

Superior Plus Corp.
Condensed Consolidated Balance Sheets

(Unaudited, millions of Canadian dollars)	Note	As at June 30 2022	As at December 31 2021 ⁽ⁱ⁾
Assets			
Current Assets			
Cash and cash equivalents		57.4	28.4
Trade and other receivables	6	239.0	319.4
Prepays and deposits		70.0	52.8
Inventories	7	109.5	111.5
Other current financial assets	13	31.4	52.6
Total Current Assets		507.3	564.7
Non-current Assets			
Property, plant and equipment	5	1,277.6	1,078.1
Intangible assets	5	560.5	441.3
Goodwill	5	1,568.3	1,320.9
Notes receivable and other investments	4	134.2	130.5
Employee future benefits		7.2	7.0
Deferred tax assets	14	10.8	10.8
Other non-current financial assets	13	3.8	8.8
Total Non-current Assets		3,562.4	2,997.4
Total Assets		4,069.7	3,562.1
Liabilities and Equity			
Current Liabilities			
Trade and other payables	9	348.5	440.5
Contract liabilities		16.8	20.6
Lease liabilities	12	47.0	44.9
Borrowings	11	12.7	11.4
Dividends payable		14.1	12.5
Other current financial liabilities	13	7.5	7.1
Total Current Liabilities		446.6	537.0
Non-current Liabilities			
Lease liabilities	12	153.2	129.6
Borrowings	11	1,654.2	1,444.9
Other liabilities	10	38.9	16.0
Provisions	8	10.8	10.3
Employee future benefits		7.1	6.8
Deferred tax liabilities	14	149.9	101.7
Other non-current financial liabilities	13	5.6	3.6
Total Non-current Liabilities		2,019.7	1,712.9
Total Liabilities		2,466.3	2,249.9
Equity			
Capital		2,630.9	2,350.3
Deficit		(1,443.6)	(1,419.5)
Accumulated other comprehensive earnings		81.4	52.8
Non-controlling interest		334.7	328.6
Total Equity	15	1,603.4	1,312.2
Total Liabilities and Equity		4,069.7	3,562.1

⁽ⁱ⁾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 15)	Contributed Surplus	Total Capital	Deficit	Accumulated Other Comprehensive Earnings	Non- controlling Interest (Note 15)	Total
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	—	—	—	43.9	—	12.1	56.0
Unrealized foreign currency gain on translation of foreign operations	—	—	—	—	28.7	6.1	34.8
Actuarial defined-benefit loss	—	—	—	—	(0.1)	—	(0.1)
Total comprehensive earnings	—	—	—	43.9	28.6	18.2	90.7
Common shares issued, net of costs	280.6	—	280.6	—	—	—	280.6
Dividends and dividend equivalent declared to common shareholders	—	—	—	(68.0)	—	—	(68.0)
Dividends to non-controlling interest shareholders	—	—	—	—	—	(12.1)	(12.1)
As at June 30, 2022	2,629.7	1.2	2,630.9	(1,443.6)	81.4	334.7	1,603.4
As at January 1, 2021	2,349.1	1.2	2,350.3	(1,475.6)	74.5	330.9	1,280.1
Net earnings for the period	—	—	—	202.4	—	11.7	214.1
Unrealized foreign currency loss on translation of foreign operations	—	—	—	—	(37.0)	(8.6)	(45.6)
Realized foreign currency gain reclassified to net earnings	—	—	—	—	(20.8)	—	(20.8)
Actuarial defined-benefit gain	—	—	—	—	17.3	—	17.3
Income tax expense on other comprehensive loss	—	—	—	—	(4.6)	—	(4.6)
Total comprehensive earnings (loss)	—	—	—	202.4	(45.1)	3.1	160.4
Dividends and dividend equivalent declared to common shareholders	—	—	—	(63.4)	—	—	(63.4)
Dividends to non-controlling interest shareholders	—	—	—	—	—	(11.7)	(11.7)
As at June 30, 2021	2,349.1	1.2	2,350.3	(1,336.6)	29.4	322.3	1,365.4

See accompanying Notes to the Unaudited Condensed Consolidated Financial statements.

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

		Three Months Ended		Six Months Ended	
		June 30		June 30	
(Unaudited, millions of Canadian dollars, except per share amounts)	Note	2022	2021	2022	2021
Revenue	16, 19	628.6	365.6	1,799.0	1,205.1
Cost of sales (includes products and services)	16	(434.1)	(216.5)	(1,210.6)	(706.9)
Gross profit		194.5	149.1	588.4	498.2
Expenses					
Selling, distribution and administrative costs	16, 17	(249.0)	(178.2)	(486.5)	(399.2)
Finance expense	16	(17.8)	(58.9)	(33.8)	(121.2)
Gain (loss) on derivatives and foreign currency translation of borrowings	13, 16	(47.2)	39.1	(0.5)	75.1
		(314.0)	(198.0)	(520.8)	(445.3)
Earnings (loss) before income taxes	16	(119.5)	(48.9)	67.6	52.9
Income tax (expense) recovery	14	34.5	12.8	(11.6)	(13.6)
Net earnings (loss) from continuing operations	16	(85.0)	(36.1)	56.0	39.3
Net earnings from discontinued operations, net of tax expense	4	—	166.1	—	174.8
Net earnings (loss)		(85.0)	130.0	56.0	214.1
Net earnings (loss) attributable to:					
Superior		(91.2)	124.2	43.9	202.4
Non-controlling interest		6.2	5.8	12.1	11.7
Net earnings (loss) per share from continuing operations attributable to Superior					
Basic and diluted	18	(0.46)	(0.24)	0.23	0.16
Net earnings (loss) per share attributable to Superior					
Basic and diluted	18	(0.46)	0.63	0.23	1.04
Other comprehensive earnings (loss)					
Items that may be reclassified subsequently to net earnings (loss)					
Unrealized foreign currency loss on translation of foreign operations		53.1	(22.2)	34.8	(45.6)
Realized foreign currency gain reclassified to net earnings	4	—	(20.8)	—	(20.8)
Items that will not be reclassified to net earnings (loss)					
Actuarial defined-benefit gain and (loss)		(0.6)	3.0	(0.1)	17.3
Income tax expense (recovery) on other comprehensive loss		0.1	(1.0)	—	(4.6)
Other comprehensive earnings (loss) for the period		52.6	(41.0)	34.7	(53.7)
Total comprehensive earnings (loss) for the period		(32.4)	89.0	90.7	160.4
Total comprehensive earnings (loss) for the period attributable to:					
Superior		(48.2)	87.5	72.5	157.3
Non-controlling interest		15.8	1.5	18.2	3.1

See accompanying Notes to the Unaudited Condensed Consolidated Financial statements.

Superior Plus Corp.
Condensed Consolidated Statements of Cash Flows

		Three Months Ended		Six Months Ended	
		June 30		June 30	
(Unaudited, millions of Canadian dollars)	Note	2022	2021	2022	2021
OPERATING ACTIVITIES					
Net earnings (loss) for the period		(85.0)	130.0	56.0	214.1
Adjustments for:					
Depreciation included in selling, distribution and administrative costs		27.5	25.3	52.3	51.1
Depreciation of right-of-use assets included in selling, distribution and administrative costs		9.6	7.1	17.6	14.2
Depreciation and amortization included in discontinued operations		—	—	—	9.6
Amortization of intangible assets included in selling, distribution and administrative costs		22.0	16.1	40.8	31.7
Loss on disposal of assets in continuing and discontinued operations, impairments, and other non-cash items		1.8	1.5	0.8	0.4
Unrealized loss (gain) on financial and non-financial derivatives and foreign exchange gain on U.S. Dollar debt and lease liabilities, including discontinued operations	13, 4	53.9	(31.6)	43.5	(42.0)
Gain on disposal of discontinued operations	4	—	(228.7)	—	(228.7)
Finance expense recognized in net earnings, including discontinued operations		17.8	58.9	33.8	123.2
Income tax expense (recovery) recognized in net earnings, including discontinued operations	14	(34.5)	55.3	11.6	85.0
Changes in non-cash operating working capital and other	20	110.6	95.3	18.6	52.6
Cash flows from operating activities before income taxes and interest paid		123.7	129.2	275.0	311.2
Income taxes paid		(5.4)	(5.5)	(14.6)	(13.5)
Interest paid		(15.3)	(20.3)	(35.6)	(68.2)
Cash flows from operating activities		103.0	103.4	224.8	229.5
INVESTING ACTIVITIES					
Acquisitions, net of cash acquired	5	(206.7)	(207.3)	(494.1)	(242.0)
Purchase of property, plant and equipment and intangible assets	21	(27.7)	(19.2)	(42.9)	(42.2)
Proceeds on disposal of property, plant and equipment		0.6	0.1	2.7	2.0
Proceeds on divestiture	4	—	572.4	—	572.4
Cash flows from (used in) investing activities		(233.8)	346.0	(534.3)	290.2
FINANCING ACTIVITIES					
Proceeds of revolving term bank credit facilities and other debt		1,184.1	156.7	2,044.5	798.0
Repayment of revolving term bank credit facilities and other debt		(1,267.3)	(237.6)	(1,885.8)	(1,133.0)
Principal repayment of lease obligations		(10.2)	(9.1)	(19.8)	(24.6)
Redemption of 7% senior unsecured debentures	11	—	—	—	(472.3)
Redemption of 5.25% senior unsecured debentures		—	(410.5)	—	(410.5)
Redemption of 5.125% senior unsecured debentures		—	(384.2)	—	(384.2)
Issuance of 4.5% senior unsecured notes	11	—	—	—	753.7
Issuance of 4.25% senior unsecured debenture		—	500.0	—	500.0
Proceeds from common share issuance	15	287.5	—	287.5	—
Common share issuance cost	15	(9.2)	—	(9.2)	—
Debt issue costs credit facility		(0.5)	(1.6)	(0.5)	(1.6)
Debt issue costs 4.25% senior unsecured note		—	(8.7)	—	(8.7)
Debt issue costs 4.5% senior unsecured note		—	(2.0)	—	(13.3)
Dividends paid to shareholders		(40.9)	(37.5)	(78.5)	(75.2)
Cash flows from (used in) financing activities		143.5	(434.5)	338.2	(471.7)
Net increase in cash and cash equivalents from continuing operations		12.7	14.9	28.7	48.0
Cash and cash equivalents, beginning of the period		44.1	55.2	28.4	24.1
Effect of translation of foreign currency-denominated cash and cash equivalents		0.6	1.7	0.3	(0.3)
Cash and cash equivalents, end of the period		57.4	71.8	57.4	71.8

See accompanying Notes to the Unaudited Condensed Consolidated Financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, tabular amounts in millions of Canadian dollars, except per share amounts)

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 unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on August 9, 2022.

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 reportable segments differ from disclosures in prior periods and more closely aligns with how the Chief Operating Decision Maker, Superior’s President and Chief Executive Officer manages the business and evaluates the business performance following the acquisition of Kiva Energy Inc. (“Kiva”) see Note 5. As a result of the change, the Wholesale Propane segment, previously included in Canadian Propane, was separated as its own reporting segment. Prior period results and disclosures have been conformed to reflect Superior’s existing reportable segments. 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 consists of Superior Gas Liquids, United Liquid Gas Company, Inc., Sheldon United Terminals, LLC and Kiva. 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 U.S.

In prior years, Superior included its Specialty Chemicals business as an operating segment; however, this segment was divested on April 9, 2021 and its net earnings have been reported as a discontinued operation, see Note 4.

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

2. BASIS OF PRESENTATION

(a) Preparation of unaudited Condensed Consolidated Financial Statements

The accompanying unaudited 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, 2021, except for the adoption of new standards effective as of January 1, 2022 (see 2(c)). The unaudited condensed consolidated financial statements were prepared on a going concern basis.

The unaudited 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 (loss) and total comprehensive earnings (loss) from

date of acquisition, or in the case of disposals, up to the effective date of disposal. Where Superior's interest is less than 100 percent, the interest attributable to outside shareholders is reflected in non-controlling interest ("NCI"). A subsidiary of Superior has outstanding cumulative preference shares that are classified as equity and are held by non-controlling interest. Superior computes its share of net earnings after deducting for the dividend entitlement on these NCI on preference shares. The NCI is translated using exchange rates prevailing at the end of each reporting period with the foreign exchange translation included in other comprehensive earnings for the 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 earnings for the period. If Superior loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

(b) Reclassification of Comparative Figures

During the six months ended June 30, 2022, Superior adjusted the purchase price allocation for certain acquisitions that were completed in the prior year. As disclosed in Note 5, Superior has restated the condensed consolidated balance sheets as at December 31, 2021 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 unaudited condensed consolidated statements of changes in equity, net earnings (loss) and total comprehensive earnings (loss) and cash flows for the three and six months ended June 30, 2021 remain unchanged since the acquisition occurred subsequent to June 30, 2021.

Certain prior year numbers have been restated as a result of Superior's change in reportable segments, see Notes 1 and 21.

(c) Significant Accounting Judgments, Estimates and Assumptions

The preparation of Superior's unaudited 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 unaudited condensed consolidated financial statements are consistent with those disclosed in Superior's 2021 annual consolidated financial statements, except for the following:

COVID-19

The outbreak of the novel strain of the coronavirus in the first quarter of 2020, specifically identified as the COVID-19 pandemic, caused governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, caused material disruption to businesses globally. Global equity markets experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. COVID-19 did not significantly impact the carrying values of the Company's assets and liabilities as at June 30, 2022. Certain expenses were eligible under the Canadian Emergency Wage Subsidy ("CEWS") program instituted by the Government of Canada. The CEWS program allowed Superior to recover a portion of eligible employee costs incurred, see Note 16. Superior does not expect to make any future claims. Judgments, estimates and assumptions made by management during the preparation of these unaudited condensed consolidated financial statements may also change as conditions related to COVID-19 change. Changes in assumptions including, but not limited to, foreign exchange rates, interest rates and commodity prices could

impact the measurement of items including derivative and non-derivative instruments, allowance for doubtful accounts, provisions and employee future benefits.

(d) Changes in Accounting Policies and Disclosures

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

On May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments to IAS 37 apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. These amendments had no significant impact on the unaudited condensed consolidated financial statements of Superior.

Reference to the Conceptual Framework – Amendments to IFRS 3, *Business Combinations* (“IFRS 3”)

The Board added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or International Financial Reporting Interpretations Committee (“IFRIC”) 21, *Levies*, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the *Framework for the Preparation and Presentation of Financial Statements*. These amendments had no significant impact on the unaudited condensed consolidated financial statements of Superior.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the unaudited condensed consolidated financial statements of Superior.

(e) Standards Issued But Not Yet Effective

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

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

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

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

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

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments to IAS 8 are effective for annual reporting periods

beginning on or after 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 are not expected to have a material impact on the consolidated financial statements.

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2, *Making Materiality 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 the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

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

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. The Company is currently assessing the impact that the amendments to IAS 12 will have on the Company’s right-of-use assets, lease liabilities and decommissioning obligations.

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 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. 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 June 30, 2022, Superior reported gross profit of \$1,002.9 million (June 30, 2021 – \$896.4 million) and net earnings of \$48.6 million (June 30, 2021 – \$95.6 million) from continuing operations.

4. DISCONTINUED OPERATIONS

On April 9, 2021, Superior completed the previously announced sale of its Specialty Chemicals business for total consideration of \$725 million (the “Transaction”). Superior received \$600 million in cash proceeds, less a working capital adjustment of \$17.0 million and \$125 million in the form of a 6% unsecured note (“Vendor Note”). The principal amount of the Vendor Note and accrued and unpaid interest are due October 9, 2026. The purchase price is subject to adjustment based on the average EBITDA of the business for the three consecutive 12-month periods following the closing date. If the average EBITDA, adjusted to remove the impact of IFRS 16, *Leases* (“IFRS 16”), is higher than \$115 million, the purchase price will be increased by multiplying the difference by 4.5 and the buyer

will issue an additional note to Superior, up to a maximum of \$100 million, which includes accumulated interest. The note will bear interest at the same rate as the Vendor Note and interest will accrue from the closing date. If the average EBITDA, adjusted to remove the impact of IFRS 16, is lower than \$100 million, the purchase price will be decreased by multiplying the difference by 4.5 and a note will be issued by the seller up to a maximum of \$100 million, which includes accumulated interest. The note will bear interest at the same rate as the Vendor Note and interest will accrue from the closing date. The fair value of the contingent consideration at April 9, 2021 was estimated to be a liability of \$1.4 million is included on the condensed consolidated balance sheets, as part of other non-current financial liabilities; see Note 13 for the fair value as at June 30, 2022. Changes in the fair value of the contingent consideration are recorded in the condensed consolidated statements of net earnings (loss) and total comprehensive earnings (loss) as part of the gain on derivatives and foreign currency translation of borrowings while interest earned on the vendor note is recorded net of finance expense; see Notes 13 and 16 of the unaudited condensed consolidated financial statements, respectively.

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

The Vendor Note is included in notes receivable and other investments on the condensed consolidated balance sheets and includes \$9.1 million in accrued interest.

Net earnings from discontinued operations reported in the condensed consolidated statements of net earnings (loss) and total comprehensive earnings (loss) for the three and six months ended June 30, 2021 are as follows:

	June 30, 2021	
	Three months ended	Six months ended
Revenue	12.9	157.5
Cost of sales	(8.4)	(101.2)
Depreciation included in cost of sales	—	(5.6)
Gross profit	4.5	50.7
Expenses		
Selling, distribution & administrative ("SD&A") costs, including a loss on disposal of \$0.5 million	1.0	(27.8)
Depreciation and amortization included in SD&A	—	(4.0)
Finance expense	—	(2.0)
Unrealized gain on foreign currency translation of leases	—	0.6
	1.0	(33.2)
Net earnings from discontinued operations before income taxes	5.5	17.5
Gain on disposal including \$20.8 million currency translation adjustment	228.7	228.7
Current income tax expense	(15.4)	(16.2)
Deferred income tax expense	(52.7)	(55.2)
Net earnings from discontinued operations	166.1	174.8
Other comprehensive earnings from discontinued operations		
Items that may be reclassified subsequently to net earnings		
Realized foreign currency gain on translation of foreign operations	(20.8)	(20.8)
Items that will not be reclassified to net earnings		
Actuarial defined-benefit gain	3.0	17.0
Income tax expense on other comprehensive earnings loss	(1.1)	(4.6)
Other comprehensive loss related to discontinued operations	(18.9)	(8.4)
Total comprehensive earnings related to discontinued operations	147.2	166.4

Cash flows from discontinued operations reported in the condensed consolidated statements of cash flows for the three and six months ended June 30, 2021 are as follows:

	June 30, 2021	
	Three months ended	Six months ended
Cash flows from operating activities	5.6	17.4
Cash flows used in investing activities	–	(7.4)
Cash flows used in financing activities	–	(6.7)
Cashflows from discontinued operations	5.6	3.3

5. ACQUISITIONS

2022	Kamps Propane	Quarles	Heartland	Other
Accounts receivable	38.8	13.6	–	0.3
Prepaid expenses	3.4	–	–	–
Inventories	17.4	4.4	0.2	0.3
Property, plant and equipment	95.9	105.5	2.6	1.6
Intangible assets	93.7	30.3	2.5	1.7
Trade and other payables and contract liabilities	(28.0)	(6.1)	–	–
Short-term debt and lease liabilities	(14.9)	(0.3)	–	–
Long-term debt and lease liabilities	(39.9)	(3.7)	(0.5)	–
Provisions and other liabilities	(18.1)	(1.2)	–	–
Deferred tax liabilities	(39.1)	–	–	–
Net identifiable assets and liabilities	109.2	142.5	4.8	3.9
Consideration transferred				
Fair value of deferred consideration	–	–	0.8	2.9
Cash paid on acquisition ⁽ⁱ⁾	272.7	199.1	8.1	1.4
Total consideration transferred	272.7	199.1	8.9	4.3
Goodwill arising on acquisition	163.5	56.6	4.1	0.4

⁽ⁱ⁾ Consideration paid for Kamps Propane after total working capital adjustments of approximately \$29.3 million is cash paid of \$284.4 million net of estimated recovery of \$11.7 million.

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

If the 2022 acquisitions had occurred on January 1, 2022, revenue and net earnings from continuing operations for the three and six months ended June 30, 2022 would have increased by \$25.1 million and decreased by \$0.3 million, and increased by \$261.7 million and \$18.7 million, respectively.

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

expects that any further changes will relate to finalizing the fair value of property, plant and equipment, intangible assets and goodwill.

Kamps Propane

On March 23, 2022, Superior acquired all the issued and outstanding shares of Kamps Propane and Kiva Energy for an aggregate purchase price of approximately US\$240 million (C\$302 million) before adjustments for working capital of approximately US\$22.9 million (C\$29.3 million). Goodwill arising on this acquisition has been provisionally allocated between the U.S. Propane segment for \$103.1 million and the Wholesale Propane segment for \$60.4 million. The goodwill recognized is not deductible for income tax purposes.

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

	Previously Reported	Adjustments	June 30, 2022
Accounts receivable	46.3	(7.5)	38.8
Inventories	17.5	(0.1)	17.4
Property, plant and equipment	75.5	20.4	95.9
Intangible assets	96.7	(3.0)	93.7
Goodwill	167.5	(4.0)	163.5
Accounts payable and accrued liabilities and contract liabilities	(28.2)	0.2	(28.0)
Other short and long-term liabilities	(106.0)	(6.0)	(112.0)

Accounts receivable, inventories and accrued liabilities decreased as a result of updating fair value estimates. Property, plant and equipment and intangibles changed by a net increase of \$17.4 million as a result of updating estimates to the assumed age and cost of tanks and equipment acquired. Other short and long-term liabilities increased mainly due to the increase in deferred tax liabilities of \$5.8 million coming primarily from the increase in the property, plant and equipment. As a result of these adjustments, goodwill was decreased by \$4.0 million.

For the three and six months ended June 30, 2022, subsequent to the acquisition date, the acquisition contributed:

- revenue and net loss of \$27.8 million and \$3.5 million, respectively; \$29.7 million and \$3.5 million, respectively to the U.S. Propane segment inclusive of inter-segment transactions; and
- revenue and net loss of \$80.8 million and \$0.7 million, respectively; \$96.7 million and \$0.7 million, respectively to the Wholesale Propane segment inclusive of inter-segment transactions.

Heartland Industries, LLC. (“Heartland”)

On April 1, 2022, Superior acquired the assets of Heartland for an aggregate purchase price of approximately US\$7.1 million (C\$8.9 million) before adjustments for working capital of approximately US\$0.4 million (C\$0.5 million). Goodwill arising on this acquisition forms part of the U.S. Propane segment.

Subsequent to the acquisition date, the acquisition contributed revenue and net earnings of \$1.5 million and \$nil, respectively U.S. Propane Distribution segment for the three and six months ended June 30, 2022.

Quarles Petroleum Inc. (“Quarles”)

On June 1, 2022, Superior acquired the retail propane distribution and refined fuels assets of Quarles for an aggregate purchase price of approximately US\$143.1 million (C\$181.1 million) before adjustments for working capital. Goodwill arising on this acquisition forms part of the U.S. Propane segment.

Subsequent to the acquisition date, the acquisition contributed revenue and net loss of \$9.3 million and \$3.1 million, respectively to the U.S. Propane Distribution segment for the three and six months ended June 30, 2022.

Other acquisitions

During the six months ended June 30, 2022, the Company closed two business acquisitions for a total consideration of approximately US\$2.8 million (C\$4.0 million) before working capital adjustments. Goodwill arising on this acquisition forms part of the U.S. Propane segment.

Subsequent to the acquisition date, the acquisition contributed revenue and net loss of \$0.1 million and \$0.1 million, respectively, and \$0.2 million and \$0.1 million respectively to the U.S. Propane Distribution segment for the three and six months ended June 30, 2022.

Acquisition in 2021

Hopkins Propane

During the six months ended June 30, 2022, the estimated purchase price was updated from the prior estimate, as a result, adjustments were made to the purchase price allocation and balances of intangible assets, goodwill and trade and other payables as at December 31, 2021 were restated accordingly. Intangible assets increased by \$0.4 million primarily due to updating the estimated fair value of customer relationships and cash paid on acquisition increased by \$1.7 million due to adjustments to working capital. These changes resulted in a net increase to goodwill in the amount of \$1.3 million.

6. TRADE AND OTHER RECEIVABLES

A summary of trade and other receivables is as follows:

	June 30 2022	December 31 2021
Trade receivables, net of allowances	214.3	300.1
Accounts receivable – other ⁽ⁱ⁾	24.7	19.3
Trade and other receivables	239.0	319.4

⁽ⁱ⁾ This balance consists of accounts receivable related indirect tax, final settlements related to acquisitions and other miscellaneous balances.

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

	June 30 2022	December 31 2021
Current	117.5	211.0
Past due less than 90 days	72.6	84.6
Past due over 90 days	41.4	17.4
Trade receivables	231.5	313.0

Superior's trade receivables are stated after deducting an allowance of \$17.2 million as at June 30, 2022 (December 31, 2021 - \$12.9 million). The movement in the allowance for doubtful accounts is as follows:

	June 30 2022	December 31 2021
Allowance for doubtful accounts, January 1	(12.9)	(12.0)
Impairment losses recognized on receivables	(7.1)	(8.0)
Amounts written off during the period as uncollectible	2.6	6.4
Impact of divestiture (Note 4)	—	1.0
Amounts recovered	0.3	0.5
Foreign exchange impact and other	(0.1)	(0.8)
Allowance for doubtful accounts, end of the period	(17.2)	(12.9)

7. INVENTORIES

A summary of inventories is as follows:

	June 30 2022	December 31 2021
Propane, heating oil and other refined fuels	91.7	97.9
Propane retailing materials, supplies, appliances and other	17.8	13.6
	109.5	111.5

8. 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	—	1.2
Utilization	(0.8)	—	(0.8)	(1.6)
Unwinding of discount	—	0.1	—	0.1
Impact of change in discount rate	—	(0.9)	—	(0.9)
Net foreign currency exchange difference	(0.1)	0.1	0.1	0.1
Balance as at June 30, 2022	1.2	7.9	2.9	12.0

	June 30 2022	December 31 2021
Current (Note 9)	1.2	2.8
Non-current	10.8	10.3
	12.0	13.1

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

unaudited condensed consolidated statements of net earnings (loss) and total comprehensive earnings (loss) or unaudited 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 unaudited condensed consolidated statements of net earnings (loss) and total comprehensive earnings (loss) or unaudited condensed consolidated balance sheets.

9. TRADE AND OTHER PAYABLES

A summary of trade and other payables is as follows:

	June 30 2022	December 31 2021⁽ⁱ⁾
Trade payables	242.7	297.0
Provisions (Note 8)	1.2	2.8
Accrued liabilities and other payables	77.9	105.6
Current taxes payable	15.5	12.6
Share-based payments, current portion	11.2	22.5
Trade and other payables	348.5	440.5

⁽ⁱ⁾ Restated, see Note 2(b)

10. OTHER LIABILITIES

A summary of other liabilities is as follows:

	June 30 2022	December 31 2021
Quebec cap and trade payable	7.5	4.2
California cap and trade payable	28.2	6.0
Nova Scotia cap and trade payable	2.0	1.8
Share-based payments and others	1.2	4.0
Other liabilities	38.9	16.0

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

11. BORROWINGS

A summary of borrowings is as follows:

	Year of Maturity	Effective Rate	June 30 2022	December 2021
Revolving Term Bank Credit Facilities ⁽¹⁾				
Bankers' Acceptances ("BA")	2027	Floating BA rate plus 1.70%	–	35.0
Canadian Prime Rate Loan (Prime and Swing line)	2027	Prime rate plus 0.70%	–	10.0
LIBOR Loans (US\$287.0 million; 2021 – US\$93.0 million)	2027	Floating LIBOR rate plus 1.70%	369.5	117.5
U.S. Base Rate Loans (Prime and Swing line) (US \$nil million; 2021 – US\$14.0 million)	2027	U.S. Prime rate plus 0.70%	–	17.7
			369.5	180.2
Other Debt				
Deferred consideration	2022-2026	1.74%-8.74%	39.3	40.0
Other term loans ⁽⁴⁾	2023-2031	various	6.0	–
			45.3	40.0
Senior Unsecured Notes				
Senior unsecured notes ⁽³⁾	2028	4.250%	500.0	500.0
Senior unsecured notes ⁽²⁾	2029	4.500%	772.4	758.2
			1,272.4	1,258.2
Total borrowings before deferred financing fees			1,687.2	1,478.4
Deferred financing fees and discounts			(20.3)	(22.1)
Total borrowings before current maturities			1,666.9	1,456.3
Current maturities			(12.7)	(11.4)
Total non-current borrowings			1,654.2	1,444.9

⁽¹⁾ As at June 30, 2022, Superior had \$21.9 million of outstanding letters of credit (December 31, 2021 – \$30.1 million) and \$322.8 million of outstanding financial guarantees on behalf of its businesses (December 31, 2021 – \$325.8 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 expanded to \$1,050.0 million on condition that no event of default has occurred and lender consent is provided.

⁽²⁾ On March 11, 2021, Superior's subsidiaries, Superior Plus LP and Superior General Partner Inc. issued at par US\$600 million of 4.5% senior unsecured notes due March 15, 2029, and redeemed in full Superior's US\$350 million senior unsecured notes at a redemption price of 107.444% plus accrued and unpaid interest, if any, to but excluding the redemption date. The fair value of the outstanding US\$600 million senior unsecured notes is \$657.1 million (December 31, 2021 – \$779.7 million) based on prevailing market prices. Upon redemption of the US\$350 million senior unsecured note, a net foreign exchange translation gain of \$5.8 million was recognized, see Note 13. There was an unrealized foreign exchange translation loss on the US\$600 million senior unsecured note of \$22.1 million and \$14.2 million for the three and six months ended June 30, 2022, respectively (Three and six months ended June 30, 2021 – \$9.8 million gain).

⁽³⁾ On May 18, 2021, Superior's wholly owned subsidiary, Superior Plus LP, has completed a private placement of CDN\$500 million of 4.25% senior unsecured notes, at par value, due May 18, 2028, which are guaranteed by Superior and certain of its subsidiaries. The proceeds from the notes issuance along with borrowing under its credit facility and cash on hand were used to redeem the CDN\$400 million of 5.25% senior unsecured notes and the CDN \$370 million of 5.125% senior unsecured notes, at the respective prescribed rates in their indentures along with accrued and unpaid interest. The fair value of the 4.25% senior unsecured note based on prevailing market rates is \$440.0 million (December 31, 2021 – \$503.4 million).

⁽⁴⁾ Other term loans were assumed by Superior as part of the acquisition of Kamps Propane consisting of \$2.0 million (US\$1.5 million) in term bank loans bearing interest at 3.99% to 5.50% due between 2023 and 2025, and \$3.3 million (US\$2.6 million) in other term loans bearing interest at 5.00% to 6.5% due between 2026 to 2031.

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

July 1, 2022 – June 30, 2023	12.7
July 1, 2023 – June 30, 2024	11.0
July 1, 2024 – June 30, 2025	8.7
July 1, 2025 – June 30, 2026	6.3
July 1, 2026 – June 30, 2027	373.3
July 1, 2027 – June 30, 2028	0.5
Thereafter	1,274.7
Total	1,687.2

12. LEASING ARRANGEMENTS

The lease liabilities by operating segment are as follows:

	U.S. Propane	Canadian Propane⁽¹⁾	Wholesale Propane⁽¹⁾	Corporate	Total
Lease liabilities as at December 31, 2021	95.5	69.1	8.8	1.1	174.5
Lease liabilities assumed as part of a business combination	27.7	—	4.3	—	32.0
Additions	7.0	5.2	0.3	—	12.5
Finance expense on lease liabilities	1.9	1.6	0.3	—	3.8
Lease payments	(11.7)	(9.6)	(2.1)	(0.2)	(23.6)
Impact of changes in foreign exchange rates and	1.8	(0.1)	(0.7)	—	1.0
Lease liabilities as at June 30, 2022	122.2	66.2	10.9	0.9	200.2

⁽¹⁾ Restated to conform to current year's presentation.

	June 30 2022	December 31 2021
Current portion of lease liabilities	47.0	44.9
Non-current portion of lease liabilities	153.2	129.6
Total lease liabilities	200.2	174.5

Included in the above lease liabilities, as at June 30, 2022, are vehicle and other fleet lease obligations of \$88.4 million (December 31, 2021 – \$90.1 million). The assets related to the vehicle and fleet lease obligations are included in right-of-use assets included in property, plant and equipment.

The present value of lease payments are as follows:

	Minimum Rental Payments		Present Value of Rental Payments	
	June 30 2022	December 31 2021	June 30 2022	December 31 2021
Not later than one year	50.7	48.4	47.0	44.9
Later than one year and not later than five years	119.8	106.6	100.1	90.0
Later than five years	68.2	53.1	53.1	39.6
Less: future finance charges	(38.5)	(33.6)	–	–
Present value of minimum rental payments	200.2	174.5	200.2	174.5

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

	June 30 2022	December 31 2021
Not later than one year	3.4	2.7
Later than one year and not later than five years	1.2	0.6
	4.6	3.3

13. 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 fair value through profit or loss ("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 June 30, 2022, 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 June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts, net sale	8.3	—	—	8.3
Equity derivative contract	—	2.2	—	2.2
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	—	24.7	—	24.7
Total assets	8.3	26.9	—	35.2
Liabilities				
Foreign currency forward contracts, net sale	3.0	—	—	3.0
Equity derivative contract	—	1.6	—	1.6
Propane, West Texas Intermediate ("WTI"), butane, heating oil and diesel wholesale purchase and sale contracts	—	5.6	—	5.6
Contingent consideration (Note 4)	—	—	2.9	2.9
Total liabilities	3.0	7.2	2.9	13.1
Total net assets (liabilities)	5.3	19.7	(2.9)	22.1
Current portion of assets	4.5	26.9	—	31.4
Current portion of liabilities	1.1	6.4	—	7.5

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency forward contracts, net sale	13.0	—	—	13.0
Equity derivative contract	—	4.3	—	4.3
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	—	44.1	—	44.1
Total assets	13.0	48.4	—	61.4
Liabilities				
Foreign currency forward contracts, net sale	1.4	—	—	1.4
Cross-currency interest rate swaps	—	0.5	—	0.5
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	—	6.8	—	6.8
Contingent consideration (Note 4)	—	—	2.0	2.0
Total liabilities	1.4	7.3	2.0	10.7
Total net assets (liabilities)	11.6	41.1	(2.0)	50.7
Current portion of assets	5.3	47.3	—	52.6
Current portion of liabilities	0.3	6.8	—	7.1

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\$387.2	2022–2026	\$1.31	Quoted bid prices in the active market.
Foreign currency options USD/CAD calls	US\$53.5	2022–2025	\$1.21 – \$1.47	Quoted bid prices in the active market.
Level 2 fair value hierarchy:				
Equity derivative contracts	C\$20.3	2022–2025	\$10.55	Discounted cash flows – Future cash flows are estimated based on the share price.
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	95.7 USG ⁽ⁱ⁾	2022–2025	\$0.72 – \$2.46	Quoted bid prices for similar products in an active market.
Level 3 fair value hierarchy:				
Contingent consideration	C\$100 ⁽ⁱⁱ⁾	2022–2026		Weighted average EBITDA outcomes based on scenarios using current and future earnings assumptions such as foreign exchange rates, average price assumptions and forecasted demand.

⁽ⁱ⁾ Millions of United States gallons (“USG”) purchased.

⁽ⁱⁱ⁾ Maximum adjustment including 6% interest.

Superior’s realized and unrealized financial instrument gains (losses) for the three months ended June 30, 2022 and 2021 are as follows:

Description	Three Months Ended June 30					
	2022			2021		
	Realized Gain	Unrealized Loss	Total	Realized Gain	Unrealized Gain	Total
Foreign currency forward contracts – net sale and foreign currency options, USD/CAD calls	0.3	(9.9)	(9.6)	2.8	1.6	4.4
Equity derivative contracts	–	(0.4)	(0.4)	–	1.0	1.0
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	6.4	(21.0)	(14.6)	4.1	20.0	24.1
Total gains (losses) on financial and non-financial derivatives	6.7	(31.3)	(24.6)	6.9	22.6	29.5
Foreign exchange loss on contingent consideration	–	(0.5)	(0.5)	–	–	–
Foreign exchange gain (loss) on U.S. dollar debt and lease liabilities	–	(22.1)	(22.1)	–	9.6	9.6
Total gains (losses)	6.7	(53.9)	(47.2)	6.9	32.2	39.1

Six Months Ended June 30						
Description	2022			2021		
	Realized Gain	Unrealized Loss	Total	Realized Gain	Unrealized Gain (Loss)	Total
Foreign currency forward contracts – net sale and foreign currency options, USD/CAD calls	1.8	(6.5)	(4.7)	8.3	1.2	9.5
Equity derivative contracts	–	(3.3)	(3.3)	–	3.8	3.8
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts	41.2	(18.6)	22.6	24.8	21.6	46.4
Total gains (losses) on financial and non- financial derivatives	43.0	(28.4)	14.6	33.1	26.6	59.7
Foreign exchange loss on contingent consideration	–	(0.9)	(0.9)	–	–	–
Foreign exchange gain (loss) on U.S. dollar debt and lease liabilities	–	(14.2)	(14.2)	20.0	(4.6)	15.4
Total gains (losses)	43.0	(43.5)	(0.5)	53.1	22.0	75.1

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

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

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables, dividends payable and revolving term bank credit facilities correspond to the respective carrying amounts due to their short-term nature and/or the interest rate on the asset is commensurate with market interest rates for the type of asset with similar duration and credit risk. The fair value of senior unsecured notes disclosed in Note 11 are determined by quoted market prices (Level 2 fair value hierarchy). The fair value of the note receivable is approximately \$126.4 million based on changes in market interest rates commensurate with this type of asset with a similar duration and credit risk. This estimate is subject to change and will be updated as new information becomes available (Level 3 fair value hierarchy).

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported on the condensed consolidated balance sheets when Superior currently has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, Superior enters into various master netting agreements or other similar arrangements that do not meet the criteria for

offsetting, but do, however, still allow for the related amount to be set off in certain circumstances, such as bankruptcy or the termination of contracts. As at June 30, 2022 and December 31, 2021, Superior has not recorded any amount against other current and non-current financial liabilities.

Financial Instruments – Risk Management

Market Risk

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

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

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

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

Credit Risk

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

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

As part of the material terms of the divestiture disclosed in Note 4, a Vendor Note of \$125 million was issued by the buyer. Its principal amount and accrued and unpaid interest are due October 2026. The collectability of the amounts owed to Superior is subject to the going concern of the buyer. As at June 30, 2022, Superior does not have any concerns about the financial strength of the buyer. Superior will continuously monitor the credit risk associated with this Vendor Note.

Based on the valuation as at June 30, 2022, Superior has estimated a liability of \$2.9 million (2021 – \$2.0 million) related to this contingent consideration. The fair value has been calculated based on an estimate of the EBITDA during the thirty-six months subsequent to the divestiture. If Superior's EBITDA assumptions used to value the contingent consideration were increased by 5% or decreased by 5% the fair value would increase by approximately \$3.0 million (three months ended June 30, 2021 – \$7.0 million) and decrease by approximately \$8.0 million (three months ended June 30, 2021 – \$8.0 million), respectively. This estimate is subject to change and will be updated as new information becomes available.

Liquidity Risk

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

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

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

Equity Price Risk

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

As at June 30, 2022, Superior estimates that a 10% increase in its share price would have resulted in a \$2.1 million increase in earnings due to the revaluation of equity derivative contracts.

Superior's contractual obligations associated with its financial liabilities for the periods July 1 – June 30th of the respective years are as follows:

	July 1 to June 30							
	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	Thereafter	Total
Borrowings before deferred financing fees and discounts	12.7	11.0	8.7	6.3	373.3	0.5	1,274.7	1,687.2
Lease liabilities	47.0	36.0	30.5	19.3	14.3	8.5	44.6	200.2
Non-cancellable, low-value, short-term leases and leases with variable lease payments	3.4	0.9	0.3	—	—	—	—	4.6
USD-foreign currency forward sales contracts	155.0	151.2	63.0	12.0	6.0	—	—	387.2
USD/CAD call options ⁽ⁱ⁾	6.0	23.5	24.0	—	—	—	—	53.5
Equity derivative contracts	12.9	4.2	1.8	1.4	—	—	—	20.3
Propane, WTI, butane, heating oil and diesel wholesale purchase and sale contracts – Energy Distribution	150.0	8.8	—	—	—	—	—	158.8

⁽ⁱ⁾USD/CAD call options expire in varying maturity dates between January 2023 and February 2025 with strikes ranging from 1.325 to 1.47.

Superior's contractual obligations are considered normal-course operating commitments and do not include the impact of mark-to-market fair values on financial and non-financial derivatives. Superior expects to fund these obligations through a combination of cash flows from operations, proceeds on revolving term bank credit facilities and proceeds on the issuance of share capital. Superior's financial instruments' sensitivities are consistent as at June 30, 2022 and 2021.

14. 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. income taxes, Hungary and Luxembourg income taxes.

Total income tax expense for the three and six months ended June 30, 2022, composed of current income taxes of \$1.8 million and \$3.5 million and deferred income tax expense (recovery) of (\$36.3) million and \$8.1 million, respectively (three and six months ended June 30, 2021 – total income tax recovery and expense consisting of current income tax expense of \$2.7 million and \$7.0 million, respectively and deferred income tax recovery of \$15.5 million and expense of \$6.6 million, respectively) with a corresponding total net deferred income tax liability of \$139.1 million as at June 30, 2022 (December 31, 2021 – \$90.9 million net deferred income tax liability).

15. 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, 2021	176.0	2,350.3	983.6
Issuance of common shares, net of issuance costs and deferred tax recovery	25.7	280.6	280.6
Net earnings for the period	–	–	43.9
Other comprehensive earnings	–	–	28.6
Dividends declared to common shareholders	–	–	(68.0)
As at June 30, 2022	201.7	2,630.9	1,268.7

On April 6, 2022, Superior closed its previously announced bought deal equity offering of 25,670,300 common shares ("Shares") at a price of \$11.20 per Share, for aggregate gross proceeds of \$287.5 million (the "Offering") with the issue costs of \$9.2 million and net of a deferred tax recovery of \$2.3 million. The Offering included 3,348,300 Shares issued pursuant to the exercise in full by the underwriters of their over-allotment option. The Offering was sold on a bought deal basis to a syndicate of underwriters and was made under Superior's short form base shelf prospectus dated May 25, 2021. The terms of the Offering are described in a prospectus supplement dated March 30, 2022, which was filed with securities regulators in each of the provinces and territories of Canada. Superior used the net proceeds of the Offering to reduce existing indebtedness under the revolving credit facility.

Preferred Shares of Superior Plus US Holdings (the “Preferred Shares”)

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

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

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

Dividends declared to preferred shareholders for the three and six months ended June 30, 2022 were US\$4.7 million (C\$6.2 million) or US\$18.1 (C\$23.9) per preferred share and US\$9.4 million (C\$12.1 million) or US\$36.3 (C\$46.5) per preferred share, respectively (three and six months ended June 30, 2021 – US\$4.7 million (C\$5.8 million) or US\$18.1 (C\$22.3) per preferred share and US\$9.4 million (C\$11.7 million) or US\$36.3 (C\$44.9) per preferred share, respectively).

	Issued Number of Preferred Shares (Millions)	Equity Attributable to NCI
NCI		
As at December 31, 2021	0.3	328.6
Net earnings for the period	–	12.1
Other comprehensive earnings, allocated to non-controlling interest	–	6.1
Dividends to preferred shareholders	–	(12.1)
As at June 30, 2022	0.3	334.7

16. SUPPLEMENTAL DISCLOSURE OF UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF NET EARNINGS (LOSS)

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Revenue				
Revenue from products ⁽ⁱⁱⁱ⁾	607.6	348.0	1,755.7	1,169.2
Revenue from the rendering of services	15.7	13.4	31.9	27.2
Tank and equipment rental	5.3	4.2	11.4	8.7
	628.6	365.6	1,799.0	1,205.1
Cost of sales				
Cost of products and services ⁽ⁱ⁾	(432.8)	(215.1)	(1,207.9)	(703.9)
Low value, short-term and variable lease payments	(1.3)	(1.4)	(2.7)	(3.0)
	(434.1)	(216.5)	(1,210.6)	(706.9)
Selling, distribution and administrative costs				
Other selling, distribution and administrative costs	(49.6)	(30.8)	(97.4)	(67.6)
Restructuring, transaction and other costs	(12.5)	(4.3)	(19.6)	(13.7)
Employee future benefit expense	(0.1)	–	(0.1)	–
Employee costs ⁽ⁱⁱ⁾	(100.0)	(77.4)	(204.2)	(182.7)
Vehicle operating costs	(22.6)	(14.3)	(46.6)	(33.3)
Facilities maintenance expense	(2.4)	(1.6)	(5.1)	(3.7)
Depreciation of right-of-use assets	(9.6)	(7.1)	(17.6)	(14.2)
Depreciation included in selling, distribution and administrative	(27.5)	(25.3)	(52.3)	(51.1)
Amortization of intangible assets	(22.0)	(16.1)	(40.8)	(31.7)
Low value, short-term and variable lease payments	(1.6)	(0.3)	(2.3)	(0.8)
Loss on disposal of assets	(1.8)	(1.0)	(0.8)	(0.4)
Realized gain on the translation of U.S.- denominated net working capital	0.7	–	0.3	–
	(249.0)	(178.2)	(486.5)	(399.2)
Finance expense				
Interest on borrowings	(16.3)	(18.0)	(30.8)	(38.2)
Interest earned on Vendor Note	1.9	1.6	3.8	1.6
Interest on lease liability	(1.9)	(1.9)	(3.7)	(3.7)
Premium and other losses on redemption of senior unsecured notes	–	(25.9)	–	(58.6)
Unwinding of discount on decommissioning liabilities and non-cash financing expenses	(1.5)	(14.7)	(3.1)	(22.3)
	(17.8)	(58.9)	(33.8)	(121.2)
Gains (losses) on derivatives and foreign currency translation of borrowings				
Realized gain on financial and non-financial derivatives and foreign currency translation	6.7	6.9	43.0	53.1
Unrealized gain (loss) on financial and non-financial derivatives and foreign currency translation	(53.9)	32.2	(43.5)	22.0
	(47.2)	39.1	(0.5)	75.1
Earnings (loss) before income taxes	(119.5)	(48.9)	67.6	52.9
Income tax (expense) recovery				
Current income tax expense	(1.8)	(2.7)	(3.5)	(7.0)
Deferred income tax (expense) recovery	36.3	15.5	(8.1)	(6.6)
	34.5	12.8	(11.6)	(13.6)
Net earnings (loss) from continuing operations	(85.0)	(36.1)	56.0	39.3

- (i) During the three and six months ended June 30, 2022, the cost of products and services includes inventory write-down of \$0.6 million and \$1.6 million, respectively (three and six months ended June 30, 2021 - \$0.8 million and \$1.8 million, respectively).
- (ii) Expense is shown net of the CEWS subsidy, see Note 17.
- (iii) Included in revenue from products are the sale of carbon credit of \$nil million and \$1.7 million during the three and six months ended June 30, 2022, respectively (three and six months ended June 30, 2021 - \$nil million and \$4.3 million, respectively).

17. GOVERNMENT GRANT

In response to COVID-19, the Government of Canada implemented the Canadian Emergency Wage Subsidy program. The CEWS program offers qualifying organizations government assistance in the form of a payroll subsidy to offset the cost of employees. The payroll subsidy was recognized as an offset to salary expense. For the three and six months ended June 30, 2022, Superior recorded \$nil and \$2.2 million, respectively (three and six months ended June 30, 2021 - \$7.8 million and \$13.0 million, respectively) as a reduction to selling, distribution and administration costs and \$nil related to discontinued operations for the three and six months ended June 30, 2022 (three and six months ended June 30, 2021 - \$nil and \$1.4 million).

There are no unfulfilled conditions attached to this government assistance.

18. NET EARNINGS PER SHARE, BASIC AND DILUTED

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Net earnings (loss) per share from continuing operations				
Basic				
Net earnings (loss) from continuing operations attributable to common shareholders	(91.2)	(41.9)	43.9	27.6
Dividends declared to common shareholders	36.3	31.7	68.0	63.4
Total earnings (loss) allocated to common shareholders	(91.2)	(41.9)	43.9	27.6
Weighted average shares outstanding (millions) – basic	200.3	176.0	188.2	176.0
Net earnings (loss) from continuing operations per share attributable to common shareholders	\$(0.46)	\$(0.24)	\$0.23	\$0.16
Diluted				
Net earnings (loss) from continuing operations attributable to common shareholders assuming preferred shares convert	(85.0)	(36.1)	56.0	39.3
Weighted average common shares outstanding (millions) assuming preferred shares convert	230.3	206.0	218.2	206.0
	\$(0.37)	\$(0.18)	\$0.26	\$0.19
Net earnings (loss) per share from continuing operations attributable to common shareholders	\$(0.46)	\$(0.24)	\$0.23	\$0.16

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Net earnings per share from discontinued operations				
Basic				
Net earnings attributable to common shareholders	–	166.1	–	174.8
Weighted average shares outstanding (millions) – basic	–	176.0	–	176.0
Net earnings per share from discontinued operations attributable to common shareholders	\$–	\$0.94	\$–	\$0.99
Diluted				
Net earnings attributable to common shareholders	–	166.1	–	174.8
Weighted average common shares outstanding (millions) assuming preferred shares convert	–	206.0	–	206.0
	\$–	\$0.80	\$–	\$0.85
Net earnings per share from discontinued operations attributable to common shareholders	\$–	\$0.80	\$–	\$0.85

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Net earnings (loss) per share				
Basic				
Net earnings (loss) attributable to common shareholders	(91.2)	124.2	43.9	202.4
Dividends declared to common shareholders	36.3	31.7	68.0	63.4
Excess earnings allocated to common shareholders	–	79.0	–	118.8
Total earnings (loss) allocated to common shareholders	(91.2)	110.7	43.9	182.2
Weighted average shares outstanding (millions) – basic	200.3	176.0	188.2	176.0
Net earnings (loss) per share attributable to common shareholders	\$(0.46)	\$0.63	\$0.23	\$1.04
Diluted				
Net earnings (loss) attributable to common shareholders	(85.0)	130.0	56.0	214.1
Weighted average common shares outstanding (millions) assuming preferred shares convert	230.3	206.0	218.2	206.0
	\$(0.37)	\$0.63	\$0.26	\$1.04
Net earnings (loss) per share attributable to common shareholders	\$(0.46)	\$0.63	\$0.23	\$1.04

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 15). The two-class method requires earnings for the period to be allocated between common shares and preferred shares based upon their respective rights to receive distributed and undistributed earnings.

Under the two-class method, the basic and diluted earnings per share are computed as follows:

- a) earnings or loss attributable to Superior's common shareholders is adjusted (earnings reduced and a loss increased) by the amount of dividends declared in the period for each class of shares and by the contractual amount of dividends that must be paid for the period.
- b) the remaining earnings or loss is allocated to Superior's common shares and participating equity instruments to the extent that each instrument shares in earnings as if all of the earnings or loss for the period had been distributed. The total earnings or loss allocated to each class of equity instrument is determined by adding together the amount allocated for dividends and the amount allocated for a participation feature.
- c) the total amount of earnings or loss allocated to each class of equity instrument is divided by the weighted-average number of outstanding instruments (and dilutive potential common shares for diluted earnings per share) to which the earnings are allocated to determine the earnings per share for the instrument.

No such adjustment to earnings is made during periods with a net loss, as the holders of the preferred shares have no obligation to fund losses. The two-class equity method is performed on each period presented in reference to that period's earnings or loss. Consequently, the sum of the four quarters' earnings per share data will not necessarily equal the annual earnings per share data.

19. DISAGGREGATION OF REVENUE

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

For the Three Months Ended June 30, 2022			Energy Distribution	
	Canada	U.S.	Inter-segment	Total
Revenue from sale of products	311.8	434.5	(138.7)	607.6
Revenue from services	4.0	11.7	-	15.7
Tank and equipment rental	0.9	4.4	-	5.3
Total revenue	316.7	450.6	(138.7)	628.6

For the Six Months Ended June 30, 2022			Energy Distribution	
	Canada	U.S.	Inter-segment	Total
Revenue from sale of products	956.5	1,203.5	(404.3)	1,755.7
Revenue from services	8.2	23.7	-	31.9
Tank and equipment rental	2.4	9.0	-	11.4
Total revenue	967.1	1,236.2	(404.3)	1,799.0

For the Three Months Ended June 30, 2021			Energy Distribution	
	Canada	U.S.	Inter-segment	Total
Revenue from sale of products	215.8	212.2	(80.0)	348.0
Revenue from services	4.6	8.8	-	13.4
Tank and equipment rental	0.9	3.3	-	4.2
Total revenue	221.3	224.3	(80.0)	365.6

For the Six Months Ended June 30, 2021

Energy Distribution

	Canada	U.S.	Inter-segment	Total
Revenue from sale of products	649.1	762.8	(242.7)	1,169.2
Revenue from services	8.9	18.3	—	27.2
Tank and equipment rental	2.3	6.4	—	8.7
Total revenue	660.3	787.5	(242.7)	1,205.1

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

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Changes in non-cash operating working capital and other				
Trade and other receivables, and prepaids and deposits	181.5	98.6	147.0	93.3
Inventories	9.1	(6.8)	25.7	6.1
Trade and other payables and other liabilities	(80.0)	3.5	(154.1)	(46.8)
	110.6	95.3	18.6	52.6

21. REPORTABLE SEGMENT INFORMATION

Superior operates three continuing operating segments: U.S. Propane, Canadian Propane and Wholesale Propane. 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 mainly in Canada. The Wholesale Propane segment is the wholesale business with operations in Canada and the Western United States.

Superior's Chief Operating Decision Maker, the President and Chief Executive Officer, reviews the operating results, assesses performance, and makes capital allocation decisions with respect to the U.S. Propane, Canadian Propane, the Wholesale Propane and the corporate office. Therefore, Superior has presented these as operating segments for financial reporting purposes in accordance with IFRS 8, *Operating Segments*.

Six Months Ended June 30, 2022	U.S. Propane	Canadian Propane	Wholesale Propane	Corporate	Total Segments	Inter- segment	Consolidated
Revenue							
External customers	911.7	538.9	348.4	–	1,799.0	–	1,799.0
Inter-segment ⁽ⁱ⁾	–	15.6	388.7	–	404.3	(404.3)	–
Total revenue	911.7	554.5	737.1	–	2,203.3	(404.3)	1,799.0
Cost of sales (includes products and services) ⁽ⁱ⁾	(552.5)	(357.7)	(704.7)	–	(1,614.9)	404.3	(1,210.6)
Gross profit	359.2	196.8	32.4	–	588.4	–	588.4
Expenses							
Depreciation included in selling, distribution and administrative costs	(31.8)	(19.0)	(1.4)	(0.1)	(52.3)	–	(52.3)
Depreciation of right-of-use assets included in selling, distribution and administrative costs	(10.3)	(5.7)	(1.5)	(0.1)	(17.6)	–	(17.6)
Amortization of intangible assets included in selling, distribution and administrative costs	(28.7)	(9.2)	(2.7)	(0.2)	(40.8)	–	(40.8)
Selling, distribution and administrative costs	(226.3)	(113.5)	(19.4)	(16.6)	(375.8)	–	(375.8)
Finance expense	(2.8)	(1.5)	(0.4)	(29.1)	(33.8)	–	(33.8)
Gains (losses) on derivatives and foreign currency translation of borrowings	15.9	–	6.8	(23.2)	(0.5)	–	(0.5)
	(284.0)	(148.9)	(18.6)	(69.3)	(520.8)	–	(520.8)
Earnings (loss) before income taxes	75.2	47.9	13.8	(69.3)	67.6	–	67.6
Income tax expense	–	–	–	(11.6)	(11.6)	–	(11.6)
Net earnings (loss) from continuing operations	75.2	47.9	13.8	(80.9)	56.0	–	56.0

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

Three Months Ended June 30, 2022	U.S. Propane	Canadian Propane	Wholesale Propane	Corporate	Total Segments	Inter- segment	Consolidated
Revenue							
External customers	278.1	181.3	169.2	–	628.6	–	628.6
Inter-segment ⁽ⁱ⁾	–	6.4	132.3	–	138.7	(138.7)	–
Total revenue	278.1	187.7	301.5	–	767.3	(138.7)	628.6
Cost of sales (includes products and services) ⁽ⁱ⁾	(166.6)	(119.5)	(286.7)	–	(572.8)	138.7	(434.1)
Gross profit	111.5	68.2	14.8	–	194.5	–	194.5
Expenses							
Depreciation included in selling, distribution and administrative costs	(16.8)	(9.6)	(1.0)	(0.1)	(27.5)	–	(27.5)
Depreciation of right-of- use assets included in selling, distribution and administrative costs	(5.9)	(2.9)	(0.8)	–	(9.6)	–	(9.6)
Amortization of intangible assets included in selling, distribution and administrative costs	(15.2)	(4.6)	(2.1)	(0.1)	(22.0)	–	(22.0)
Selling, distribution and administrative costs	(110.2)	(55.4)	(13.4)	(10.9)	(189.9)	–	(189.9)
Finance expense	(1.5)	(0.7)	(0.3)	(15.3)	(17.8)	–	(17.8)
Gains (losses) on derivatives and foreign currency translation of borrowings	(14.9)	–	0.4	(32.7)	(47.2)	–	(47.2)
	(164.5)	(73.2)	(17.2)	(59.1)	(314.0)	–	(314.0)
Loss before income taxes	(53.0)	(5.0)	(2.4)	(59.1)	(119.5)	–	(119.5)
Income tax recovery	–	–	–	34.5	34.5	–	34.5
Net loss from continuing operations	(53.0)	(5.0)	(2.4)	(24.6)	(85.0)	–	(85.0)

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

Six Months Ended June 30, 2021	U.S. Propane	Canadian Propane	Wholesale Propane	Corporate	Total Segments	Inter- segment	Consolidated
Revenue							
External customers	628.5	395.6	181.0	—	1,205.1	—	1,205.1
Inter-segment ⁽ⁱ⁾	—	10.7	232.0	—	242.7	(242.7)	—
Total revenue	628.5	406.3	413.0	—	1,447.8	(242.7)	1,205.1
Cost of sales (includes products and services) ⁽ⁱ⁾	(331.9)	(223.1)	(394.6)	—	(949.6)	242.7	(706.9)
Gross profit	296.6	183.2	18.4	—	498.2	—	498.2
Expenses							
Depreciation included in selling, distribution and administrative costs	(32.0)	(18.2)	(0.8)	(0.1)	(51.1)	—	(51.1)
Depreciation of right-of- use assets included in selling, distribution and administrative costs	(7.2)	(5.1)	(1.8)	(0.1)	(14.2)	—	(14.2)
Amortization of intangible assets included in selling, distribution and administrative costs	(21.2)	(9.2)	(1.2)	(0.1)	(31.7)	—	(31.7)
Selling, distribution and administrative costs	(168.7)	(98.5)	(12.0)	(23.0)	(302.2)	—	(302.2)
Finance expense	(2.4)	(1.6)	(0.4)	(116.8)	(121.2)	—	(121.2)
Gains on derivatives and foreign currency translation of borrowings	36.7	—	9.7	28.7	75.1	—	75.1
	(194.8)	(132.6)	(6.5)	(111.4)	(445.3)	—	(445.3)
Earnings (loss) before income taxes	101.8	50.6	11.9	(111.4)	52.9	—	52.9
Income tax expense	—	—	—	(13.6)	(13.6)	—	(13.6)
Net earnings (loss) from continuing operations	101.8	50.6	11.9	(125.0)	39.3	—	39.3

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

Three Months Ended June 30, 2021	U.S. Propane	Canadian Propane	Wholesale Propane	Corporate	Total Segments	Inter- segment	Consolidated
Revenue							
External customers	174.1	133.7	57.8	—	365.6	—	365.6
Inter-segment ⁽ⁱⁱ⁾	—	4.3	75.7	—	80.0	(80.0)	—
Total revenue	174.1	138.0	133.5	—	445.6	(80.0)	365.6
Cost of sales (includes products and services) ⁽ⁱⁱ⁾	(93.5)	(75.2)	(127.8)	—	(296.5)	80.0	(216.5)
Gross profit	80.6	62.8	5.7	—	149.1	—	149.1
Expenses							
Depreciation included in selling, distribution and administrative costs	(15.5)	(9.3)	(0.4)	(0.1)	(25.3)	—	(25.3)
Depreciation of right-of- use assets included in selling, distribution and administrative costs	(3.5)	(2.7)	(0.8)	(0.1)	(7.1)	—	(7.1)
Amortization of intangible assets included in selling, distribution and administrative costs	(10.8)	(4.7)	(0.6)	—	(16.1)	—	(16.1)
Selling, distribution and administrative costs	(72.1)	(42.8)	(5.2)	(9.6)	(129.7)	—	(129.7)
Finance expense	(1.2)	(0.8)	(0.3)	(56.6)	(58.9)	—	(58.9)
Gains on derivatives and foreign currency translation of borrowings	18.0	—	6.1	15.0	39.1	—	39.1
	(85.1)	(60.3)	(1.2)	(51.4)	(198.0)	—	(198.0)
Earnings (loss) before	(4.5)	2.5	4.5	(51.4)	(48.9)	—	(48.9)
Income tax recovery	—	—	—	12.8	12.8	—	12.8
Net earnings (loss) from continuing operations	(4.5)	2.5	4.5	(38.6)	(36.1)	—	(36.1)

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

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

	U.S. Propane	Canadian Propane ⁽ⁱⁱⁱ⁾	Wholesale Propane ⁽ⁱⁱⁱ⁾	Specialty Chemicals ⁽ⁱⁱ⁾	Corporate	Total
As at June 30, 2022						
Net working capital ⁽ⁱ⁾	14.2	57.8	(13.3)	—	(19.6)	39.1
Total assets	2,558.4	937.9	323.1	—	250.3	4,069.7
Total liabilities	508.6	128.7	166.9	—	1,662.1	2,466.3
As at December 31, 2021						
Net working capital ^(i and iii)	(14.3)	82.9	(9.1)	—	(49.4)	10.1
Total assets ⁽ⁱⁱⁱ⁾	2,152.1	1,004.8	207.0	—	198.2	3,562.1
Total liabilities ⁽ⁱⁱⁱ⁾	488.9	162.9	144.7	—	1,453.4	2,249.9
For the three months ended June 30, 2022						
Purchase of property, plant and equipment and intangible assets	15.9	11.2	0.6	—	—	27.7
For the three months ended June 30, 2021						
Purchase of property, plant and equipment and intangible assets	5.9	13.1	—	—	0.2	19.2
For the six months ended June 30, 2022						
Purchase of property, plant and equipment and intangible assets	24.1	17.9	0.9	—	—	42.9
For the six months ended June 30, 2021						
Purchase of property, plant and equipment and intangible assets ⁽ⁱⁱⁱ⁾	14.6	19.9	0.1	7.4	0.2	42.2

⁽ⁱ⁾ Net working capital is composed of trade and other receivables, prepaids and deposits, and inventories, less trade and other payables, contract liabilities and dividends payable.

⁽ⁱⁱ⁾ The Specialty Chemicals segment has been shown as discontinued operations as of June 30, 2021, see Note 4.

⁽ⁱⁱⁱ⁾ Restated, see Note 2(b).

22. GEOGRAPHICAL INFORMATION

	U.S.	Canada	Other	Total Consolidated
Revenue for the three months ended June 30, 2022	450.6	178.0	—	628.6
Revenue for the six months ended June 30, 2022	1,236.2	562.8	—	1,799.0
Property, plant and equipment as at June 30, 2022	733.2	340.5	—	1,073.7
Right-of-use assets as at June 30, 2022	138.2	65.7	—	203.9
Intangible assets as at June 30, 2022	420.4	140.1	—	560.5
Goodwill as at June 30, 2022	1,233.9	334.4	—	1,568.3
Total assets as at June 30, 2022	2,824.1	1,221.8	23.8	4,069.7
Revenue for the three months ended June 30, 2021	224.3	141.3	—	365.6
Revenue for the six months ended June 30, 2021	787.5	417.6	—	1,205.1
Property, plant and equipment as at December 31, 2021	557.5	336.3	—	893.8
Right-of-use assets as at December 31, 2021	108.7	75.6	—	184.3
Intangible assets as at December 31, 2021 ⁽ⁱ⁾	312.4	128.9	—	441.3
Goodwill as at December 31, 2021 ⁽ⁱ⁾	986.5	334.4	—	1,320.9
Total assets as at December 31, 2021 ⁽ⁱ⁾	2,269.0	1,271.4	21.7	3,562.1

⁽ⁱ⁾ Restated, see Note 2(b).