bank, customer-owned tanks or we'll call customers that deal with multiple companies. You don't have an unlimited supply to be able to capitalize on every opportunity in the market. So I said otherwise, no matter how cold it is, we only have a finite delivery capacity, and that's dedicated to keeping our current customers fueled. In terms of -- sorry, the second part of your question was coming out of the volumes with getting tank inventories back

Nelson Ng^ Yes. Like are you seeing a benefit from moving inventories back up? And have you been paying overtime wages and are you going to see elevated costs in Q1 which might offset that benefit?

Allan MacDonald^ Yes. So I'm going to ask Grier to comment. But the only thing I would say is our -- there's two kind of variables. Our capacity and the customers' propensity to take deliveries. The customer's propensity to take deliveries going into warm season is not universally 100%. So we're going to be -- we'll highlight the capacity and we're putting incentives in place to make sure that our customers are receptive to refills going into the lower season.

But Grier will offer some comments with the cost piece.

Grier Colter^ Yes. So Nelson, what I would say is that when -- so when we're running at kind of full capacity and you push on over time yes, the overtime rate is a little bit higher. But you could still make really good economics on the if you draw also from what we would call like service, our service staff who might be whatever installing tanks, doing like regulatory work if there are things that are movable, some are movable, some are not. But if some of these things are movable, I would view it as a delay.

So if you had service-related revenue where you've moved service people to delivery, you may not get that revenue in that quarter, but it wouldn't be necessarily lost. It would be delayed. I think we talked about at third quarter, we kind of thought there was roughly \$5 million, and we kind of thought it would be hard to get that back. The reason for that is we thought going into the fourth quarter, it's pretty difficult to get that back because you're getting busier or so for you to recoup that.

It's pretty tricky. The way I would think about the backlog is that yes, the inventory levels are a little bit lower. We think we will get that back in 2026. As it sat kind of at end of third quarter last year wasn't a huge number, call it, maybe \$5 million. That's a bigger number at the end of the year. If I said it's \$10 million to \$15 million, you're probably in the ballpark.

As we ran into January, January, you're right, it was coal. Inventory levels, we've certainly not been able to gain ground on that. So like leaving the month of January, that number is probably even a little bit larger than that. So do we think we'll get all that back. I think we'll get most of it back. And the reason is that even though they're using over time as I said, you can still make margin, maybe not quite as good but pretty good. and the service revenue, it would just maybe come later in the year, right?

So things that are as I say nonemergency type service things, you do them a bit later. So that revenue that you might have got from service through those people in February, you're using those people to help keep tank levels up and keep customers happy. Those people can then do that service stuff that's noncritical in April, say or May. And so you get that revenue within the year.

It's much easier to see it like when you have a busy season and then going through the shoulder catch up on some of the stuff and get that back, whereas in third quarter, that dynamic wasn't available, and that's why we kind of thought it would be tricky to get that \$5 million back after third quarter.

I set a lot of stuff there, but hopefully, that is somewhat helpful.

Nelson Ng

Yes. That's very helpful.

Then just moving to Certarus, I had a few questions there.

So I think Dale, you mentioned that pricing kind of bottomed out in Q3 for MSUs and it's been pretty flat since then.

But can you just talk about -- and that -- I think that was at the well site, but can you just talk about like MS pricing outside of the well site.

Because I presume like there's no longer any supply constraints to MSUs.

So are the competitors out there like reducing pricing on areas outside of the wellhead.

Dale Winger

Yes.

It matters the most for us in the well site just because on a volume basis, well site is still 80%.

But the oversupply of sort of the market sort of growing into the demand for the supply of trailers obviously does impact pricing in other segments.

But it's been most severe on the well side, and that's been the big impact kind of in our financials and in our outlook.

Nelson Ng

Okay.

Then I was just doing some rough math. And are you adding roughly 20 MSUs as far as this year?

Is that the -- is that the plan?

And also like are you seeing a big decline in the cost of purchasing MSCs?

Dale Winger

Certainly.

So the 23 MSUs to be added have been added.

As Allan mentioned, our utilization through kind of winter demand, we were 100% utilized, and we were renting trailers.

So we decided the trailers were most valuable to us to go ahead and bring those in.

So those were brought in.

And yes, good news.

I mean as part of our overall kind of cost savings initiatives and capital efficiency initiatives, we were able to achieve meaningful reductions versus last price paid on the acquisition of that equipment.

Nelson Ng^ Got it. Then just one last question for Grier. Just on the preferred shares, I think obviously you have the option to redeem the preferred shares, I think starting in July of next year. So if -- I guess if your forecast -- your financial forecast is a turn out or if there's downside to your numbers, I guess this is an option at the end of the day right? So you could potentially just delay the redemption -- can you just talk about that like optionality. You like your base case is probably to redeem the press, but it's -- you obviously have the optionality to let the coupon increase and we deem it at a later date, right?

Grier Colter^ Yes. You're right. There's a few options here. The base thinking is that, yes. We -- if we got to a scenario, and you're right, it's mid-2027, where if the equity price wasn't high enough such that the holder of the instrument was going to convert to equity that we would likely redeem it the most likely source so that would be a combination of building up some extra cash, as we talked about from shifting on the capital allocation strategy, but also a high-yield bond which would have a coupon lower than that. But -- but that's one option.

That's kind of the main line of thinking. We would have -- we don't need to redeem, you're right. And so if the holder of the instrument doesn't convert to equity, there's two things we can do, one is redeem. The other, you're right, we can leave the instrument in place. Currently, the coupon on at 7.25%, there are step-ups. I can't remember exactly how the step-ups work, but 7.25% goes to 7.75%, and those kind of things.

So it's not the most favorable coupon, but certainly, we do have the option to keep that around at those stepped-up coupons, and we can send you the detail on what those are not sure if it's public, it might actually be public. But we can easily send you those. Then, of course there would be depending on how you're trying to manage your debt and your rating agency equation. There's obviously like views that it's equity or part equity or whatever. So that is definitely an alternative that we have in front of us, not kind of the baseline thinking, but you're right, that would be something that we have at our disposal.

Operator^ Our next question comes from the line of Patrick Kenny from National Bank.

Patrick Kenny^ Maybe just to continue on with the conversation on the prefs there, Grier. So you mentioned the likely refi with public debt. But just given the time you have between now and then, just wondering if you might be contemplating an asset sale program of similar size, just to help shore up the liquidity position ahead of next summer

or any other sources of funds that might help mitigate your exposure to the credit markets over the next year or so?

Grier Colter^ Pat, it's Grier. I don't -- I think that that's -- other than -- so I would say as part of Superior Delivers, we have been kind of coming through and making sure that we don't have, obviously excess assets, a decent example would be if you've got two bulk plants through acquisition we acquired and the right next to one another, obviously goes a and you see those kind of showing up in the proceeds? But meaningful businesses or geographies, that is not high on the list of things for us.

We think there's way more inherent value in keeping the and running them better and driving more value out of them. And so the base thinking is that would not be a focus for us other than what we would kind of call extra things like extraneous surplus infrastructure that we've got which a lot of that we've been through already.

So no, that's not the base line of thinking. I think obviously like there's a price for everything, if there was some asset that attracted a bid that was too harder use. Obviously we're always open. But I think we're not out looking to divest assets. We think that this company is probably better if it's bigger, better if it has more density, it's better if it's a bigger business. So the baseline I think is not to get smaller.

Patrick Kenny^ Got it. Then just maybe to double-click on the buybacks versus debt repayment decision here over the medium term. So you touched on it, but can you just clarify your thought process here in terms of what the key macro or micro gating items might be over the next couple of quarters as you decide which path to take for 2026?

Grier Colter^ Yes, for sure. So look, as I said, I think like we've been buying back this year, we'll continue to buy back for the foreseeable future. This range we put out there really was to try to talk about what might happen in the second half. So that would be kind of the timing if we were to shift, we really would we wouldn't get out of at least until kind of halfway through the year. what would be the considerations -- it's going to -- it will be based on the winter cash flow that we're generating EBITDA as that becomes clear for us, that will be a factor. Then, of course the likelihood of redemption. So what happens to the share price will be an input. So those will kind of be what we'll look at.

As I say I think that we view the -- as I said earlier, we view these as if there is a redemption of preferred share, they like it is a low delta call option in it right now but it is equity, and it has an equity element to it. So even if we were to shift, I think it's important that we view that as an equity-friendly or shareholder-friendly shift. And it is, as I say is like a synthetic or have similar elements maybe I would say is as a buyback. But anyway that's kind of the way we're thinking about it. As I say it would be -- it's watching the cash flow, watching the EBITDA, watching the share price and those really are the inputs. But we're not going to probably to at least talk with you here.

Operator^ One moment for our next question. Our next question comes from the line of Robert Catellier from CIBC Capital Markets.

Robert Catellier^ I just wanted to see if you could clarify what the key issues are on the reduced delivery capacity in the propane business. And more importantly, just confirm that the solutions and timelines required to resolve these issues have been identified.

Allan MacDonald^ Rob yes, you know what, it's obviously been a challenging winter, but I don't think that it's necessarily the delivery capacity. I think it was a combination of us creating some headwinds for ourselves with in tank inventories. And coupled with what was a very, very unusual winter from a weather standpoint. So my confidence level in terms of our being able to meet demand, first of all, is very high going forward.

But secondly, coupled with that, we want to drive even -- really see those optimization savings coming through. So we're able to not only meet the demand of the customers, but also do it and much more efficiently than we've done in the past. So a bit of a perfect storm coming through this winter. Some of it is self-inflicted, unfortunately. But I don't see this as a trend. And it's not something I'm concerned about repeating.

Robert Catellier^ You think just conform most from time and straightening out the inventory levels is going to resolve the challenges you've experienced?

Allan MacDonald^ Yes, 100%. I think were we to handle this -- have the same weather pattern next year are positioning to be able to not only satisfy the requirements of our customers, but do it in a very efficient way I think it would be dramatically higher.

Robert Catellier^ Okay. And just turning to Certarus here. I'm wondering if you have a view on what has to happen to see more well site activity for or in your opinion? Is it the oil price level or some other risk factor customers are dealing with generally speaking?

Dale Winger^ Well I mean well site activity, volumes are very good. I mean we had record volumes in the fourth quarter. Certainly, we're in a lower oil price environment. than where we were a year ago. So -- but that's actually had more of an impact kind of on pricing than it has had on kind of overall activity. We visited with several customers to start the year.

I would say Rob, the median of those conversations, I mean this is from all across North America is customers have spending plans somewhere between down low single digits to flat. So the range is larger than that. Some are planning to have increased spending, some less than down low single digits. But kind of down low single digits to flat is the range with oil prices kind of in this mid-60s price environment. And so we continue to stay focused on offering the best value proposition to those customers. They care a lot about safety. They care a lot about reliability and between reducing our costs to be efficient and be competitive.

We feel good about our position. Then I think for sure, commodity prices would be the thing that could change the trajectory of those spending plans as the industry kind of works its way through cycles. And certainly, 2025 was a downward trajectory on that

cycle. And for 2026, we haven't planned an inflection. We're planning to kind of compete in market conditions as they are. And certainly, we'll be encouraged as the cycle begins to turn.

Allan MacDonald^ What's interesting about that, too, Dale, and Rob, is the growth in our renewables and industrial business means as the biggest player in the market, we're not flooding West Texas with excess capacity. So that shift in strategy and the work that deal has done has been a godsend because in some weeks, we're actually taking trailers out of West Texas which is alleviating some pricing pressure. But certainly, that's caused us to not have to rely on the sort of traditional originating vertical and be contributing to oversupply.

So we're going to -- that's one of the reasons we're staying in the course. One of the reasons that we're optimistic that a recovery is going to be beneficial because we've got other options that are actually serving us really well. And the work that Dale's done on the operating leverage means that sort of pricing recovery, it goes right to the bottom line. So all that to say yes, it's going to be activity for sure. But it's worth noting that we're also not contributing to an oversupply in that market right now.

Operator^ Thank you. At this time, I would now like to turn the conference back over to Allan MacDonald, President and CEO, for closing remarks.

Allan MacDonald^ Well thank you very much for joining, everyone. It's good to talk to you all. We appreciate your questions. And we look forward to speaking to you in May. Thanks very much.

Operator^ This concludes today's conference call. Thank you for participating. You may now disconnect.