2018
PREMIER TECH REPORT

2018

PREMIER TECH REPORT

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MESSAGE FROM THE LEADERSHIP TEAM

PREMIER TECH. ONE TEAM FOR TECHNOLOGY.

It's amazing how such a short statement can have this big of an impact.

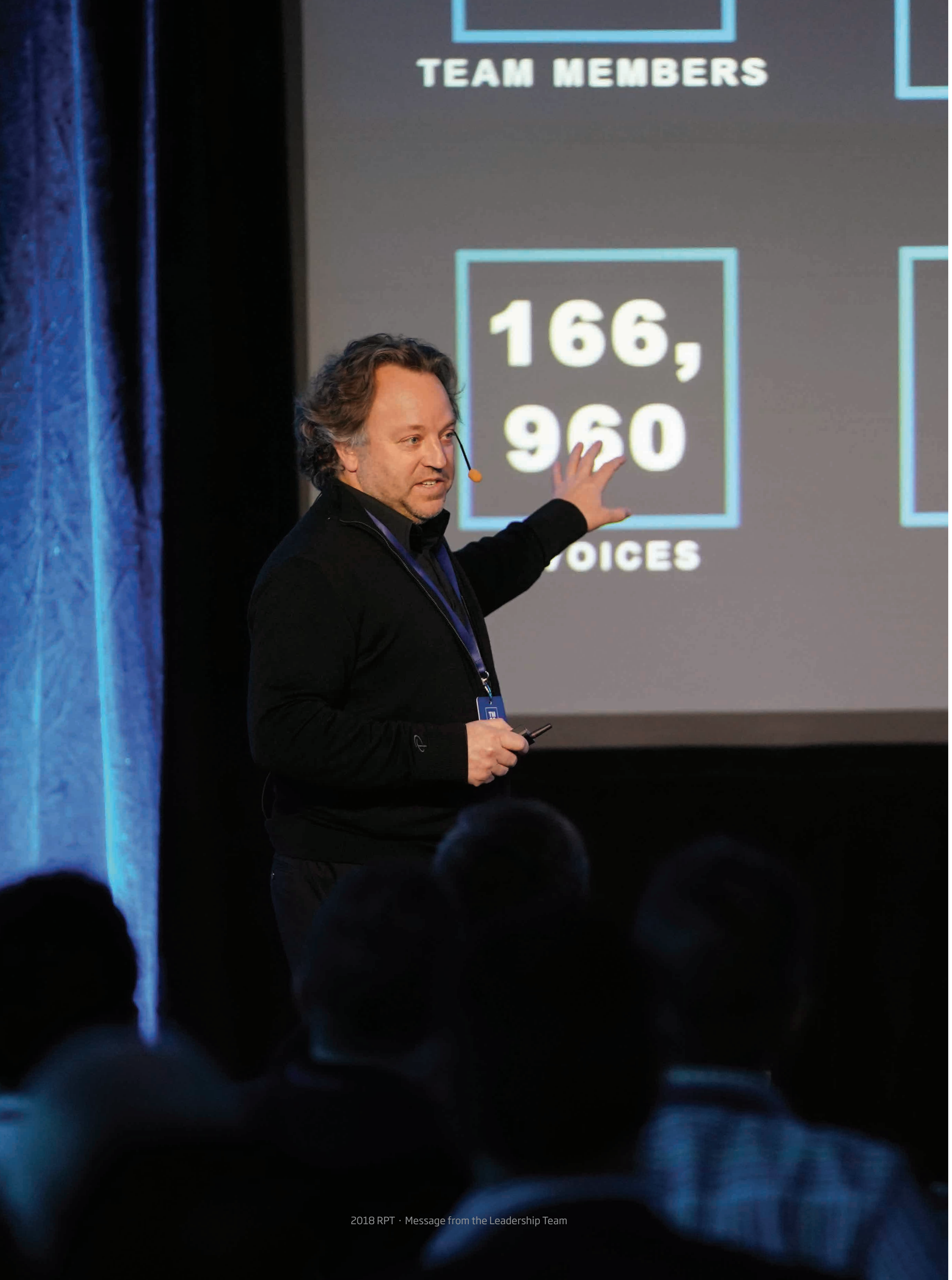
The unique way our team members connect with the technologies we master allows us to bring to life lasting, transformative solutions for our markets. Every day, our team members strive to disrupt the industries we are in and help our clients win in their own market segments. Their passion and spirit of innovation, combined with the advanced technologies we develop, play a key role in the many success stories we write year in and year out.

Premier Tech's revenues for fiscal year 2018 ended March 3, 2018, were $793.6 million, up $70.6 million over the previous year. This 9.8% increase was driven by organic growth of $11.7 million, or 1.6%, while acquisitions from fiscal years 2017 and 2018 accounted for $58.9 million, or a progression of 8.2% over last year.

This result shows how effective our careful and disciplined acquisition growth strategy has been for over twenty years and brings the growth generated by the company since 2013 to $350 million, for a compound annual growth rate (CAGR) of 12.3% over the same period, with 61% through organic growth and 39% through acquisitions.

Parallel to this performance, Premier Tech reported operational earnings before interest, tax, depreciation, and amortization (operating EBITDA) of $71.2 million for fiscal year 2018, an increase of $3.6 million, or 5.3%, over the previous year. This is also consistent with the company's sustained growth over the past five years, as it represents almost double the $36.4 million posted as at the end of February 2013.

Our organic growth is first and foremost a measure of our success at helping our clients win.



PREMIER TECH'S VISION 2023 ALREADY IN MOTION

As the second year of our strategic planning cycle, fiscal 2018 was a milestone for the hundreds of team members who helped develop the 2021 strategic plans for our various Business Units. Aimed at creating value and securing the future of our company, these strategic plans are a concrete way to transform Premier Tech's VISION 2023 into tangible business objectives and strategies so we can keep on making an impact over the next three years. These plans are perfectly aligned with the five-year strategic direction of our three Groups, which is directly in line with our VISION 2023.

Although our strategic planning process is a demanding exercise that requires the involvement of multiple resources, it is key to ensuring Premier Tech's outstanding financial performance and a critical tool for ensuring the company's long-term sustainability. Our three-year planning process allows us to take a proactive approach to the challenges that will impact our short-term decisions and makes us more agile and focused in the steps we take every day.

As the second year of our VISION 2023, fiscal 2018 saw numerous new actions taken. We've hit our first milestones on a variety of major projects and reaffirmed our commitment to investing in their success, so as we enter fiscal 2019 we look forward to a year as exciting and promising as the last.

WE BRING TO LIFE

At Premier Tech we connect people and technologies in lasting and transformative ways.

Together we are one.
Every day, together, we bring to life…

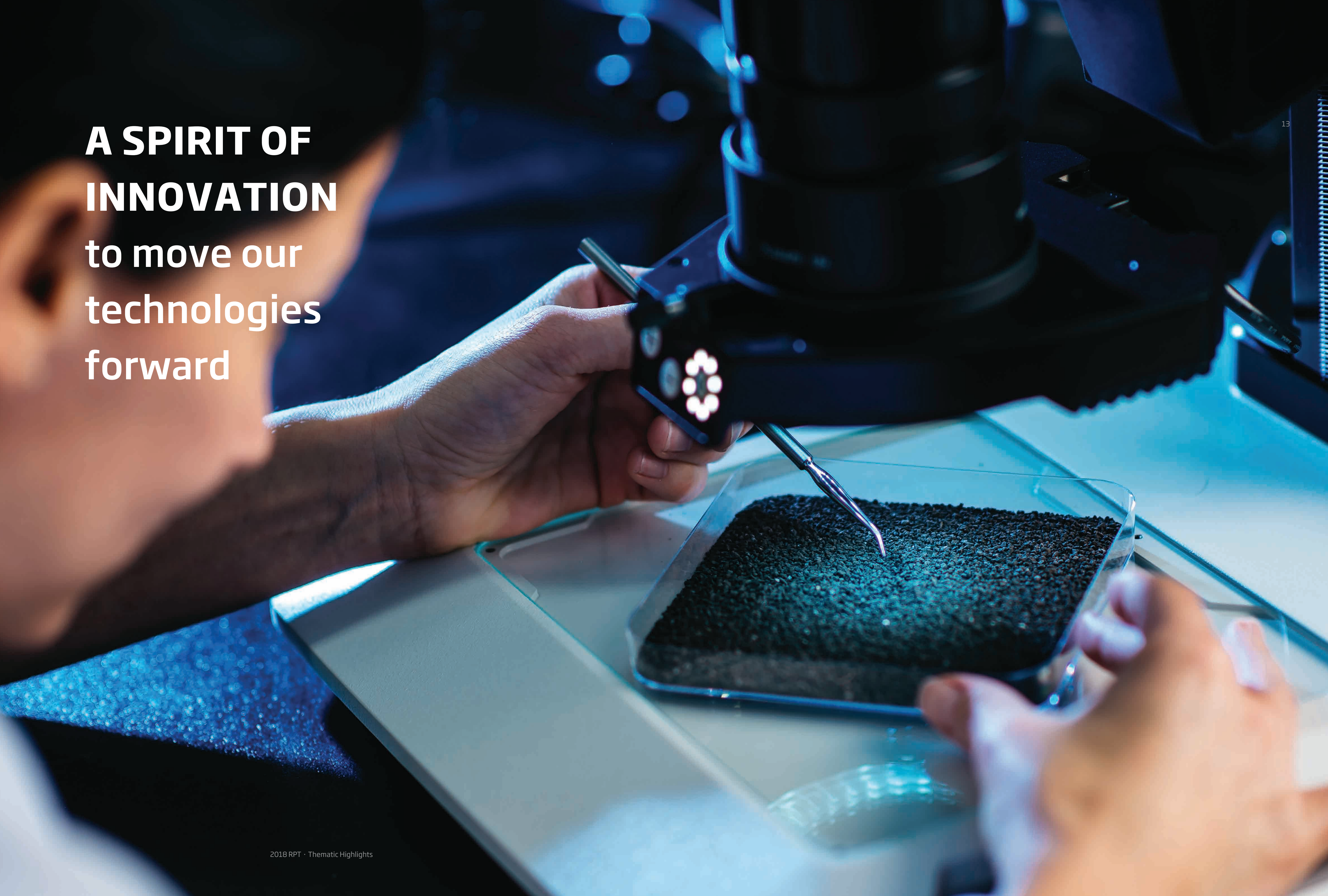
OUR SPIRIT OF INNOVATION
to move our technologies forward

OUR PASSION
for helping our clients win

OUR VISION
in action every day for the long term

OUR UNIQUE CULTURE
brought to life by shared Values

A SPIRIT OF INNOVATION to move our technologies forward



A DEEP UNDERSTANDING THAT CHANGES THE GAME

At Premier Tech, we are passionate about technology, especially the challenge of transforming new tech into products and services that meet concrete needs. In our ongoing efforts to find new ways to leverage our creativity and push the limits of our teams’ skills and knowledge, we always strive to integrate the latest advances into our commercial offers.

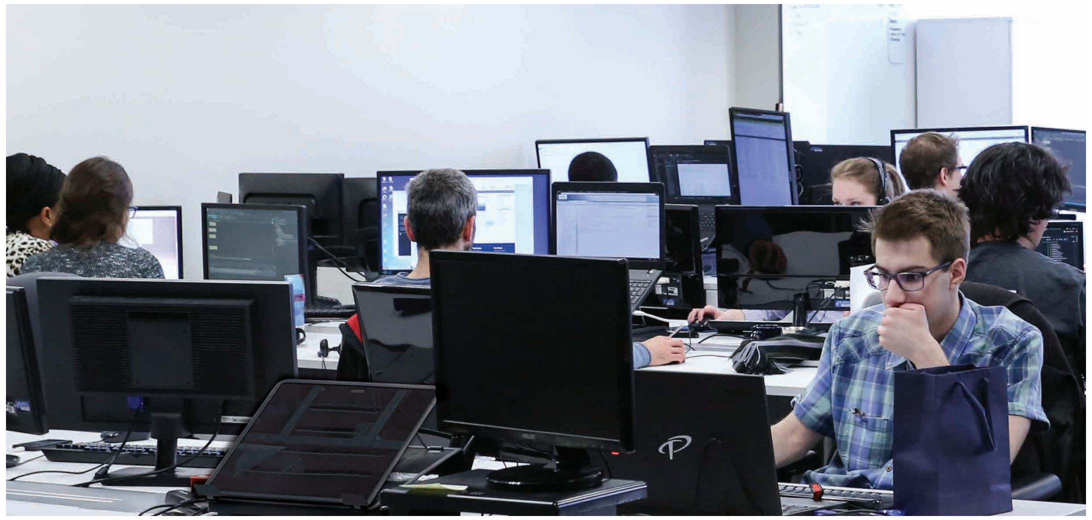
Our spirit of innovation is what drives our ambition day in and day out. Never afraid to ask the hard questions, we strive to get to the bottom of things to find game-changing solutions that challenge the paradigms in each of our market spaces so we can help create a better world for future generations.

By always seeking to better understand the business realities our clients face and to strengthen our ties with them, we build the level of trust and relationship that allows us to really make a difference. Bringing to the table concrete solutions that help our clients win is what Premier Tech is all about.

A MOUNTING DIGITAL WAVE

As part of VISION 2023, Premier Tech has identified all things Digital as one of the key strategies enabling its full potential. In this regard, we have made a clear and firm commitment to fully leveraging the opportunities presented by digital transformation to bolster our actions and accelerate our growth. In the coming years, a new dedicated, comprehensive and growing team will focus on developing and integrating digital technology into our internal processes and tools to keep pace with our growth, boost operational excellence, and ensure our long-term sustainability.

This digital wave is also aimed at developing new commercial offers and experiences for our clients through smart, connected and integrated solutions. By transforming data into actionable information, we can deliver concrete results driven by the performance of our products and services across all our business, for both current and future clients.

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years
OF GROWING

50 YEARS OF EXPERTISE

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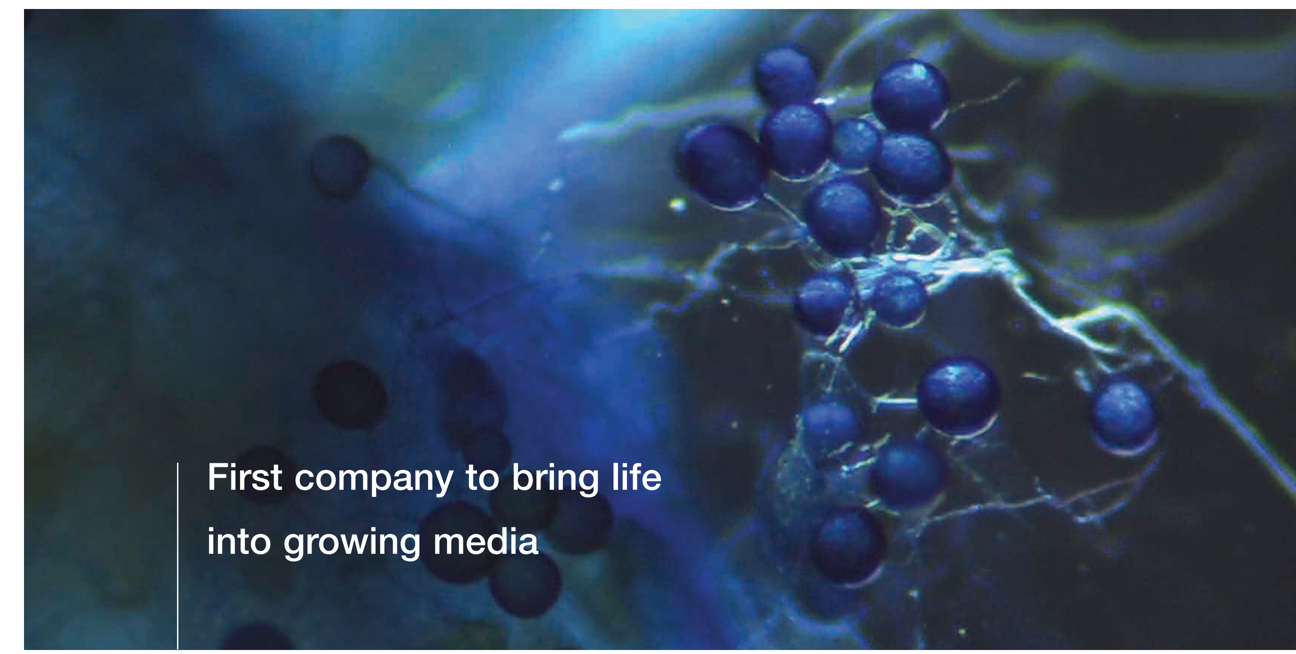

First company to bring life into growing media

World leader in the sustainable harvesting and restoration of peat bogs

50 YEARS OF SUCCESS STORIES

A PASSION for helping our clients win


Ecoflo®


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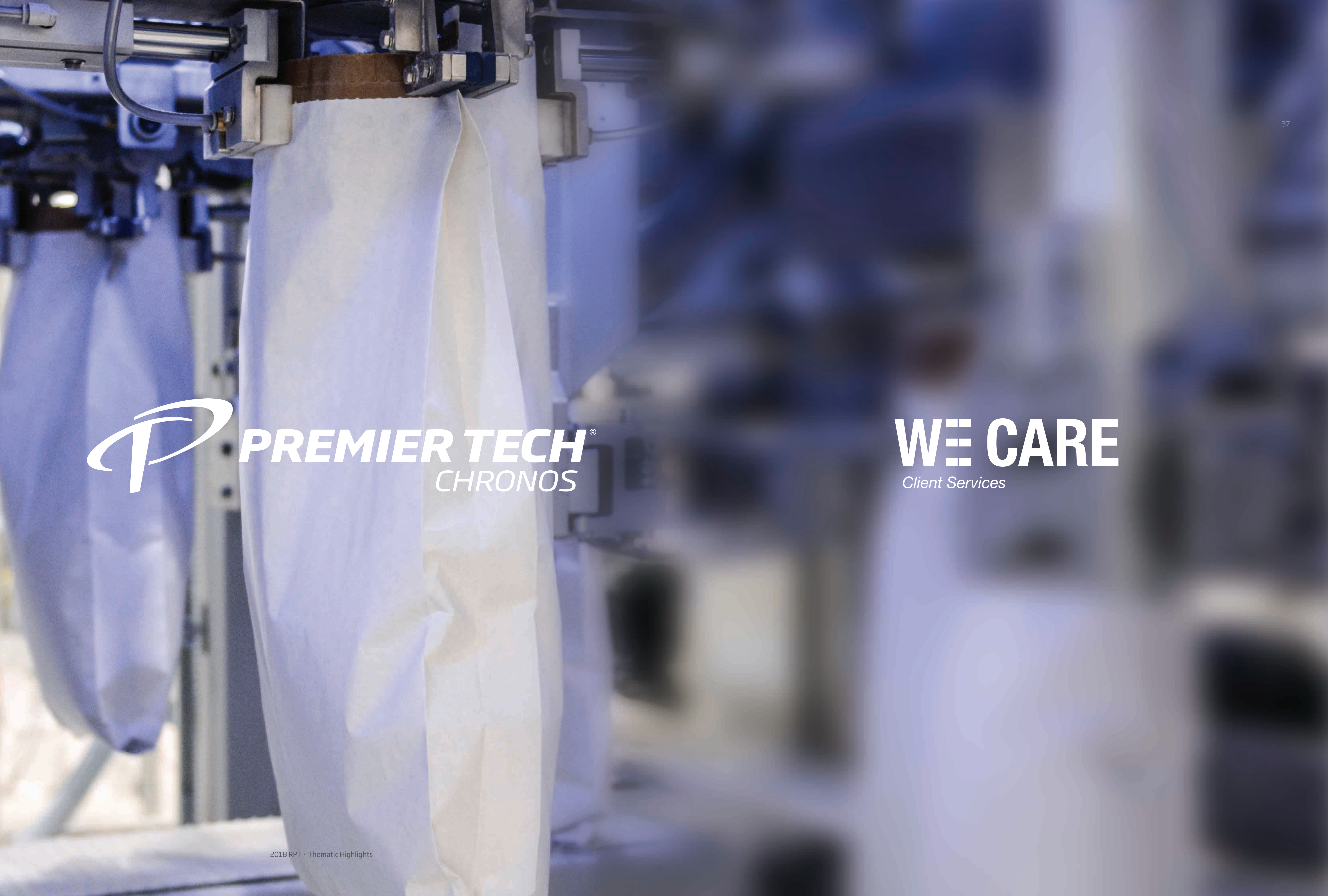
SINCE / DEPUIS 1880
C·I·L


AGTIV


PREMIER TECH®
CHRONOS
WE CARE
Client Services

A VISION
in action every day
for the long term

THE UNIVERSITY OF PREMIER TECH

AN ENGINE FOR GROWTH

With more than 4200 team members in 25 countries, Premier Tech draws incredible strength from the diversity driving its entire team. Over the years, we have gained a wealth of knowledge and expertise to help us always do more to help clients succeed.

When we created the University of Premier Tech (UPT) in 2015, our goal was to ramp up our collective ability to learn by encouraging the sharing of best practices while creating a pool of knowledge and common methods, practices, and tools the entire Premier Tech Team could use. Our structured team member development model—the only one of its kind in our market spaces—is an additional shared platform that helps ensure our sustainable development by providing tangible benefits for our team members, partners, and clients alike.

A team of 12 people fully committed to training our team members and helping them reach new heights.

IMPROVING TO EXCEL

Always striving to go further. Improving every day. Getting stronger. To succeed in our markets and secure our financial performance, but more importantly to constantly elevate our ability to help our clients win.

The RISE model for continuous improvement is an integral part of the PT Initiative for enhancing operational excellence (OPX). It's a structured method for generating improvements that, when shared and rolled out across the organization, strengthen our performance and help us materialize gains from our scope, size, and reach.

RISE ■ Reach for opportunities ■ Initiate change ■ Solve issues ■ Excel at what we do.

This is what we put into practice every day to seize opportunities for improvement and, above all, work together to constantly create more value for our clients.

The RISE model was developed by Premier Tech based on the best practices and successes of its own teams. It stands on a solid foundation that starts with full commitment from the Premier Tech Leadership Team. It was first introduced in VISION 2020 and is currently being deployed across all Business Units as part of VISION 2023, resulting in significant gains for our team members and clients alike.

STRENGTH WITHOUT BORDERS

At Premier Tech, the importance of connecting and working better together underpins everything we do, whether among team members or with clients and suppliers. Striving to understand each other better is how we forge stronger relationships and generate greater benefits for all.

The Premier Tech Supply Chain Summit (SCS), held for the first time in the fall of 2017, is a unique opportunity for us to bolster relationships with suppliers and explore new avenues for collaboration and growth. In an increasingly complex and fast-paced world, a company like Premier Tech cannot afford to overlook the power and innovation potential of its global supply chain.

This first summit, a 4-day event featuring training sessions, presentations, a tradeshow, and numerous opportunities for networking and discussion, allowed our suppliers and us to identify and seize multiple opportunities to grow together.

The SCS embodies our long-term vision and business philosophy built on our unwavering commitment to better serving clients. It is already scheduled to be back in 2019, and every two years thereafter.

The 2017 Supply Chain Summit: 400 participants. More than 30 industries. A unique event to engage and seize new business opportunities.

A UNIQUE CULTURE brought to life by shared Values

4 200

PASSIONATE

TEAM MEMBERS

ON 5 CONTINENTS

INHABITING OUR SPACES

At Premier Tech, we believe our identity can be an intrinsic part of the design and feel of the places we occupy every day. We want to work together in inspiring settings that are designed not only to meet our needs and fulfill our ambitions, but also—and more importantly—to reflect our unique character and be in perfect symbiosis with our Values and Culture.

The latest iteration of the PT Architectural Model, which is now being rolled out worldwide, is designed to accelerate and build synergies between our teams to help them work better together. Flexibility, openness, and lots of natural light are just a few of the features that will enable the entire Premier Tech Team to unleash its energy and full creative potential!

PREMIER TECH AND CYCLING
A NATURAL FIT

To be in constant motion. To look ahead and power through—striving to arrive first. To leverage individual skills while moving forward as one team. And in the end—to win and celebrate together.

With so many things in common, it is no coincidence that Premier Tech is supporting cycling all around the world. Stemming from our long-standing commitment to promoting health, education, and sports, this natural fit has blossomed into a wide range of partnerships that show the many ways in which our unique Culture can be exemplified by the athletes we support and cheer on.

FINANCIAL REVIEW

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During fiscal year 2018, we reaffirmed our commitment towards Innovation, Research and Development with investments of $22 million.

FISCAL 2018
A YEAR OF GROWTH

Fiscal year 2018 is in line with the long-term development and sustainable growth plan Premier Tech has been implementing for over 25 years, making it a satisfactory performance in the eyes of our Leadership Team.

The Company posted a higher-than-budgeted increase in revenues with earnings up almost 10%, while at the same time reporting operational earnings before tax, interest, depreciation, and amortization (operating EBITDA) of 9% for the period, despite a challenging economic and competitive environment in various market segments worldwide.

Exceptionally this year, Premier Tech's external growth exceeded its organic growth as a result of the three major business acquisitions completed by the Company in the final months of fiscal year 2017. These transactions contributed to its fiscal year 2018 results for an additional ten months. This contribution, combined with the acquisitions completed in 2018, brought the Company's per-acquisition growth to approximately $59 million, compared to approximately $12 million in organic growth.

Over the past five years, Premier Tech has maintained a proportion of 61% in organic growth and 39% in growth through acquisitions, which is in line with its acquisition growth strategy and thus gives the Company momentum to achieve the objectives set out in its VISION 2023. All together, the Company has generated $350 million in total growth since 2013, which represents a compound annual growth rate (CAGR) of 12.3% over the period.

We are entering fiscal year 2019 with tremendous velocity in our various market segments and very healthy order books in the majority of our Business Units. Our budget for the next fiscal year forecasts $870 million in sales, representing projected growth of $76 million, or 9.6%, before any additional external growth.

With respect to our financial performance, we estimate an operating EBITDA in the range of 9.3% to 9.5% for fiscal year 2019, which represents an improvement in operating EBITDA both in absolute figures and as a percentage of revenues.

THE PREMIER TECH
LEADERSHIP TEAM

LEADERSHIP TEAM

Bernard Bélanger

Chairman of the Board
Chief Executive Officer

Yves Goudreau

Vice-President
Corporate Development

Jean Bélanger

President
Chief Operating Officer

Michel E. Guay

Senior Vice-President
Strategic Projects

Jean-Pierre Bérubé

Vice-President
Infrastructure

Line C. Lamarre

Senior Vice-President
Organizational Development

Wilhelm Bielert

Vice-President
Chief Digital Officer

Previous spread, from left to right: Bernard Bélanger, Pierre Talbot, Line C. Lamarre, Michel Noreau, Martin Noël, Yves Goudreau, Martin Pelletier, Germain Ouellet, Jean Bélanger, Wilhelm Bielert, Jean-Pierre Bérubé, André Noreau, Michel E. Guay and Henri Ouellet

Martin Noël

Senior Vice-President
Chief Financial Officer

Henri Ouellet

President
Environmental Technologies Group

André Noreau

President
Industrial Equipment Group

Martin Pelletier

President
Horticulture and Agriculture Group

Michel Noreau

Senior Vice-President
Information Systems
and Procurement

Pierre Talbot

Senior Vice-President
Innovation

Germain Ouellet

Senior Vice-President
Human Resources
Corporate Secretary

BOARD OF DIRECTORS

Bernard Bélanger ▲
La Pocatière, Québec

Chairman of the Board
Chief Executive Officer
Premier Tech

Jean Bélanger
Notre-Dame-du-Portage, Québec

President
Chief Operating Officer
Premier Tech

Hon. Martin Cauchon ▲
Montréal, Québec

Executive Chairman
Groupe Capitales Médias

Gilles Laurin ▲ •
Durham-Sud, Québec

Corporate Director
Chairman, Human Resources Committee

Jean-Yves Leblanc •
Ville Mont-Royal, Québec

Corporate Director
Lead Independent Director
Chairman, Audit and Corporate Governance Committee

Germain Ouellet
Saint-Hubert-de-Rivière-du-Loup, Québec

Senior Vice-President
Human Resources
Premier Tech
Corporate Secretary

Pierre Racine •
Pointe-Claire, Québec

Corporate Director

▲ Human Resources Committee member
• Audit and Corporate Governance Committee member

From left to right: Bernard Bélanger, Germain Ouellet, Martin Cauchon, Jean-Yves Leblanc, Jean Bélanger and Gilles Laurin
Absent from photo: Pierre Racine

GROUPS AND BUSINESS UNITS

GHA — HORTICULTURE AND AGRICULTURE GROUP

Premier Tech Horticulture
Canada
France
United States

Premier Tech Home & Garden
Canada

Premier Tech Agriculture
Canada
France

Premier Tech Biotechnologies
Canada

IEG — INDUSTRIAL EQUIPMENT GROUP

Premier Tech Chronos
Brazil
Canada
China
France
Germany
India
Indonesia
Italy
Netherlands
Thailand
United Kingdom
United States
Vietnam

Kockums Bulk Systems
A Premier Tech Company
Australia

Prairie Engineering
A Premier Tech Company
United States

Slootweg
A Premier Tech Company
Netherlands

Swabo
A Premier Tech Company
Netherlands

ETG — ENVIRONMENTAL TECHNOLOGIES GROUP

Premier Tech Aqua
Canada
France
Germany
India
Ireland
Portugal
United Kingdom

Premier Tech Lanka
Sri Lanka

Premier Tech Aqua Brisanzia
India

FORWARD-LOOKING STATEMENTS

FISCAL YEAR ENDED MARCH 3, 2018

The Premier Tech Report includes forward-looking statements regarding the objectives, projections, estimates, expectations and forecasts of the Company or management. These statements are indicated by positive or negative verbs such as believe, plan, estimate, expect and assess, or by related expressions.

The Company cautions that, by their very nature, forward-looking statements involve major risks and uncertainties, which means that the Company's activities or results could differ substantially from what is indicated, whether explicitly or implicitly, in such statements.

Earnings before interest on the long-term debt, interest and bank charges, income taxes on earnings, depreciation and amortization (earnings before interest, tax, depreciation and amortization: EBITDA) is a measurement that has no standardized definition under the Accounting Standards for Private Enterprise (ASPE). It is included in this Report to provide readers with additional information about the evolution of the results of the Company's operations.

Unless otherwise indicated, all amounts are expressed in Canadian dollars.

EXTERNAL FACTORS TO CONSIDER

Since Premier Tech operates in several different business sectors, it is subjected to many external factors that must be taken into consideration to ensure that the Company will continue to grow and generate a satisfactory financial performance. These external factors include credit risk management, exchange rates, interest rates, weather conditions, general economic factors, the competition, and various other operational and financial risks.

As such, the Company must not only be forward-looking and proactive, but also adapt to the various conditions—whether economic, climatic, operational or competitive—of the markets it services.

OPERATING RESULTS

EVOLUTION OF SALES

Consolidated sales for the fiscal year ended March 3, 2018 reached $793.6 million, which represents an increase of $70.6 million, or 9.8% of sales, compared with the $723 million reported for the preceding 12-month period. This growth was generated by business acquisitions made during fiscal years 2017 and 2018 in the amount of $58.9 million, and by organic growth in the amount of $11.7 million, or 1.6% of the previous fiscal year's sales. This performance follows growth of 7.5% during fiscal year 2017, thus generating a compounded annual growth of 8.6% over the past two years.

$70.6M

↑ 9.8%

SALES GROWTH

The Company reported increased sales of 25.5% for its Industrial Equipment Group (IEG), and of 19.7% for its Environmental Technologies Group (ETG) while its Horticulture and Agriculture Group (GHA) saw a decrease of 4.1% in sales.

These performances followed increases of 8.4% for GHA, 11% for IEG and a decrease of 1.9% for ETG during fiscal year 2017, compared with sales posted in 2016.

EVOLUTION OF ASSETS TO SALES RATIO

While it reported $1.03 in total assets at year-end for each sales dollar made during fiscal year 2013, the Company progressively improved the use of its assets as in 2018 it reported $0.82 in total assets for each sales dollar generated. About $0.09 of the $0.21 per sales dollar decrease came from the decrease in the working capital asset ratio per sales dollar, while the remaining $0.12 came from the decrease in the long-term asset ratio per sales dollar, thus reflecting a better use of the production capacities and assets available to the Company. Moreover, the total of assets in proportion of sales at the end of 2018 represents $0.03 less than at the end of 2017. This is in part explained by the acquisitions made during the last months of fiscal year 2017, which contributed for only two months of sales in 2017, while they contributed a full year during 2018.

$0.82

TOTAL ASSETS PER 2018 SALES DOLLAR

$1.03

TOTAL ASSETS PER 2013 SALES DOLLAR

$0.21

IMPROVEMENT IN THE USE OF ASSETS PER SALES DOLLAR

$793.6M

SALES

TOTAL GROWTH OVER 5 YEARS

$349.6M

61% ORGANIC

39% BY ACQUISITION

2018 EBITDA

$71.2M

EBITDA GROWTH SINCE 2012

$40M

GEOGRAPHIC DISTRIBUTION OF SALES

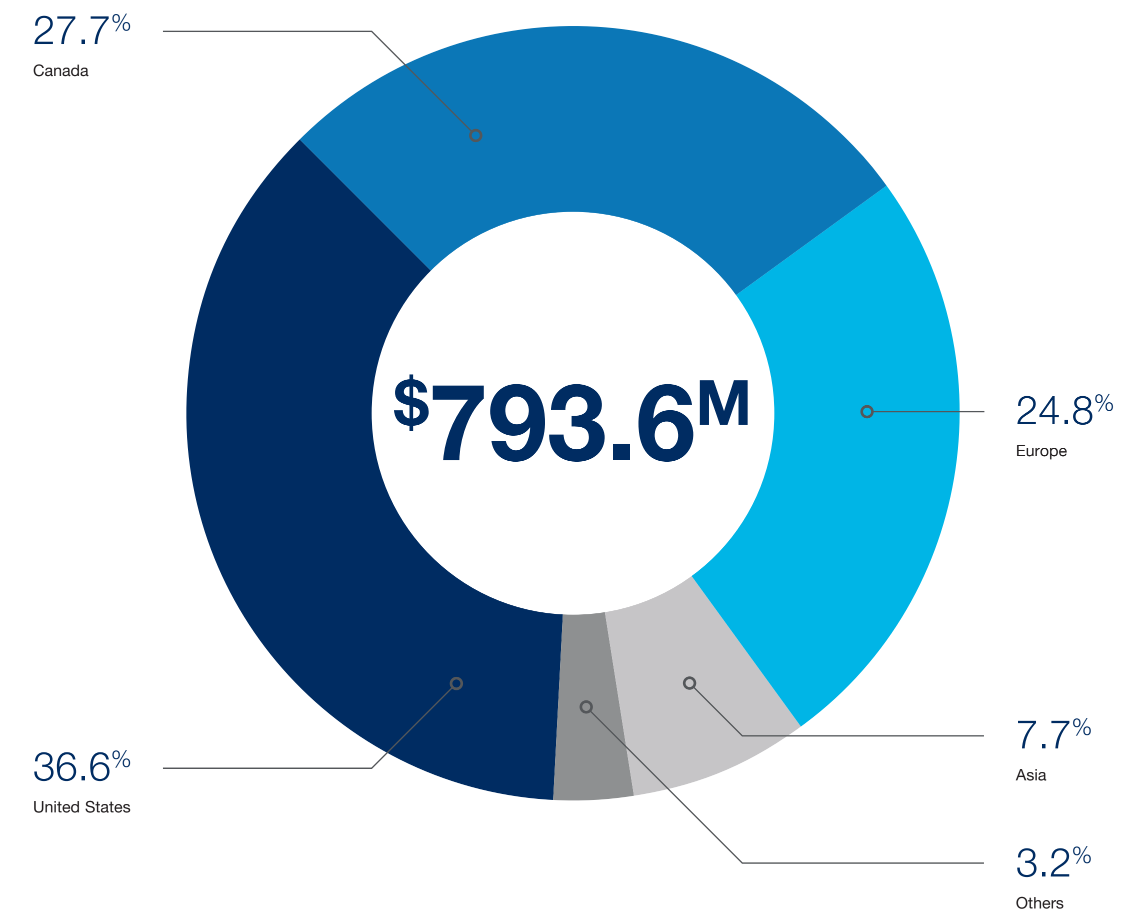
Both in 2017 and in 2018, GHA generated approximately 10 to 11% of its sales in the European Union, and approximately 89 to 90% in North America, including approximately 40% in the United States and 50% in Canada. GHA is thus exposed mainly to fluctuations in the exchange rate for the US dollar against the Canadian dollar, as most of GHA's North American manufacturing operations are taking place in Canada, and to a much lesser extent, for the euro against the Canadian dollar.

IEG generated approximately 67% of its sales in North America (71% in 2017), and is therefore exposed to variations in the exchange rate of the US dollar against the Canadian dollar, since most of its manufacturing takes place in Canada whereas the majority of its sales are made in US dollars. The decrease of the percentage of sales originating from North America is mainly a result of the superior growth experienced in Europe in the past year which now represents approximately 25% of IEG's sales.

ETG, which generated about 27% of its sales in North America (27% in 2017), nearly 79% of which was from Canada (81% in 2017), and about 64% in Europe (67% in 2017), had to deal with relatively few exchange rate variations since its revenues, expenses and investments were almost in balance in each of the four main currencies in which it operates. It should be noted that ETG is our only Group that has larger sales and manufacturing operations in Europe than in North America.

80 COUNTRIES

2018

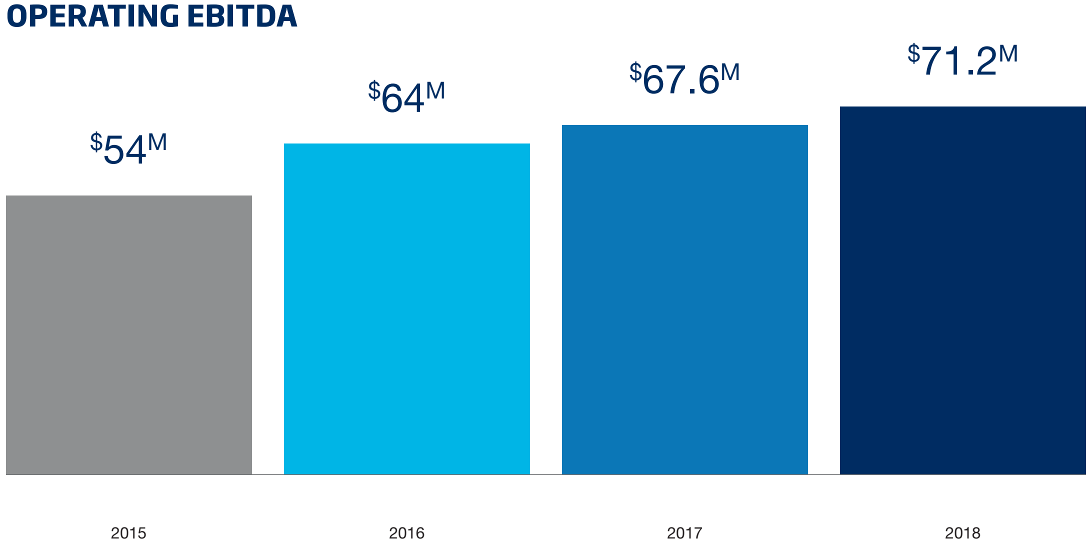


OPERATING EXPENSES AND EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION

In 2018, operating expenses, net of other income but excluding the impact of exceptional items, represented 91% of sales, compared with 90.7% in 2017 and 90.5% in 2016.

We thus notice a slight decrease of the Company's financial performance as a percentage of sales compared to the last two fiscal years.

OPERATING EBITDA



EVOLUTION OF OPERATING EBITDA

At the same time, operational EBITDA increased by $3.6 million to $71.2 million as at March 3, 2018, compared with $67.6 million for the previous fiscal year and $64 million for the fiscal year ended in 2016.

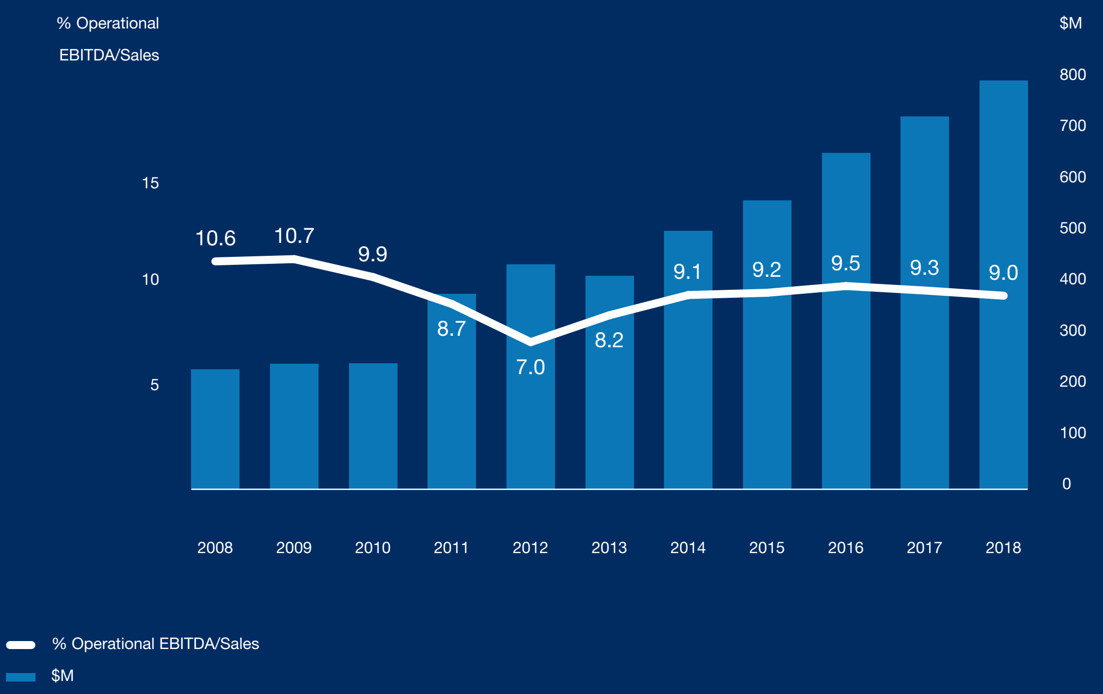
The Company has achieved an increase of some $7.2 million in its operating EBITDA over the past two years, and $17.2 million over the past three years, which represents increases of 11.1% over two years and 31.8% over three years.

Between 2008 and 2010, the Company's sales were relatively stable in dollars, but did show increased volume of shipments that were negatively affected by adverse exchange rate fluctuations. A period of sustained growth then followed from 2011 to 2018 both in volumes shipped as in dollars. Over the 2008-2018 period, operating EBITDA as a percentage of sales fluctuated, from 10.6% in 2008 to a low of 7.0% in 2012 before rising steadily from 2013 to 2016, when it reached 9.5%, while the two most recent fiscal years have seen a slight decrease—to 9.3% and 9.0% respectively. The evolution of sales distribution and of the financial performance per industries in which the Company evolves explains the evolution of the operating EBITDA as a percentage of sales. The Company deploys different initiatives that aim to generate again an operating EBITDA higher than 10% of its sales.

OPERATING EBITDA OF

9.0%

SALES AND OPERATING EBITDA



WORKING CAPITAL AND TOTAL ASSETS

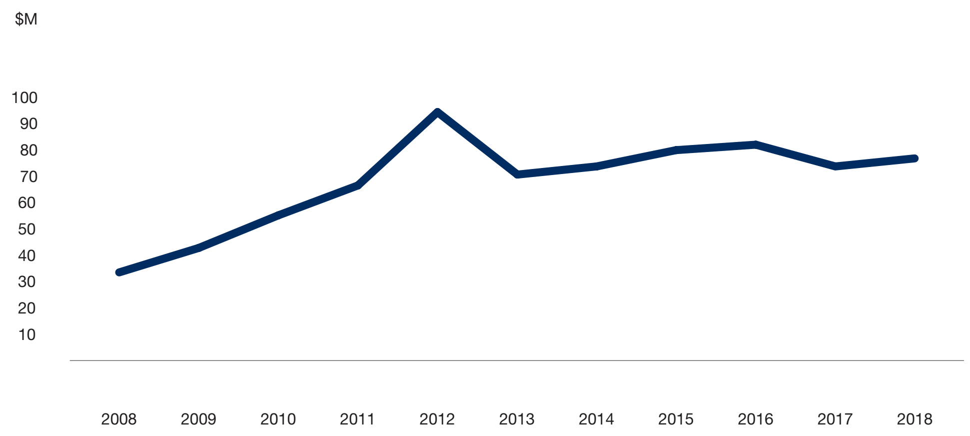
The Company's working capital experienced sustained growth from 2008 to 2012, and has remained fairly stable since in dollars, varying between $72 million and $83 million. Working capital as a percentage of annual sales fluctuated mainly between 9.9% and 17.2%, with one exceptional peak in 2010, when the Company reclassified a long-term investment into a short-term investment, and then another one in 2012 following completion of a refinancing operation that saw $42 million in term loans be put in place, leading to an equivalent injection into the working capital. An improvement in the Company's use of working capital took place over the last six years, as the proportion of sales fell by 39%, from 16.2% of annual sales in 2013 to 9.9% in 2018.

Also to be noted is the stability of the Company's business model, leading to relatively stable proportions in the use of short-term and long-term assets.

$793.6M

SALES

WORKING CAPITAL



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
WC	36	45	57	68	95	72	75	81	83	75	78
WC ratio	1.37	1.52	1.83	1.42	1.85	1.47	1.43	1.42	1.39	1.31	1.29
WC as % of sales	15.2	17.2	21.7	16.9	21.3	16.2	14.3	13.8	12.3	10.4	9.9

TOTAL ASSETS

FINANCING AND OUTLOOK

LINE OF CREDIT FINANCING

During fiscal year 2018, the Company's overall financial performance evolved in line with the expectations of its shareholders and financial partners. As at March 3, 2018, the Company met all ratios applicable under its financing agreements. Management also expects that it will continue to meet these and other obligations related to its financing agreements throughout the next fiscal year ending March 2, 2019. Management also believes that the Company's existing and future sources of financing will allow it to pursue its operations, investments and Innovation, Research and Development (IR&D) activities in accordance with its VISION 2023.

During fiscal year 2018, the average use of the operating lines of credit stood at $51 million ($42 million in 2017 and $39 million in 2016). The significant increase between 2017 and 2018 resulted mainly from the temporary financing, taken from the operating line of credit, for the payment of the purchase price of certain business acquisitions as well as significant tangible fixed assets acquisitions made during fiscal year 2018, while long-term financing of same took place only at the end of fiscal year 2018. The same applied during fiscal year 2017 but to a lesser extent. As at March 3, 2018, the Company had an authorized operating line of credit that varies between $85 million and $105 million, depending on the time of year, available from the Canadian Imperial Bank of Commerce and BMO Bank of Montreal. This operating line of credit has been renewed for a five-year term on January 31, 2018. Following this renewal operation, the Company now has the possibility to obtain loans in euros and in sterling pounds in addition to maintaining the possibility to borrow in Canadian dollars and in US dollars. Finally, the new line of credit provides the possibility to augment the authorized financing limit up to $150 million, provided that there are sufficient guarantees with regard to the inventories and accounts receivable. This operating line of credit thus has the necessary features to allow the Company to cover its financial needs in the context of its sustained growth and in pursuing its operating and investment activities.

Considering its expected growth, various business acquisitions and its other investment projects financed in whole or in part using the net availability from the line of credit during fiscal years 2017 and 2018, and absent any additional business acquisitions funded through the use of its line of credit during 2019, the Company foresees that the average use of its operating line of credit will amount to approximately $44 million during fiscal year 2019. The expected net availability from its operating line of credit of $45 million on average for fiscal year 2019 ($37 million in 2018) provides the Company with broad leeway to meet the seasonal needs of its various Business Units, and have sufficient financial resources at its disposal to take advantage of any business opportunities that may come its way.

LONG-TERM DEBT FINANCING

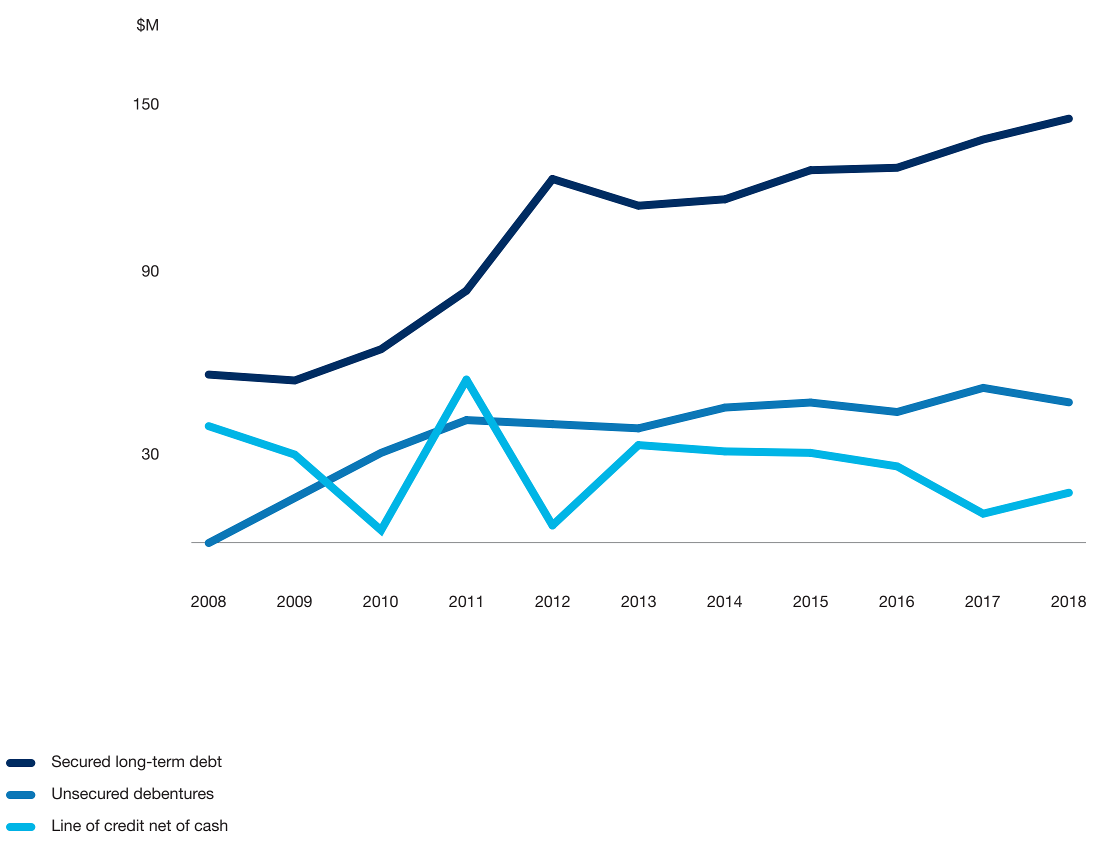
On February 28, 2018, the Company has put in place an increased credit facility with its term lenders, whom are Farm Credit Canada, Roynat Capital and Business Development Bank of Canada, and collected an amount of $16.5 million, bringing the total disbursed commitment of these lenders toward the Company to $100 million. In addition, $25 million is made available to the Company for working capital injection over the coming year while $40 million represents a pre-approved term loan to be used to finance business acquisitions by February 2021. Of these loans, $25 million are subject to a four-year moratorium on capital reimbursement and will then be repayable annually based on the excess cash flows generated by the Company, with any balance on the $25 million being due on the 12th anniversary of the disbursement. The $140 million balance of the loan is repayable monthly in equal capital instalments over a twelve-year period from the date of disbursement. As at March 3, 2018, the balance due with respect to this credit facility amounted to $100 million.

On May 30, 2014, the Company concluded a pre-authorized financing agreement with Fonds de solidarité FTQ in the form of unsecured debentures totaling $25 million to finance, in part, business acquisitions the Company would make by May 2018. On February 14, 2018, the Company and Fonds de solidarité FTQ have agreed to consolidate the outstanding unsecured debentures totalizing $46.9 million to allow their repayment over a seven-year period through monthly capital instalments of $400 000 plus interest with the balance of $13.3 million being repayable in February 2025. On the same date, the Company concluded an additional $25 million pre-authorized financing agreement with Fonds de solidarité FTQ in the form of unsecured debentures to finance, in part, business acquisitions the Company will realize over the coming three years.

During fiscal year 2016, the Company put in place a loan of €6 million (about $8.5 million) with HSBC Bank and the Banque publique d'investissement in France to support the development of its Environmental Technologies Group in that country through supporting its working capital as well as adding to its production capacity. This financing operation was also designed to enable the Company to develop local sources of financing in jurisdictions where it is active, thereby achieving both a diversification of its financing base, and a natural hedge for cash flows generated in foreign currencies.

On November 14, 2017, the Company signed an eight-year interest-free term financing agreement with the Government of Québec for an amount totaling up to $18 million. The annual payouts from Investissement Québec under this financing agreement will depend on the fixed asset investments made as part of the Company's AVENIR program which calls for investments in fixed assets in the amount of $53.5 million between November 2016 and October 2019. The first payout request on this loan will be made in the fall of 2018 and is likely to amount to approximately $9 million.

EVOLUTION OF THE INTEREST-BEARING DEBT



INNOVATION, RESEARCH AND DEVELOPMENT (IR&D) FINANCIAL CONTRIBUTIONS AND REPAYMENTS

On July 13, 2015, the Company announced a refundable financial contribution of $8.2 million from the federal government to support its IR&D efforts under the IDÉE program: Innovation and Development for Elevating Exportation, through Canada Economic Development. The maximum amount of this refundable contribution has been reached at the end of December 2017. As a consequence, the Company has submitted claims for a total of $8.2 million, of which $6.1 million have been collected. As at March 3, 2018, an amount of $2.1 million had yet to be received; this amount was collected during the first quarter of 2019.

AUDITORS

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BUSINESS DEVELOPMENT BANK OF CANADA

CANADIAN IMPERIAL BANK OF COMMERCE

FARM CREDIT CANADA

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