

**2022  
PREMIER TECH REPORT**





2022



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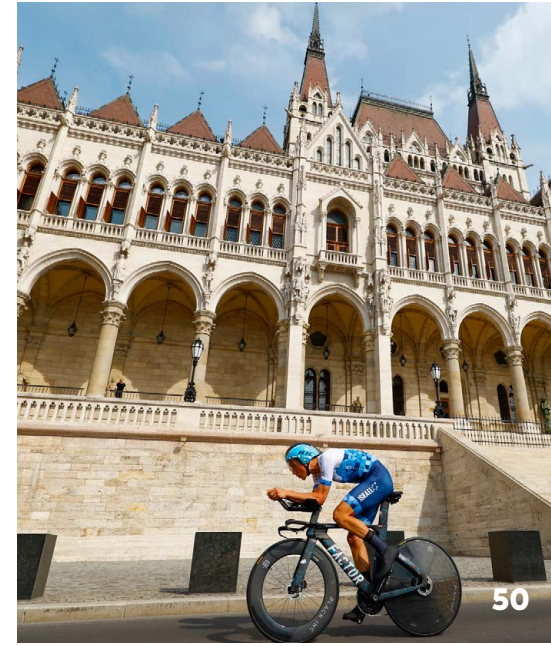
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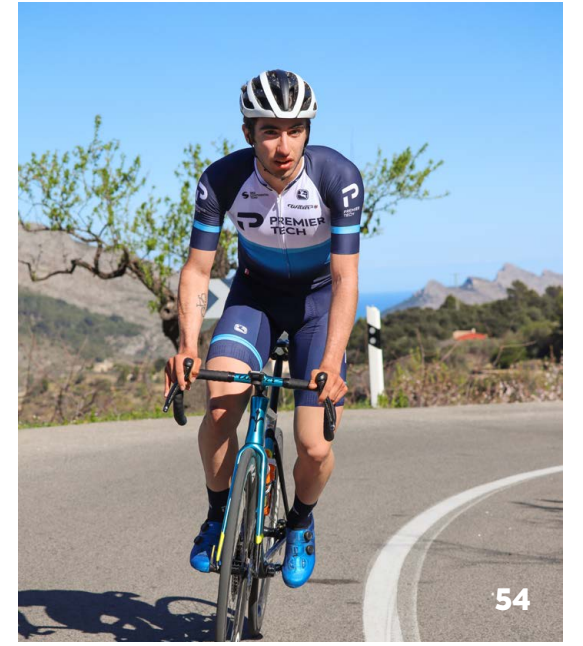
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**People and Technologies**

**making a difference**

# Message from the Leadership Team

This past year is a significant milestone for Premier Tech as it marks the last year of our first century and, even more so, the first fiscal year in which we generated over \$1 billion in revenue.

Sales revenue grew from \$982 million in fiscal 2021 to \$1.095 billion in 2022. This \$113 million increase represents 11.5% growth and tops off more than 30 years of average annual growth above 10%. Our strong performance this past year is all the more noteworthy in that 79% of the increase, or \$89 million, is organic growth, while acquisitions account for \$24 million, or 21%.

These figures testify to the trust our clients put in us and how much they value our services and technologies. They also reflect the strength of our brands in all the markets where Premier Tech operates. But this steady and sustained growth would be impossible without the commitment and hard work of thousands of team members around the world who have made Premier Tech a success story for nearly a century.

**Today we want to thank all those who have played a key role in our journey since 1923 — our clients and team members. Thank you, dear clients, for your trust over the years and thank you to all team members for the passion you show daily.**

This kind of performance and growth over time is no accident. For over 30 years, Premier Tech has diligently planned and executed its strategic development plan. Together as a team, we move forward with a clear vision and a meaningful Purpose. We have had our eye on the \$1 billion mark for a few years, and hitting the target is yet another proof of what we can accomplish and our ability to achieve our full potential. Furthermore, it is a clear and solid message from our clients of how they value what we bring to them.

Crossing the billion-dollar threshold is particularly meaningful as we prepare to celebrate our 100<sup>th</sup> anniversary. We have come this far by staying true to ourselves and our Purpose — which brings together People and Technologies in order to help make a difference by feeding, protecting, and improving our world. Just as we are turning 100 years young, this acts as a foundation for the next chapter in our already rich history while we are accelerating forward.

Given the unusual and complex circumstances of the past two years, our performance is the expression of the resilience of our markets and our strong relationships with clients and suppliers. In fiscal 2022, our global and local presence combined with the agility of our teams helped us navigate even bigger and more complex challenges than the previous year. Faced with major disruptions affecting the global supply chain, logistics and transportation along with a tight labour market, and many other challenges, our teams went the extra mile to continue delivering on our commitments and our promise to our clients.

## VISION 2027

Strategic planning is core to how we operate at Premier Tech. It guides our decisions and actions and has been key to our sustained and profitable growth over the years. Doing this allows us to set the strategies and objectives that create business velocity and at the same time, enables us to be agile enough to deal with the unexpected. The process of building our VISION 2027 strategic plan this past year gave us the opportunity to engage in conversations with numerous internal and external stakeholders, allowing us to take a step back to compare and analyze our situation and project ourselves into the future. Ultimately, the goal of our strategic planning process is to determine the objectives, strategies, and actions that will ensure our steady progress and development.

## Investing for the future

Premier Tech has consistently and successfully balanced its capital investment portfolio to position itself to seize opportunities and fuel growth. Whether it is investing in our buildings and workspaces, manufacturing capacity, or management information systems, our approach is proactive and consistent with our strategic plans. This past year saw a significant increase in capital investment, from \$27 million in fiscal 2021 to over \$74 million in 2022. This surge in investments is the result of sustained sales growth in recent years — an increase of nearly \$375 million since 2017 — and a corresponding increase in our manufacturing network along with new investments as part of VISION 2027.

# Main investments

## Completed investments

- \$10 million to increase manufacturing capacity and add a furnace to produce perlite — an ingredient in our growing media — at the Rexton plant in New Brunswick in our Growers and Consumers business group.
- €3 million to increase rotational moulding capacity at two plants that are part of our Water and Environment business group in France.
- More than \$9 million for the acquisition of a plant in Salt Lake City to upgrade the manufacturing infrastructure and installation of our Systems and Automation business group.
- Nearly \$2 million to upgrade some of our installations — offices and plants — at the Premier Tech World Headquarters in Rivière-du-Loup.

## Planned investments

- \$47 million over five years to help modernize and boost production capacity at two plants in our Growers and Consumers business group in Ontario.

# Refinancing

At Premier Tech, we are firm believers in open, direct, and transparent communication, coupled with a desire to master our destiny. That is why we maintain an ongoing conversation with financial markets and structure our financing ourselves, with no intermediaries or filters, ensuring the coordination of our efforts. While this may seem like an anachronistic approach for a company of our size, we are committed to finding innovative solutions to maintain it. Our approach opens up opportunities for discussion and dialogue and connects us with people who provide insight, ask the right questions, and challenge us. That, in itself, brings added value to Premier Tech and its entire ecosystem.

In fiscal 2022, we launched a major refinancing operation that was completed at the very beginning of fiscal 2023. An extension of our strategic planning

process, the operation aimed to lay the groundwork for VISION 2027 and prepare Premier Tech for a new phase of growth and development over the next 10 to 15 years. As part of this operation, we decided to diversify our lender portfolio by adding new collaborators to our lineup of long-standing financial partners. The financial structure put in place will ensure we have the funds we need for our growth over a 3 to 5-year period, for both acquisitions and capital projects.

- A new secured term loan facility totalling \$300 million with a group of six financial partners, including three long-standing ones — Farm Credit Canada (25 years), Business Development (15 years), and Roynat Inc. (25 years) — and three new ones, namely Desjardins, HSBC Bank of Canada, and TD Canada Trust.
- A new round of unsecured loans totalling \$110 million with Fonds de solidarité FTQ (35 years) and Capital régional et coopératif Desjardins.
- 5-year extension and increase to \$200 million of our line of credit with the same long-standing partners, namely, CIBC (15 years) and Bank of Montreal (10 years).

By building a long-term relationship with our partners, we benefit from short and long-term loan agreements with much longer than standard timeframes ranging from 5 years for the short term to 8 years for the long term. These agreements with specific partners for each type of loan enable us to move ahead on our various projects and secure delivering upon our ambition. The success of this operation highlights our credibility on the financial markets, which we have earned through long-term relationships with our financial partners and, obviously, through our track record of sustained and profitable growth.

## Expanding our foundation for organic growth

In light of high valuation expectations in the marketplace, we had less velocity in making acquisitions in fiscal 2022 compared to other periods of turbulence, like the financial crisis of 2008-2009, following which we closed on nine strategic and capacity-building acquisitions over the course of an 18-month period. In terms of deal flow, we saw lots of opportunities but we maintained the same financial discipline, buying for the long term and at a price that will generate an appropriate rate of return on investment.

That said, we nevertheless accelerated the rollout of our digital offering by acquiring Québec-based company Mirego in a transaction finalized at the very beginning of fiscal 2022. This acquisition is part of our Digital business group's vision of delivering end-to-end services to its clients and supporting them throughout their digital journey, from transitioning manufacturing facilities to industry 4.0, to developing their own digital products and the digitalization of their commercial processes.

In late fiscal 2022 we also acquired the 50% ownership we did not own in the joint venture we had with Ferti Technologies, a Québec-based company. Launched in 2015, Premier Ferti Tech is based in Niagara Falls, Ontario, and has the mandate of conditioning and packaging lawn fertilizers as well as Alaskan winter defense products. The manufacturing facility is now fully part of our Growers and Consumers business group.

In a first transaction for our Life Sciences business group, we also became the majority shareholder of Virentia. Specialising in extracting chloroplasts and bioactive molecules from alfalfa, this Québec start-up, launched in 2016, and based in Becancour is now part of Premier Tech's growing effort in the field of human and animal health and nutrition. Premier Tech was one of the early investors back in 2018 and increased its stake as Virentia was investing close to \$50 million in a state-of-the-art manufacturing facility in 2021.

Another transaction early in fiscal 2023 broadened the scope of our commercial offer in smart manufacturing and digital transformation. The acquisition of Arima, a Québec company who has developed and commercializes the cloud-based software Syncrun — an advanced production planning and scheduling solution —, enables us to better support our clients in their productivity and efficiency challenges.

Our Growers and Consumers business group also acquired the operational assets of Northwoods Organics of Minnesota, a U.S. peat producer, at the start of fiscal 2023. In addition to increasing our production capacity, the acquisition secures our access to strategic peat reserves in North America.

In keeping with our desire to make a difference in communities where we are active, pave the way for the next generation, collaborate for the long term and build on the value of diversity, Premier Tech is

proud to be a founding member of HIFA — which means “Halles d’innovation et de formation avancée” in French — a collaborative research and development hub set up jointly by Premier Tech and the Université du Québec à Chicoutimi Entrepreneurship and Spin-Off Center, the Québec Center for Aluminum Research and Development (CQRDA), and the Université du Québec à Rimouski. Fonds de solidarité FTQ, Desjardins Capital, and Cascades are also founding members. The first undertaking of its kind in Québec, HIFA is an innovative project aiming to support companies in their Industry 4.0 shift whether it is automation of industrial processes or digitalization.



## 100 years young

We undertake fiscal 2023 with confidence and conviction, building on our strong foundations and rich history. We are resolutely focused on the future, but mindful of supply chain challenges and the ongoing economic turbulence in global markets. Our actions and outlook for the coming year are fuelled by the depth and breadth of our experienced teams and the energy they bring to the table every day. These building blocks move us forward and will carry us into our second century, where we can count on our strong financial footing, our knowledge and our expertise, but most importantly on everything we have learned in our first century of existence as well as the skill set and know-how

of the Premier Tech Team, an enthusiastic and committed group of people with the tools and drive to deliver profitable growth into the long term.

This unwavering desire to have a lasting impact on people's lives and deliver value to our clients is what motivates our teams and upholds our Purpose. We are confident that our promise to make a difference and support our clients and partners in their success will pave the way forward for us.

**Now more than ever, this is our time.**

— Leadership Team

# WE ARE PT

# The multiple voices of strategic planning

Our future, we are building it day by day, through our actions and decisions. We are building it, investing in it, and we have been doing so for more than 30 years. Giving ourselves some room and allowing ourselves time to be forward-looking. At Premier Tech, strategic planning is a core process uniting our teams and fuelling our development. We are constantly exploring new ways of enabling broad strategic thinking, rich and inclusive conversations, and immersive collaboration. Our whole approach aims to bring the plan to life, taking it from the drawing board to a disciplined execution. Its value lies in the process and its coherence, as well as in the unity and agility it brings to our teams — in fact, it is a lot more about planning than the plan itself.

Although this approach started intuitively in 1991, it evolved by design over the years, aiming to create the right conditions for team members to engage in open and vibrant conversations. Strategic planning has become a superb example of how we put the power of many voices into action.

## Shaping 2027

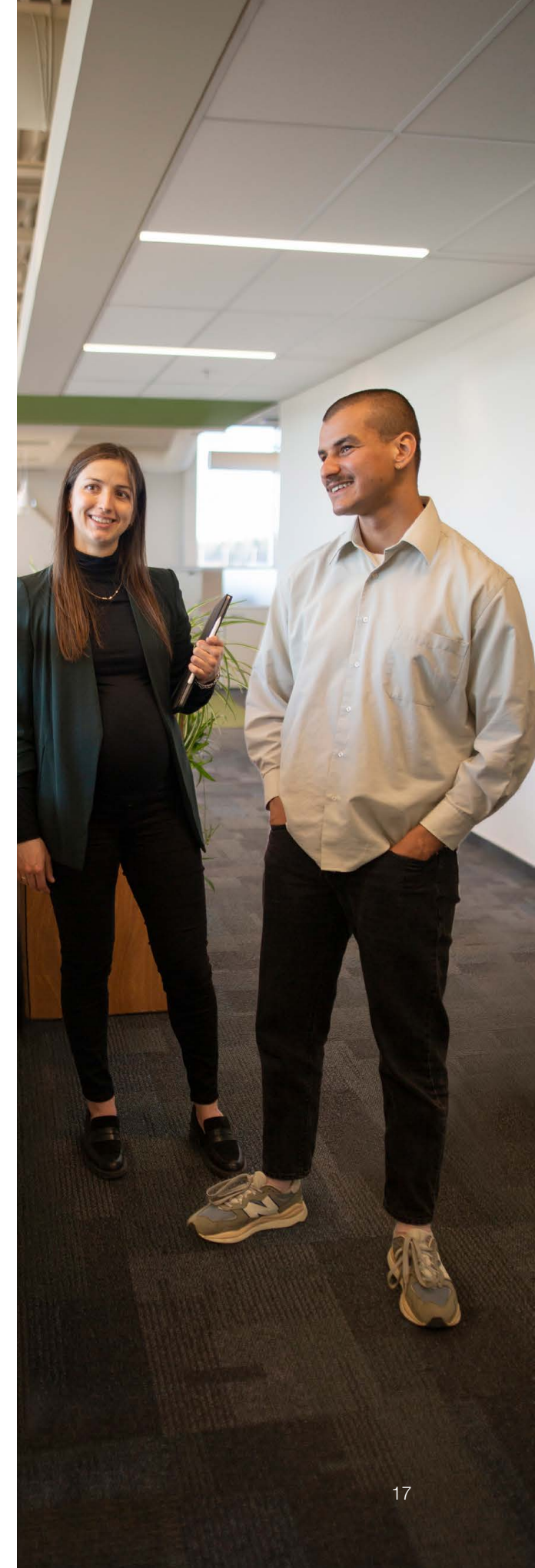
As we entered this cycle of strategic planning, we felt time was ripe to bring this cornerstone of the way we run our business — the PTWAY — to the next level. Once again, we made a point of engaging as many voices as we could in the process to develop Premier Tech's strategic plan — as relevant and strong as possible — for the years 2022 to 2027 and beyond.

More than 500 team members invested themselves in thousands of hours of conversations and challenges through close to a hundred forums, capturing our way forward and designing our strategic plan, VISION 2027. Not only did we make time to connect in person, but we also expanded the conversation to more than another 1 000 team members worldwide through our online collaborative platform to enrich and deepen our strategic planning process. It allowed every team member to reflect and exchange on various strategic and tactical topics, while fostering a boundaryless conversation.

Throughout the process, we have been able to grasp one another's reality, which is specific to our expertise, markets or culture. We listened to each other and realized that our voices, however different they may be, are all distinct expressions of our Culture and Values. They are the living proof that at Premier Tech, we find unity in diversity.

With such an undertaking comes the challenge of bringing all these individual voices into a collective one. This is a meticulous process of translating words, numbers, ideas and ambitions into concrete objectives and strategies. As it shapes our actions for the years to come, this common vision of where we are headed and how we are going to get there is the undeniable proof that at Premier Tech, our unique voice carries long and far.

## WE ARE PT



Around the world, our teams bring our Purpose to life by connecting People and Technologies to develop and manufacture products and services that help feed, protect, and improve our world.

## FEED

Feeding growing populations worldwide in a sustainable and respectful manner for future generations throughout all Premier Tech teams. Creating technological solutions for the agri-food industry, maintaining the availability and quality of water resources and leveraging the potential of microbial and plants to feed the planet. This is what motivates us.

## PROTECT

Driven by a shared passion and the richness of our diversity of experiences and competencies, we are committed to creating beautiful and safe living environments for everyone — for people, businesses and communities. This is what drives our efforts toward protecting water resources, crops and food supplies while ensuring the safety of manufacturing facilities and their teams. Protecting life while keeping in balance with human activity, without putting our planet on the line. This is what Premier Tech is all about.

## IMPROVE

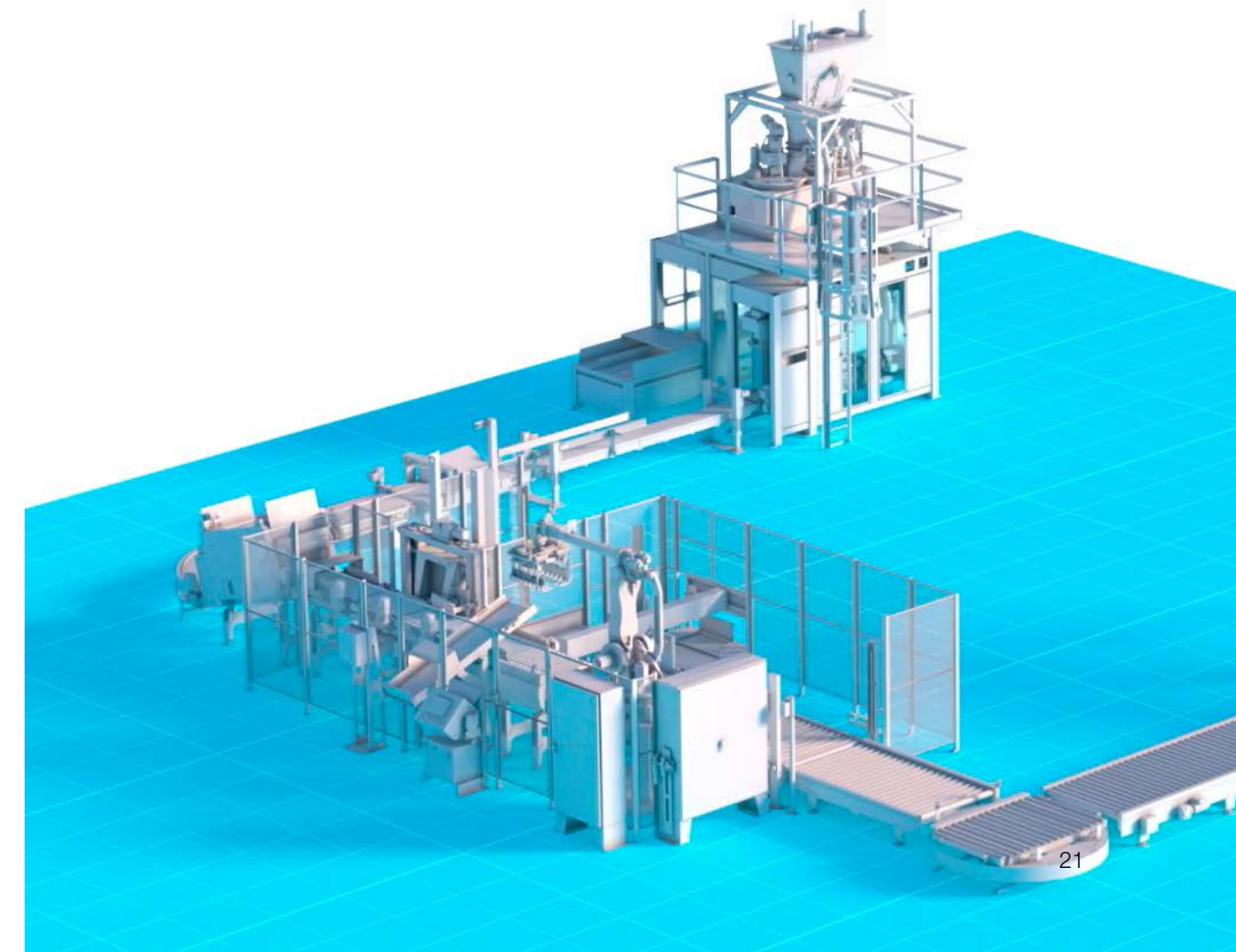
Innovating, challenging paradigms, venturing out of conventional wisdom and proactively engaging with people, businesses and communities — this is what drives our team. From a flowering garden to an agri-food plant. From a lakeshore to a production greenhouse. Our commitment remains the same: being a reliable partner and delivering value to our clients. This has been our promise for now a hundred years.

# FEED

Through its **Prairie™** product line, Premier Tech Systems and Automation leverages technology to design seed, nut, grain, and hull processing and conditioning systems for the agricultural market, helping to feed the planet.



The production line configurator developed by Premier Tech Digital, **Liveline®**, enables original equipment manufacturers — in many markets including human and animal nutrition — to digitalize their commercial process and provides them and their customers with a highly visual, user-friendly, intuitive, and evolutive digital experience.



Arvès® decorative rainwater harvesting products from Premier Tech Water and Environment enable homeowners to grow healthy and abundant gardens.



Premier Tech Growers and Consumers helps feed soils through products such as C-I-L® fertilizers, compost, soils and grass seed that produce both greener lawns and lush gardens.



# PROTECT

Ensuring safety and protecting from slips and falls — **Alaskan**® salt-free ice melting product line, from Premier Tech Growers and Consumers, offers a safe and gentle alternative for concrete, vegetation and pets.



The wide variety of **Wilson**® products developed by Premier Tech Growers and Consumers protects gardens, homes and living spaces.



Premier Tech Systems and Automation's **Chronos**™ product line, through its packaging and palletizing solutions, leverages the full potential of robotics to ensure product integrity and safety, thereby protecting the food chain.



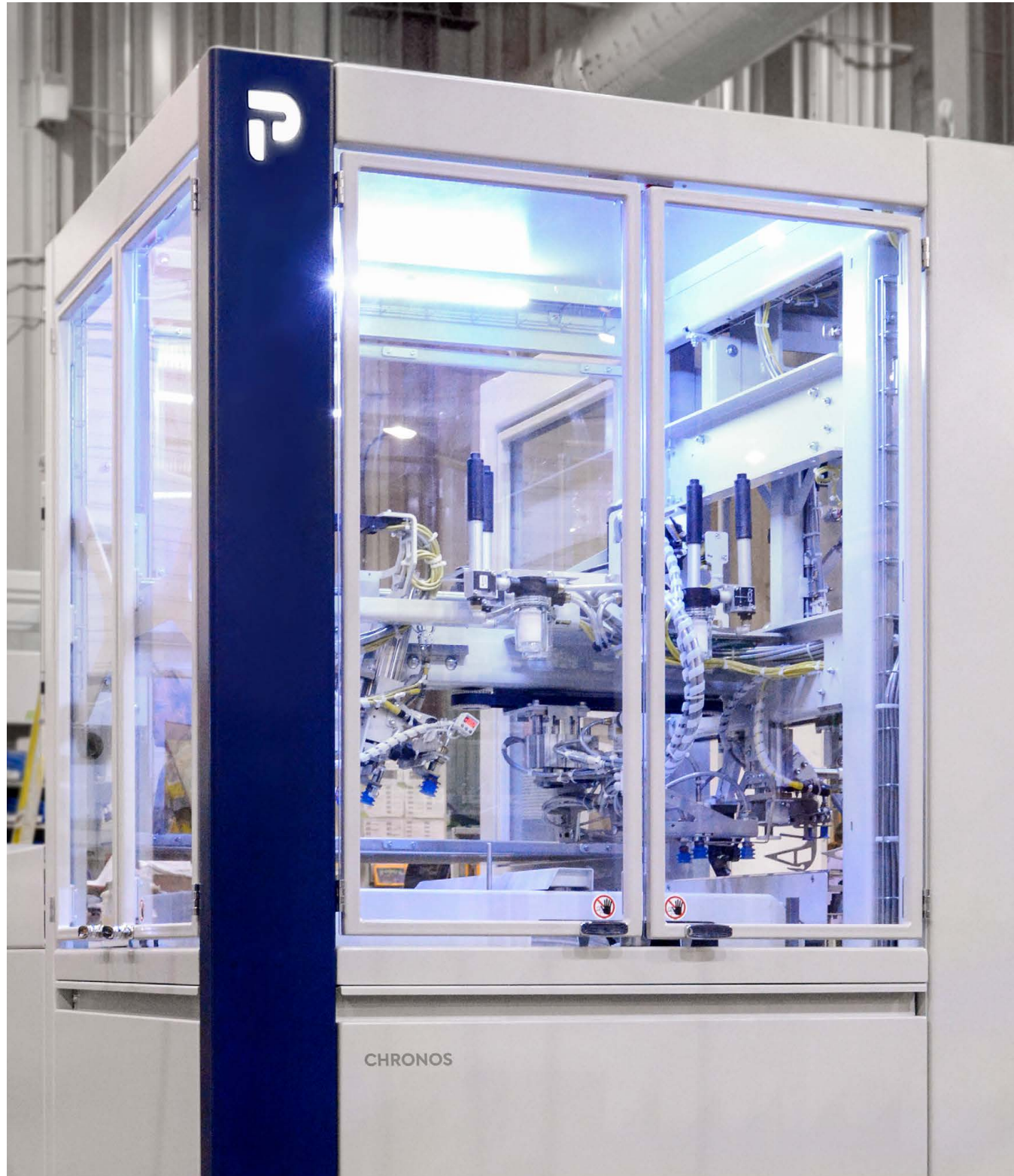
The decentralized **Rewatec™** water management solutions offered by Premier Tech Water and Environment help treat wastewater sustainably and harvest rainwater, contributing to protecting this shared resource.

The **Ecoflo®** biofilter developed by Premier Tech Water and Environment is the eco-friendly on-site septic system with the lowest carbon footprint on the market. It has been helping to protect the environment and properties for over 25 years now.



# IMPROVE

By always pushing back paradigms and integrating new technologies, Premier Tech Systems and Automation and its **Chronos™** product line improve the efficiency, productivity and ease of operations of packaged goods manufacturing facilities.



Through the use of natural active ingredients, biostimulant products from the **AGTIV®** line offered by Premier Tech Growers and Consumers improve plants' health and crop yields.

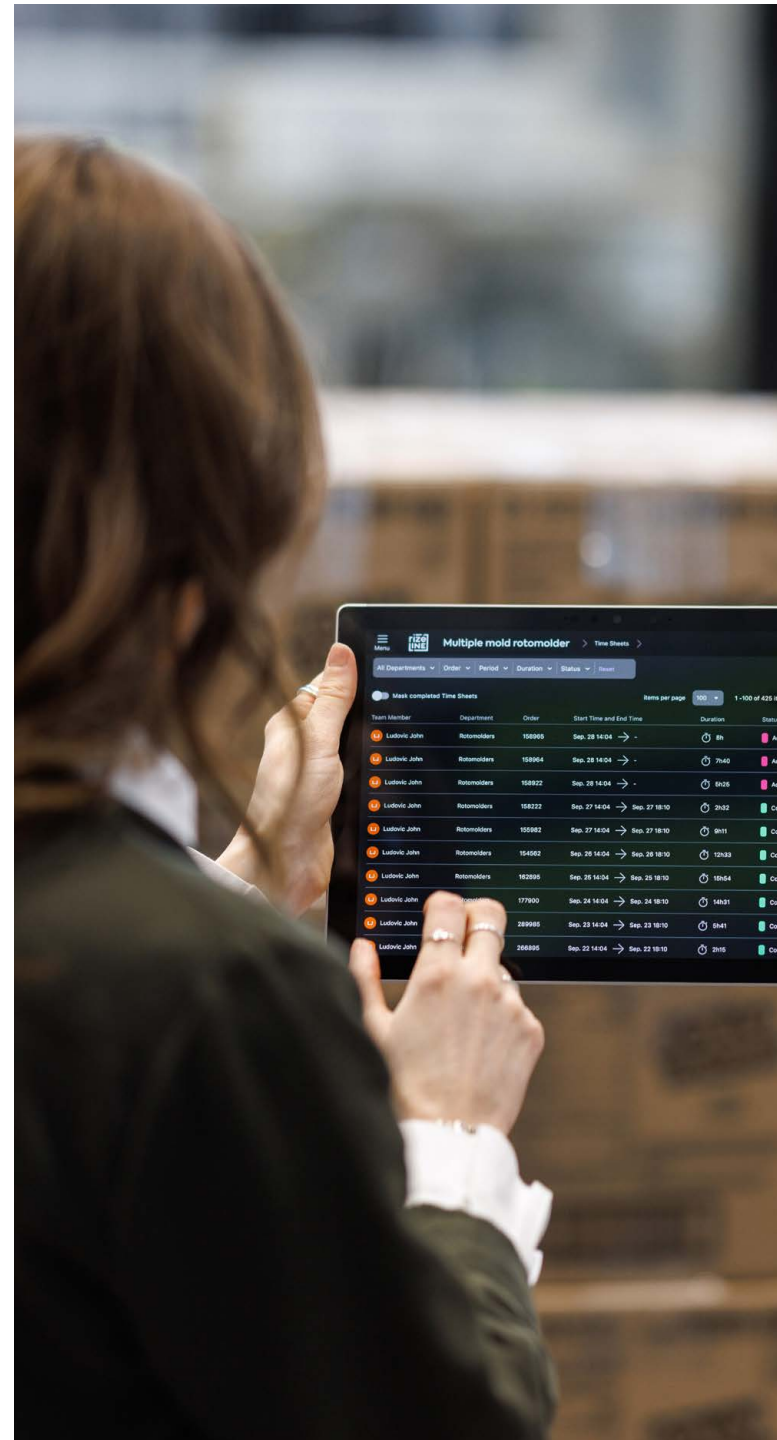




By working closely with its clients through the various phases from ideation, to design and development of new digital products and services, **Mirego** — from Premier Tech Digital — accelerates their digital journey and allows them to transform the end-user experience. This is the case with the application designed with Airthings, which allows building inspectors and professionals in detecting radon, a radioactive gas, and improves their efficiency through a simple and user-friendly digital product.



Thanks to the vast experience and diverse skillset of its **smart manufacturing** team in manufacturing execution as well as production and scheduling systems, Premier Tech Digital can support its manufacturing clients in the optimization and continuous improvement of their efficiency and performance.



**PRO-MIX**® products have been helping, for over 50 years, greenhouse growers improve crop yields by maintaining plants' health, stimulating their growth and improving their capacity to handle stress. Premier Tech Growers and Consumers' commitment in biotechnology toward redefining horticulture and agriculture fully reflects in its offer to professional growers as well as gardening enthusiasts.





# Moving forward sustainably

PremierTech's business model has always been driven toward ensuring the long-term success of our company and securing its longevity.

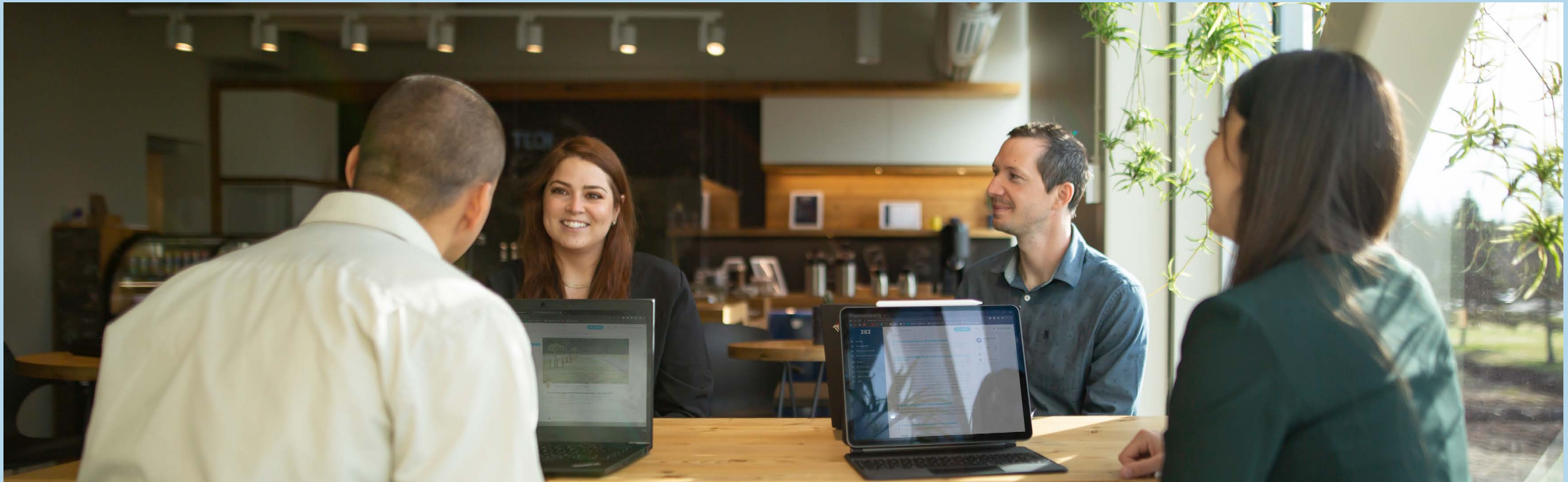
One of the key elements of VISION 2023 was to take measure of everything we do in terms of sustainability. Now, as we move forward with VISION 2027, the time has come for us to drive our sustainability efforts from intuitive and genuine to a fully intentional and structured approach. Not because we feel obliged to do it, but because we want to, because we have been doing so for a long time, and we want our actions to be even more structured and integrated in everything we do. We strongly believe that this will bring a richer and deeper meaning and coherence to our actions. Because at Premier Tech, we are purpose driven.

People and Technologies connect in lasting, transformative ways, giving life to products and services that help make the difference feeding, protecting, and improving our world. These words, our Purpose, represent what we have been doing for almost a century and what we want to continue doing and amplify in the future. Our approach in sustainable development will help further support it. Because sustainability has always been part of who we are.

## **A long-term mindset with durability at the heart of the business model**

From our horticultural roots comes our consciousness toward the environment, which made us aware and connected us with the value of natural resources. Our sustainability story started with our will to restore the original ecosystem of our peat bogs, and our growing understanding of their importance throughout the years.

Under our leadership, the Canadian horticultural peat moss industry has mobilized itself and undertaken steps to develop and maintain best in-class ecosystem management practices. We have been contributing and collaborating alongside academic, industry, government and community stakeholders that commit to ongoing improvements and high standards regarding peatland management. Responsible management of peatlands and wise use of peat align with who we are and how we operate at Premier Tech.



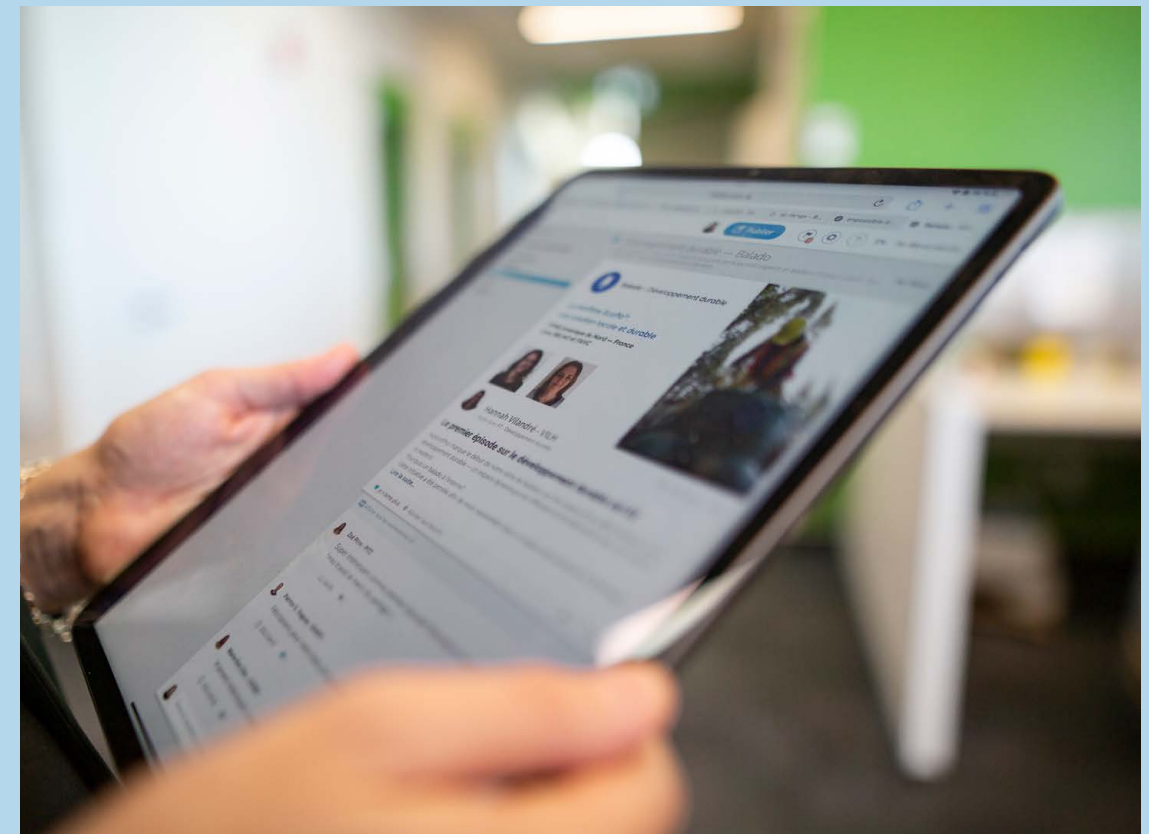
For 40 years now, we have been focusing a big chunk of our innovation efforts on technologies that have a positive direct impact on the environment. Our efforts in biotechnology around biostimulants and biocontrols as well as biofiltration technology for treating wastewater are prime example of our commitment to such issues.

Ever since the opening of our first peat bog in Canada in 1933, most of our bogs can be found in remote regions, raising our awareness to our surroundings and to the positive impacts we can have in those small communities. It has shaped us and our mindset, caring for the well-being of people and putting them at the centre of everything we do. We contribute in many ways to the vitality of the small towns we live in. This naturally manifests in the way we go about teamwork, one of our core Values. Over the years, we helped develop team members' potential — even creating our very own University of Premier Tech back in 2011 to support their professional development.

### **Building from a strong foundation**

Since our beginning, the intent behind our actions testifies how our strong engagement toward communities and team members, our will to create innovative solutions that improve our global impact, as well as our commitment to work in partnership toward our social and environmental objectives were shaped over time. This has helped us build a foundation around sustainability that now expresses itself in various ways. This way of thinking has inspired us to develop products and other sustainable solutions that help feed, protect and improve life, and much more as we keep innovating.

As we approach our centennial, we want to delve even deeper with a structured approach to our activities and decision-making on this topic and have an ever more lasting, positive, and thriving impact on our team members, partners, clients, and the planet.



In order to look forward, we had to take time to reflect on the past years. We started by engaging open conversations with team members and partners, benchmarking, measuring ourselves and getting inspired. We brought in new team members and experts dedicated to sustainability and built a horizontal team across our different groups to help us better understand our distinct realities. This has resulted in a maturity and materiality assessment that will provide an outline of where we stand while allowing us to build a strategy that further aligns our impact with our Purpose. With a complete overview comes more clarity.

### People centered

People being at the heart of everything we do, we opened the discussion with several stakeholders and partners to ensure we meet their expectations and establish an approach in alignment with all parties. We have also sought team members' input to understand their perspectives and ambitions regarding sustainability at Premier Tech. The response from our team members on this topic was solid and highlighted a strong desire to mobilize.

To further move ahead with this effort and give it velocity, we have created an online community to foster team members' engagement and provide them with a space to share on this subject

— an open communication channel aiming to encourage individual and collective reflections that will feed and strengthen our global approach throughout the process. The main goal is to gain a common understanding of sustainability, and have a shared knowledge on these issues and a sense of belonging that will help us take our reflections and actions even further.

### Bringing our sustainability story to life

Everything we have done this past year has helped us capture what we have been doing naturally over the years in terms of sustainability and, most importantly, reflect on what we would like to amplify in the future as we aim to implement common practices, goals, and fields of action across all groups and regions. From that knowledge, we will be able to identify what is best aligned for Premier Tech in terms of focus and targets moving forward among the broad field of sustainability — our key areas of impact.

Through the process, we will stay true to ourselves and never stop doing things in an intuitive and genuine way because it propels us forward. This is how we will bring Premier Tech's sustainability story to life. Adding to our rich past and building an inspired way forward. So that together, we carry on making a difference.



Over 50 students from the École secondaire de Rivière-du-Loup rallied themselves to revitalize their environment. They planted 600 trees by the Petit-Témis bike trail using horticultural products offered by Premier Tech.



# It's all about people

At Premier Tech, we believe in people. We believe in their individual and collective power. We are convinced that they are the unique and most distinctive factor putting a company into motion and giving it its soul. In the mid-eighties, we made the conscious decision to reflect these core beliefs in the way we refer to ourselves. This is when we pivoted from being employees to being team members, truly reflecting who we are.

## **Team member**, noun

A person that is a part of a group, acting together in order to achieve something

Together, we are never alone. We are strong of our differences and propelled by the power of **ONE**. **ONE**, as in the individual power to make a difference. **ONE**, as in the collective power to succeed together as one team.

## **The power of one team**

We are the Premier Tech Team. We are inventors, machine operators, engineers, brand managers, welders, salespeople, experts, managers, intrapreneurs. We are a collective greater than the sum of its parts. Because we have a common Purpose. Because we are inspired, driven, passionate, caring, and so much more. But above all, we are team members. That is what makes us different. We are unique, yet somehow, we are all united by our desire to make a difference, individually and collectively. And we keep on doing so, not because we are asked to, but because it is who we are at our core. It is our Purpose. And we simply could not do otherwise.

## The power of many voices

We believe in the power of engaging in deep and rich conversations, of challenging ourselves and — yes, sometimes — debating ideas and butting heads. With so many unique talents and inspired individuals coming together, we are determined to foster the right environment and conditions for ideas to blossom and for connections to develop. This is why we commit to creating environments in which every team member has a voice. By personally engaging in these conversations, by sharing our thoughts and ideas, we make things happen and move forward to shape our individual future — and Premier Tech's. A future in which all stakeholders can grow and thrive.

Our human approach to teamwork transforms ordinary internal meetings and evaluations into meaningful walk and talks and engaging team conversations. This reveals our caring nature and allows us to remain agile — never static — and to act on feedback.

Because connecting and creating synergies is so important to us, we are always willing to make time for each other and create safe spaces to foster open and honest conversations. With thorough team member surveys, day-to-day issues, challenges and struggles are put forward, but so are day-to-day successes, prides and wins. Because talking about the real stuff — good and bad — only makes us stronger as a team.



2022, TRIMA Workshop

## Individually different, collectively unique

We firmly believe that understanding our differences makes us stronger and brings all of us together as a team. In fact, embracing our diversity and valuing its contribution and inherent strength has been one of our key business processes.

Early on, the psychometric test TRIMA was chosen to act as the anchor of how we would balance our individual and collective team spirit into a cohesive collaboration effort. We wanted a tool that would capture the main characteristics, personality traits, beliefs and social styles of people. TRIMA provides great insight to better understand ourselves and our colleagues, allowing us all to work together more seamlessly and efficiently, leading to even greater successes.

Personal TRIMA profiles are such an important part of our daily work life that we have expanded the use of this tool through team TRIMAs, learning about each team's personality and strengths. This will allow us to better collaborate by putting communication, engagement and recognition first in order to succeed together.

# The PT-SHIRT, 25 years strong

At Premier Tech, we are big on traditions because they connect us with where we come from and remind us of our journey so far. Furthermore, they forge our sense of belonging and act as a reminder that we are all part of the same team, regardless of where we are based and the business group we are in. These are some of the reasons traditions are so dear to our hearts.

One of our many traditions found its origin some 25 years ago. Every year, Premier Tech team members receive a t-shirt. It might sound a bit corny, but it is so much more than a simple shirt — it is a PT-SHIRT —, and the meaning it carries is far from ordinary. It is in fact a symbol that unites all of us around the world, and a tribute to being a member of an international collective — the Premier Tech Team.

So, what started with a simple intent — having a team t-shirt for a sports tournament — has turned into an incredible tradition of showing our true colours and creating a special moment across various cultural backgrounds, time zones and distances.

Built around this tradition, the PT-SHIRT Day has been bringing us closer together since the beginning. In June 2021, we celebrated 25 years of gathering, connecting and moving forward together. 25 years of PT-SHIRT Days — a symbol of how small details can help us achieve great things together.



2022, Rivière-du-Loup, Canada

### PT-SHIRT Day inspirations from around the globe

The PT-SHIRT has a unique design every year and is worn with pride, but home bases all have distinctive ways of celebrating it. From team picnics and BBQs to team building activities, this is just another way of expressing our diversity in unity.

Committed to making a difference, team members from Des Moines, Iowa brought a philanthropic twist to the PT-SHIRT Day and decided to volunteer as a team. By giving back to their community, they provided a deeper meaning to this unifying tradition — which is the perfect embodiment of what it means to be a Premier Tech team member.

As you can imagine, nothing can get in the way of our traditions — not even a worldwide pandemic. With the firm intent of having all team members wear their PT-SHIRT on the big day, some of our teams took the show on the road and hand-delivered the PT-SHIRTS right on team members' doorsteps. If that's not caring for one another, what is?

### It all began with a t-shirt: a PT-SHIRT

Rivière-du-Loup, 25 years ago — It's the Peat Moss Festival and the entire town is coming alive. A dozen Premier Tech team members are getting ready for the festival's baseball tournament but soon realize they have no branded sports attire. As their opponents are all set and wearing their company colours from head to toe, a few team members scramble and show agility to come up with what would become the very first PT-SHIRT. We truly don't remember the outcome of that baseball game, but on that day, team members created a tradition that still lives and thrives today. 25 years strong and counting.



2015, Samutprakarn, Thailand



2016, Eersel, Netherlands



2019, Peterlee, England





# Driving forward: our push into the digital world

The launch of Premier Tech Digital in 2018 — one of the key outcomes of our VISION 2023 — was based on the same principle that enabled our diversification back in 1990. How can we redeploy our competencies, knowledge base and assets into new industries and deliver value to our customers in a meaningful way? We saw the thousands of equipment we have installed, whether it be wastewater treatment equipment or packaging systems, and listened to the voices of our customers claiming access to the data they generate — or could generate. Not only did they want access, but they wanted such data to be contextualized and made actionable.

Now, four years down the road, Premier Tech Digital is gaining momentum with some 250 team members in North America as well as in Europe, and has made important strategic moves in the last fiscal year.

## From digitalization to digital products

Digital and digitalization, two concepts that can sometimes get quite confusing and are all over the news since a few years. But what is the difference, really? Whereas the word digital can encompass a wide array of activities from business models to digital products, digitalization is quite specific. It means using technology to gain performance and productivity by transforming mostly labour intensive and unconnected business processes, into smooth and efficient ones using softwares. The underlying

intention is therefore to improve and accelerate how you get things done as a company. The keyword here is to **improve**. Digitalization is what allows a company to improve its internal processes making them better, faster and more efficient, while completely reinventing the value and experience it provides to users and end customers.

Digital products, on the other hand, are all about bringing easy-to-use software applications to the market. These will either work hand-in-hand with existing physical products or be products that stand alone in their own right. Again, it's all about initiating change, innovating, being fast-paced and creating a better user experience, all while delivering value to the end user.

## Reinventing the field of possibilities

The differences between digital and digitalization and their distinct particularities have been driving the way we deploy our development and growth strategies at Premier Tech Digital. With our industrial and manufacturing background in mind, it was quite straight forward to target smart manufacturing as our first business area from the start. Today, we help companies in various industries, from carbon fibre manufacturing to our own rotomoulding plants, and pulp and paper industries. The common goal: increase their efficiency and return on investment. Premier Tech Digital being an authorized integrator for GE Digital as well as SAP, our team of engineers, experts and specialists can help define the scope,

and best approach to increase the performance of both process and discrete manufacturing facilities.

At Premier Tech, we often say that we master the science behind our technologies. But we still believe that technology would not be the same without people — and we think that's what makes us quite unique. By focusing on people and change management, we are sure to fulfill our clients' goals and deliver on their ambitions, while adapting the pace for a seamless, more durable integration. Here, we put people first no matter what. This human approach to smart manufacturing allows us to better accompany our clients and enable them to act on real-time data. Since we believe that people are the core enabler of digitalization and continuous improvement, we move forward with the firm intent of empowering all our customers through the power of technologies and people.

### **From an idea to a business**

Without innovation, the world as we know it would not be the same. To innovate, one must constantly think outside the box and that is exactly what our team members do every day. This way of thinking was key to the development of the Liveline® product, which was officially launched on a pre-commercial basis at the very beginning of this fiscal year with its full commercial launch later in the year.

Through 3D visualization, the real-time production line configurator Liveline® enables OEM's (original equipment manufacturers) sales teams to create virtual production lines. Our team tapped into the potential of video game technologies to create a highly visual, immersive and unique experience for all, transforming a traditional commercial approach

into a valuable 4.0 experience across all users. The idea behind this productivity tool first came from our own sales teams at Premier Tech Systems and Automation. We then made the decision to structure this effort into an internal start-up with a dedicated team having the mandate to turn the Liveline® product idea into a business, focusing on the needs of OEM's.

The Liveline® configurator is Premier Tech's first cloud-based product and is being commercialized on a SaaS-based business model. This introduction year saw two external customers adopting it to digitally transform their commercial processes and we expect more to join as we are accelerating our commercial efforts around this product.

### **Expanding our reach**

At the very beginning of this fiscal year, we announced that Premier Tech and Mirego were joining forces, amplifying our digital acceleration. The news generated several questions — perhaps even stunned quite a few people. Why would a tech company ally itself with an industrial company? There are many reasons why, but the following two pretty much sum it all. For the Mirego team, it was driven by their desire to expand their reach and ability to use technology to transform and better our world. For Premier Tech, it was the next logical step to cover the full field of leveraging technology to make a difference. From digitalization in smart manufacturing — through our own digital products and digitalizing the commercial process of OEM's — to helping our clients develop their own digital products and offer with the onboarding of the Mirego team.

Mirego's expertise perfectly complements Premier Tech Digital's skills. Together, we will push the boundaries of technology and innovation even further to bring thoughtful and purposeful digital solutions to life. This partnership also strengthens our commitment to support the acceleration of our digital operations, and that of our current and future clients. We both strive to make a difference with our products and take our impact to the next level.

### **Doing things the Premier Tech way**

Where will this journey lead us? Well, it is too early to fully grasp just how far this will bring us. But one thing we know for sure: we see a meaningful opportunity to deliver and create value for all stakeholders. And this is what drives our efforts forward.

All this, we will do while fuelling our own digitalization. This agility and constant quest for innovation has always allowed us to stay ahead of the curve and lay the strong foundations needed for our teams to grow. With such fast and easy access to data — and with the power to act on them — we will keep on bringing innovative products and solutions to the market.

# Together, we are picking up the pace

**Committed** to the world of cycling for over 25 years, we have been providing support and encouraging development that, we are convinced, contributes sustainably and enduringly to the sport. And with success comes determination to go that extra mile. Year after year, our commitment grows. We want to open the door for all actors involved in the sport and create opportunities for future generations. **Together, we are building tomorrow's cycling world.**

**Driven** by a true passion, we contribute to all levels of the sport—from amateur and recreational to development teams and beyond, up to and including the UCI World Tour. It is our way to spur on the passion of younger cyclists and to be there for them as they hone and develop their talent and launch out into the sport. It is also how we help professional cyclists reach their goals at the highest levels of performance. Over time, we have successfully created vital bridges between the different levels of the sport to foster the emergence of new athletes. **Together, we are paving the way for passionate cyclists.**

**Convinced** that it is through the dedication of professionals and the strength of teamwork that passions and dreams come to life, we aim to put as much energy into supporting the mechanics, sports directors, coaches, and healthcare professionals who seek to make a difference in this sport as we do into developing athletes. We want to help everyone grow and develop right up to the professional level if they wish, regardless of their role. **Together, we are stronger.**

We **believe** in establishing deep roots in the communities where we are active. And what better way to do that than through cycling, a sport that brings people together and builds lasting bonds and a true sense of belonging? This is why we are also supporting local development teams, so they can invest in developing tomorrow's talent and have a positive impact in their regions. **Together, we are making a lasting impact on people's lives and their communities.**

**Dedicated** to making a difference in the world of cycling, we are doing everything we can to promote it and contribute to its growth. We support cycling as much in Europe, where it is an established sport, as in North America where it is on the rise. We are proud to be the title sponsor of Israel – Premier Tech, the most Canadian team on the World Tour, with five of the six Canadian World Tour riders and several other Canadians in key staffing roles. **Together, we are creating unparalleled opportunities.**





Photo credit: Noa Toledo Arnon



# United We Race



Development



Photo credit: Jaki



Photo credit: Union cycliste Nantes



Photo credit: Eric Truffer

# Three generations of Premier Tech cyclists

## Building bridges to inspire tomorrow's cycling

**Matisse Julien**, 19, member of the Premier Tech U23 Cycling Project, is considered one of Québec's top hopes in road racing. **Elizabeth Dupuis**, two-time Québec champion, is a 10-year-old atom-level cyclist in the Espoir Premier Tech club in Québec. **Hugo Houle**, 31, is a professional cyclist since 2011 and a member of the UCI World Tour team for Israel – Premier Tech.

The idea behind this encounter? Allow three generations of cyclists to share and connect over their sport. A friendly get-together in a fun and laid-back atmosphere that allowed the athletes to share stories, ask questions, and assess the many things they have in common — such as how they came to love cycling, which all three say is due to their very sports-minded parents.



**E: How old were you when you started biking?**

**M:** I'd say 11, but I would follow my dad who did triathlons a bit before that, so I'd already cycled in a children's triathlon. When I joined the Club Espoir Laval, I was 11!

**H: Elizabeth, do you ride faster than your dad or does he manage to keep up?**

**E:** Well (laughs), let's just say that he has more speeds than I do, but if we had the same ring\*, maybe I'd be faster!

**H:** Give yourself a few more years! I remember, that was always the challenge — when was I going to get him [my dad] off my tail? It took a few years, but it happened! (laughs)

Three cyclists  
Three different backgrounds  
One shared passion for the sport

\* The chainring is a component of the pedal system. It is circular with notches for the chain that transmits the rotational movement to the bicycle wheel. Chainrings differ in thickness, number of teeth, how they attach to the spider.

They also talked about their hopes and dreams:

**H:** Elizabeth, is it your dream to become a professional cyclist or do you just ride for fun?

**E:** For now it's just for fun, but maybe later I'd like to become a professional cyclist [...]. If I still like it [...]. As long as I like it, I could go on forever!

**H:** Even when you're a pro, it's important to remember to have fun and that you're lucky to be there. I think you've got it right!

**H:** And Matisse, what's your dream? What makes you give it your all, today or down the road?

**M:** I eventually want to go professional — Continental or World Tour. It's my dream to be able to say "I'm a cyclist, that's my job" [...]. Shorter term, I would say I want to gain experience [...].

It was also an opportunity to talk about the programs and training that Premier Tech supports and what that means for their respective careers:

**H:** I'd like to know what kind of impact a project like the U23 program has had on your career? You're 19, you're in Europe right now, and it's a chance to gain experience. How is that important in your development as a cyclist?

**M:** It's a huge start and it makes a big difference! Ever since I was young, I've had my eye on race programs based mainly in North America... and I saw that as a big goal when I was a cadet [...]. Having the opportunity to stay here almost year-round, to race, to train with guys who speak the same language as me, who have the same experience, who are 3-4 thousand kilometres away from home like me — it's really big. This is something that will really help us as a group and help Québec cycling [...]. A project like this is one of the only ways for cyclists from Québec and elsewhere in Canada to break through.

**H:** Nice answer!

**M:** Hugo, I was wondering, how are Grand Tours structured? What's it like behind the scenes, like at Israel – Premier Tech?

**H:** I'd say it depends on the team... There are different levels of World Tour teams... There are eight of us riding on the Grand Tours now, plus another 30 people or so who are there just to take care of us! There's a cook, six massage therapists, four mechanics, four sports directors, communications officers, a doctor, an osteopath [...]. That's off the top of my head, but there are many people! There's a food truck, a mechanical truck... In total, about ten vehicles that travel with us [...]. Cycling is becoming more and more professional, and there are more and more people accompanying us!

Their time together also produced some great spontaneous moments, like this one:

**M:** Elizabeth, I've heard you've done races before. Is there a race in the Espoir Circuit that's already your favourite? Because I remember the Trois-Rivières criterium in Québec ...

Enthusiastically, before he finishes asking the question:

**E:** Me too! There's a little candy shop you can go to after every race and there's lots of cool stuff there! It's cool. You're in town, it's fun. [...] the course is pretty flat and there are a few small hills [...].

A little reward after all that hard work!



Want to see more?

You can find the full video right here: [premiertech.com/three-cyclists](https://premiertech.com/three-cyclists)





Leadership Team

**Yves Goudreau**  
Senior Vice-President  
Corporate Development

**Bernard Bélanger**  
Chairman of the Board

**Germain Ouellet**  
Senior Vice-President  
Human Resources

*Corporate Secretary*





**Wilhelm Bielert**

Vice-President  
Chief Digital Officer

**Yvan Pelletier**

Senior Vice-President  
Organizational Development

**Henri Ouellet**

President  
Premier Tech Water and Environment



**André Noreau**  
President and Chief Executive Officer  
Premier Tech Systems and Automation

**Jean Bélanger**  
President  
Chief Executive Officer

**Albert Dang-Vu**  
Co-President  
Premier Tech Digital



**Michel Noreau**  
Senior Vice-President  
Information Systems and Procurement

**Martin Noël**  
Senior Vice-President  
Chief Financial Officer

**Jean-Pierre Bérubé**  
Vice-President  
Infrastructure



**Pierre Talbot**

Senior Vice-President  
Innovation

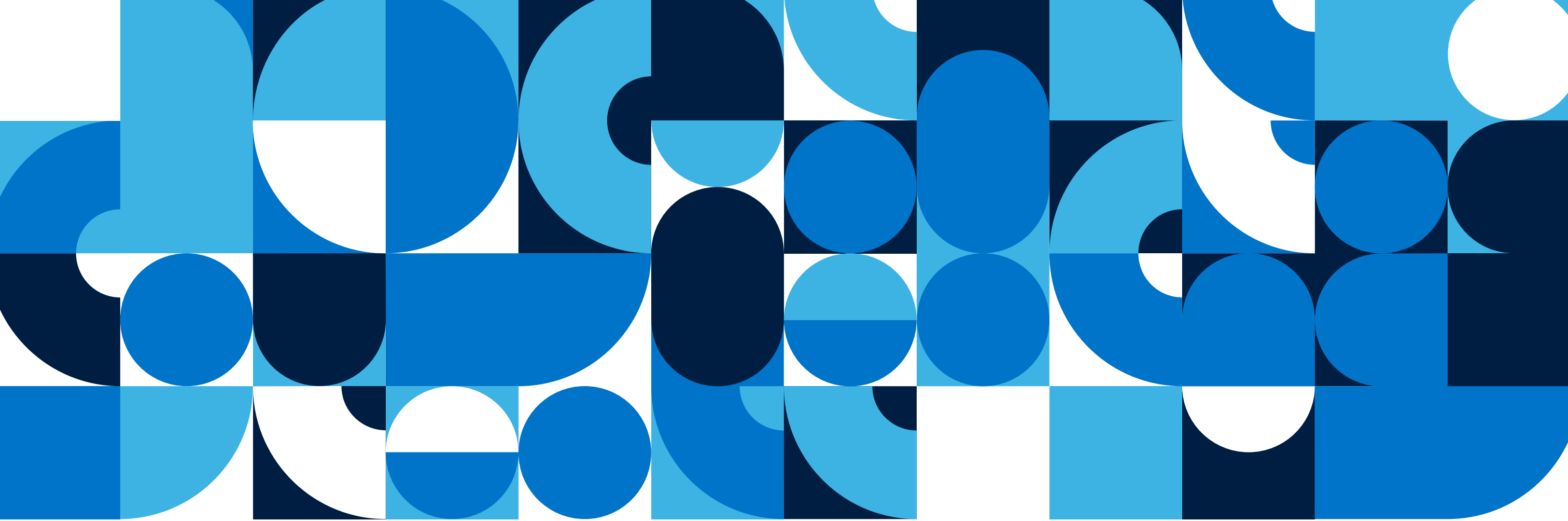
**Nadine Leclerc**

Vice-President  
Marketing and Brands

**Martin Pelletier**

President  
Premier Tech Growers  
and Consumers





**Board of directors**



**From left to right:**

Anne Darche, Jean Bélanger, Hon. Martin Cauchon, Pierre Alary,  
Louis Hébert, Jean-Yves Leblanc, Pierre Racine, Bernard Bélanger and Germain Ouellet

**Pierre Alary** ■  
Corporate Director

**Bernard Bélanger** ▲  
Chairman of the Board  
Premier Tech

**Jean Bélanger**  
President  
Chief Executive Officer  
Premier Tech

**Hon. Martin Cauchon** ▲  
PC, LL.M., ICD.D, Ad.E.  
Legal Adviser  
DS Lawyers Canada LLP

*Chairman, Human  
Resources Committee*

**Anne Darche** ▲  
Corporate Director

**Louis Hébert** ▲  
Professor of Strategy  
HEC Montréal

Corporate Director

**Jean-Yves Leblanc** ■  
Corporate Director

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

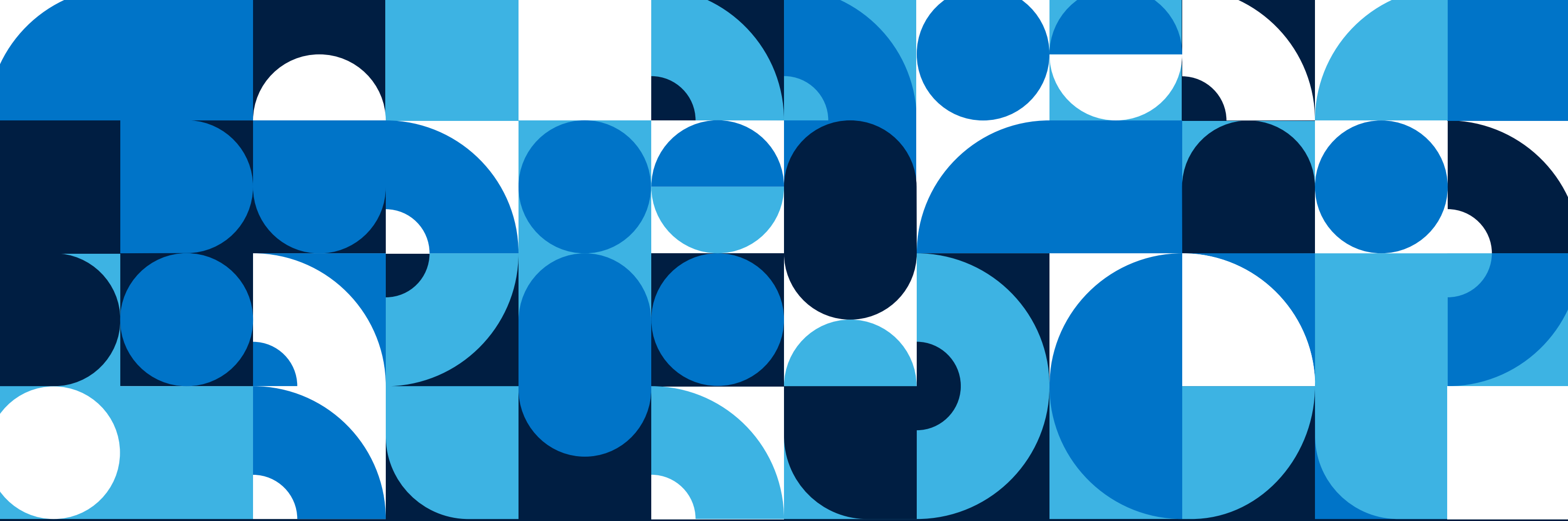
**Germain Ouellet**  
Senior Vice-President  
Human Resources  
Premier Tech

*Corporate Secretary*

**Pierre Racine** ■  
Corporate Director

▲ Human Resources Committee member

■ Audit and Corporate Governance Committee member



Financial review

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# Fiscal year 2022 at a glance

Sales

# \$1 095<sup>M</sup>

Our company experienced phenomenal growth in the past year for a total of \$113M, or 11.5%, of which \$89M (79%) is organic growth and \$24M (21%) is acquisition growth.

Sales growth in the past 5 years

# \$372<sup>M</sup>

65% Organic  
35% By acquisition

Although we make multiple acquisitions over the course of a year, our growth is mostly organic. Indeed, our impressive growth over the past five years, and that of the last three decades, is due mostly to the sale of our own products and services as well as our ongoing investments in Innovation, Research and Development. The acquisitions fuel our growth, of course, but their role is to accelerate our organic growth.

Operating EBITDA

# \$109<sup>M</sup>

Operating EBITDA is an indicator of our performance and ability to generate profitable growth. The financial performance of our latest fiscal year is a testament to the efforts put forth over the last years and to the entire Premier Tech Team's resilience and determination in what was, to say the least, a very unusual year. A year marked by the pandemic, challenges encountered in the supply chain and the beginning of an unusual context of inflation compared to what we have experienced in the last 25 years.

Operating EBITDA growth in the past 5 years

# \$41<sup>M</sup>

This performance represents a 60% growth over this period. Again, it reflects the ongoing efforts and the investments made over the years.



# Forward-looking statements

## Fiscal year ended February 26, 2022

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, and nonoperational elements — operating earnings before interest, tax, depreciation and amortization: operating EBITDA — is a measurement that has no standardized definition under the Canadian Accounting Standards for Private Enterprises (ASPE). It is included in this Premier Tech 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

As a business operating in several different sectors, Premier Tech is subject to many external factors that must be taken into consideration to ensure that the Company continues to grow and to generate a satisfactory financial performance. These external factors include credit risk management, exchange rates, interest rates, weather conditions, general economic factors, 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 conditions — whether economic, climatic, operational or competitive — in the markets it services.

# Operating results

## Evolution of sales

Consolidated sales for the fiscal year ended February 26, 2022 reached \$1 095 million, which represents an increase of \$113 million, or 11.5% of sales, compared to the \$982 million reported for the preceding 12-month period. This growth was generated by business acquisitions made during fiscal years 2021 and 2022 in the amount of \$24 million, and by organic growth in the amount of \$89 million, or 9.0% of organic growth compared to the previous fiscal year's sales. This performance follows a growth of 4.9% in

fiscal year 2021, yielding compounded annual growth of 8.9% over the past two years.

In fiscal year 2022, the Company reported a 2.7% increase in sales (20.8% in 2021) for Premier Tech Growers and Consumers (PTGC), a 30.0% increase (10.1% in 2021) for Premier Tech Water and Environment (PTWE), and a 11.1% increase — following a 8.1% decrease in 2021 — for Premier Tech Systems and Automation (PTSA).

## Evolution of assets to sales ratio

At year-end of fiscal year 2021, the Company reported \$0.76 in total assets for each dollar of sales, and now reports \$0.87 in total assets for each dollar generated in fiscal year 2022. The \$0.11 increase per sales dollar comes from an approximately \$0.03 increase in the working capital asset ratio and a \$0.08 increase in the long-term asset ratio. This reflects the Company's significant investments of \$74 million in fixed assets during fiscal year 2022 as well as the Company's

position as majority shareholder of Virentia since February 2022, which contributes to \$50 million of fixed assets to the Company's consolidated balance sheet and no sales as part of the Company's consolidated turnover.

### Sales growth

**\$113<sup>M</sup>** **↑ 11.5%**

**\$0.87**

Total assets per sales dollar  
2022

**\$0.76**

Total assets per sales dollar  
2021

**\$0.11**

Increase mainly due to significant  
investments in fixed assets

### Geographic distribution of sales

PTGC generated nearly 88% of its sales in North America (89% in 2021), including approximately 47% in the United States and 41% in Canada, and nearly 12% of its sales in the European Union in 2022 (11% in 2021). As most of PTGC's North American manufacturing operations are in Canada, this means that PTGC is primarily exposed to fluctuations in the exchange rate of the US dollar against the Canadian dollar, and to a much lesser extent, of the euro against the Canadian dollar.

PTSA generated approximately 70% of its sales in North America (68% in 2021) 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. Europe represented approximately 19% of PTSA's sales (18% in 2021), whereas Asia and Oceania accounted for about 11% (14% in 2021).

PTWE, which generated some 27% of its sales in North America (29% in 2021), about 62% in Europe (63% in 2021) and approximately 11% in Asia (8% in 2021), had relatively few exchange rate variations to deal with 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 PTWE is the only business group that has larger sales and manufacturing operations in Europe than in North America.



### Operating earnings before interest, tax, depreciation and amortization

With respect to its financial performance, Premier Tech recorded operating earnings before interest, tax, depreciation, and amortization (operating EBITDA) of \$109 million for fiscal 2022, which corresponds to 9.9% of sales generated. This new record represents a \$4 million (3.8%) increase in operating EBITDA in absolute figures, but a 0.8% decrease in operating EBITDA as a percentage of sales over the previous year.

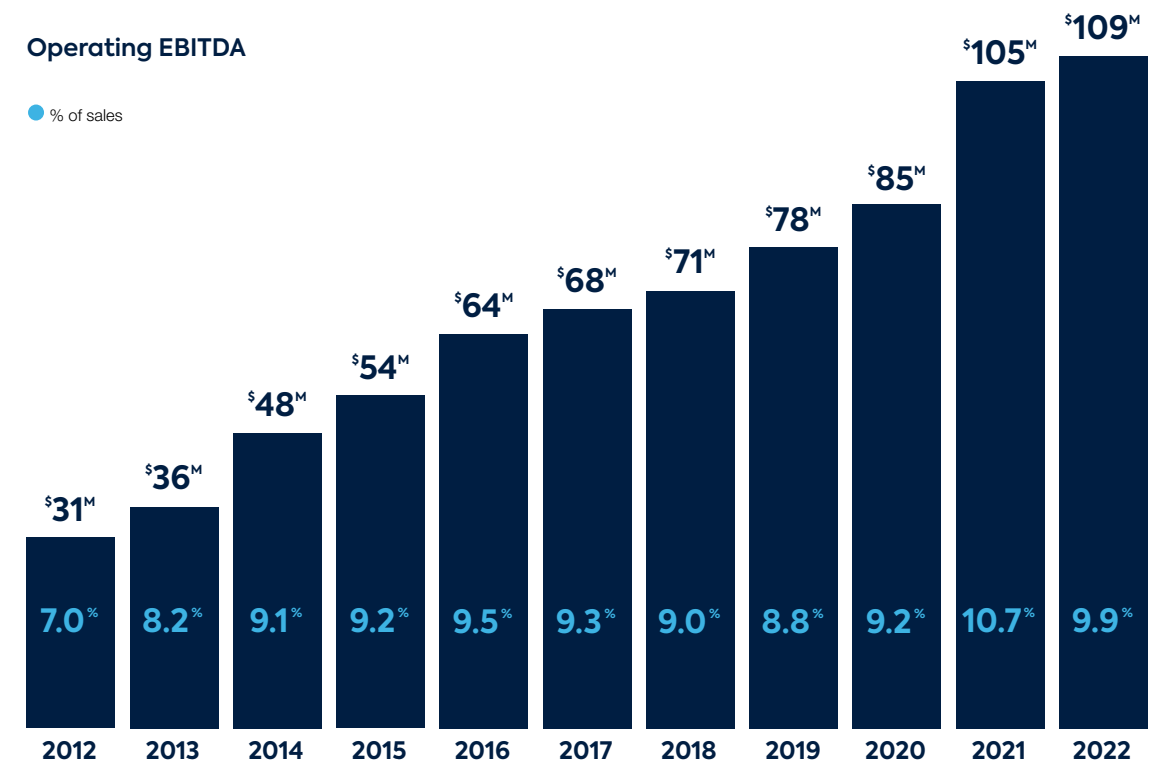
Operating EBITDA increased by \$4 million to \$109 million as of February 26, 2022, compared with \$105 million for the previous year and \$85 million for fiscal year 2020.

The Company has seen operating EBITDA grow by some \$24 million (28%) over the past two years, and \$31 million (40%) over the past three years.

Over the 2012-2022 period, operating EBITDA as a percentage of sales fluctuated going from 7% in 2012 to a steady rise from 2013 to 2016, when it reached 9.5%. This percentage then slightly dropped to 9.3% in 2017 and stabilized around 9% between 2018 and 2020, before reaching a high of 10.7% in 2021 and reducing to 9.9% in 2022, which represents a decrease of 0.8 percentage point.

### Operating EBITDA

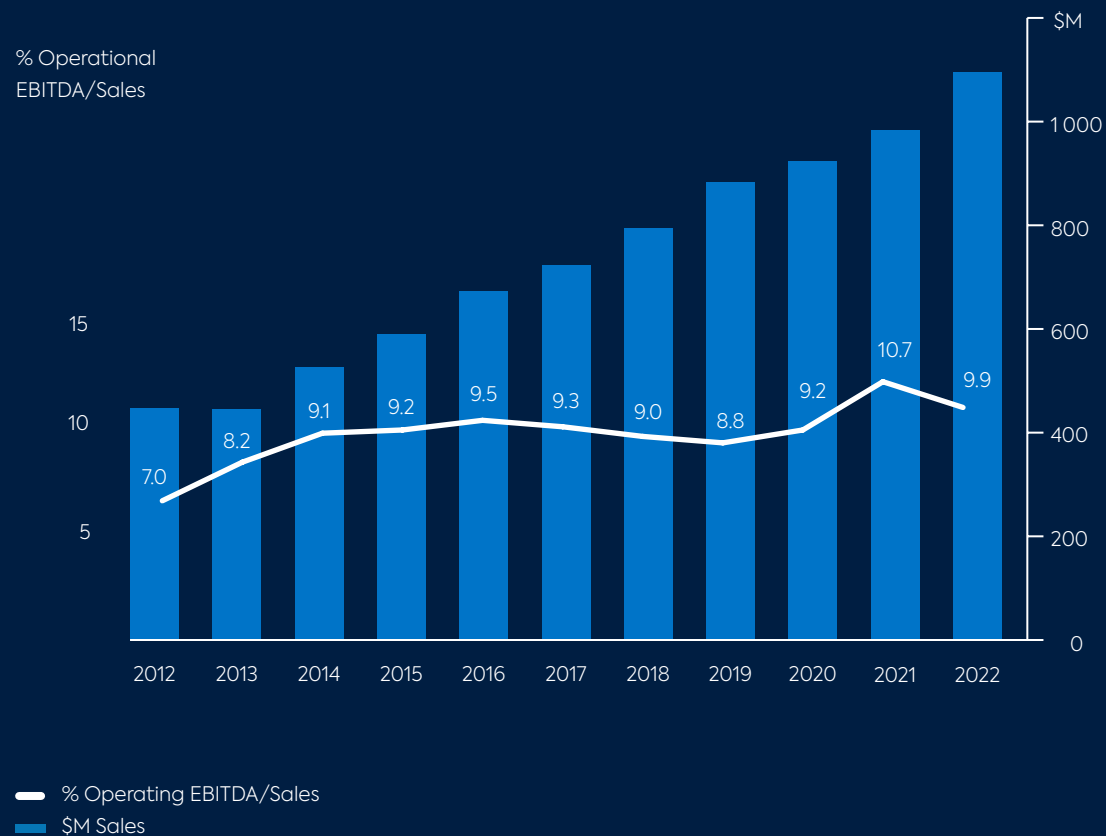
● % of sales



### Operating EBITDA

9.9%

### Sales and operating EBITDA



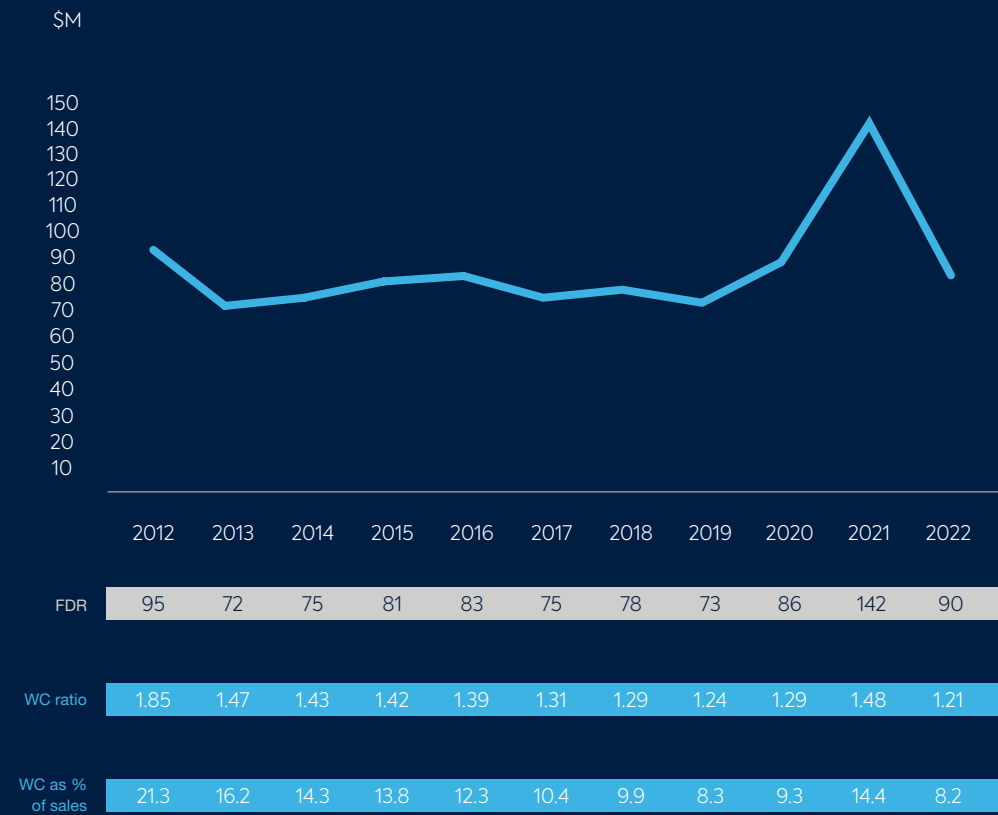
### Working capital and total assets

Working capital remained fairly stable in dollars from 2013 to 2020, varying between \$72 million and \$86 million, and then hit a peak in 2021 by reaching \$142 million, before returning near its historic range at \$90 million in 2022. The strong decrease of the working capital in 2022 is related to the Company's choice to finance the vast majority of its fixed assets acquisitions straight from its operating line of credit while it was in the process of refinancing its long-term debt. If the financing operation had been completed before the end of fiscal year 2022, the Company would have presented a working capital of \$135 million in its balance sheet.

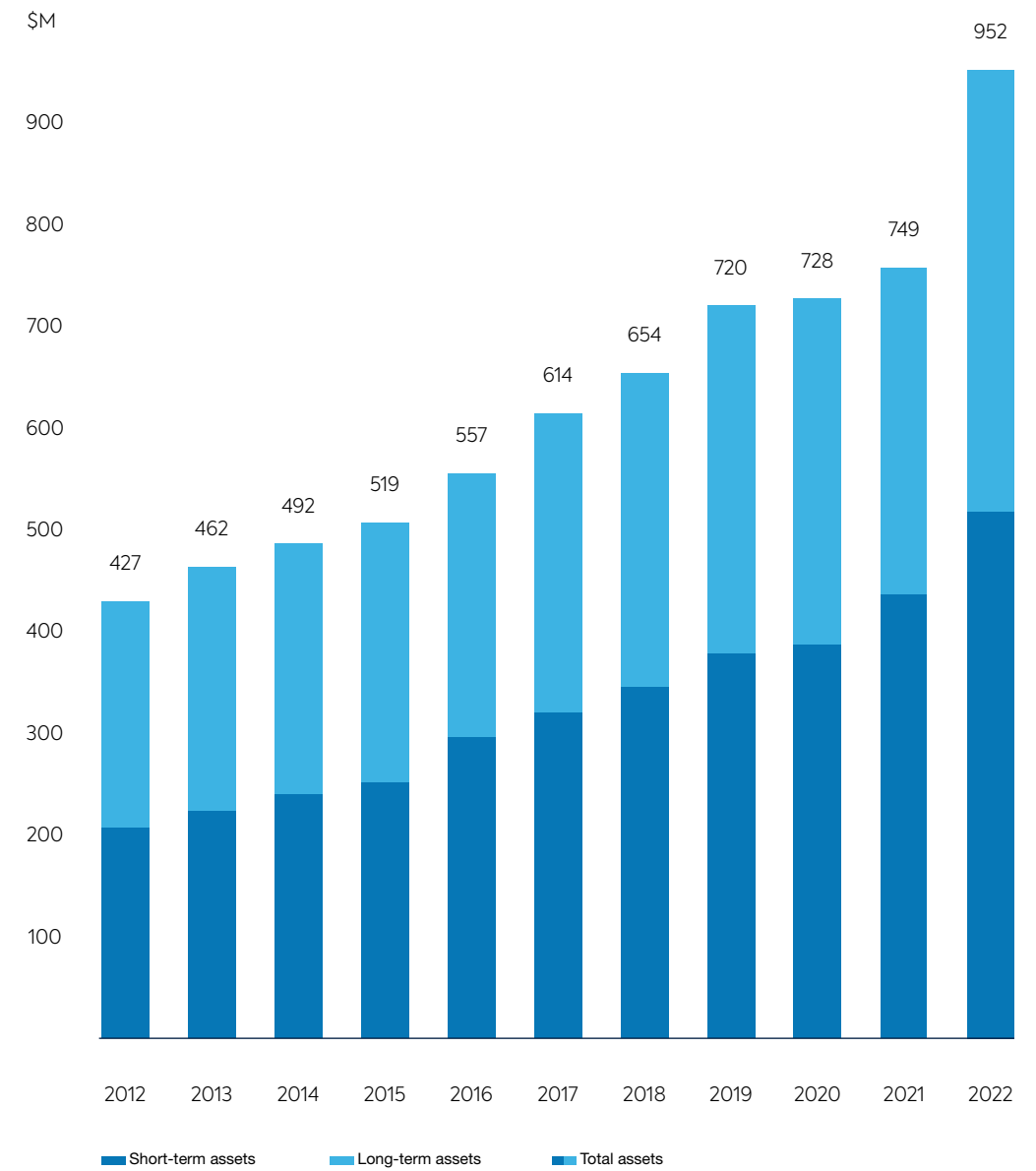
Working capital as a percentage of annual sales fluctuated between 8.3% and 16.2% between 2013 and 2021, with an exceptional peak of 21.3% in 2012, following a refinancing operation that saw \$42 million in term loans put in place, leading to an equivalent working capital injection and an extraordinary floor in 2022 at 8.2% of sales since the financing operation that had generated

an injection of \$45 million in the working capital was only completed in April 2022. If the financing operation had been completed before the end of fiscal year 2022, the working capital would rather have represented 12.3% of sales, placing it in the middle range of fiscal years 2013 to 2021, which is considered standard. The significant increase in net working capital from \$86 million to \$142 million between 2020 and 2021 was due to the improvement in profitability, the call for capital repayment moratoriums and the delay of some fixed asset acquisition projects — outcomes of the COVID-19 pandemic. The increase in working capital as a percentage of sales, going from 9.3% in 2020 to 14.4% in 2021, were mainly caused by the factors aforementioned, which reduced to - nil - the use of the operating credit line at the end of fiscal year 2021, as opposed to previous fiscal years. Had these factors not occurred, the working capital as a percentage of sales would have been in the range of 9.5% at the end of 2021.

### Working capital



### Total assets



# Financing and outlook

During fiscal year 2022, the Company's overall financial performance met the expectations of its shareholders and financial partners, all in the particular context of fiscal year 2022. As of February 26, 2022, and all along fiscal year 2022, 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 February 25, 2023. Management also believes that the Company's existing and future sources of financing will allow it to pursue its operations, investment, and Innovation, Research and Development activities in accordance with its VISION 2027. Furthermore,

on April 6, 2022, the Company completed the financing initiative aiming to meet the goals of its business groups as part of VISION 2027, which was launched at the beginning of fiscal year 2022. At the end of this financing operation, the Company increased its available operating line of credit financing by \$50 million, its authorized secured term loan financing by \$135 million and its authorized unsecured long-term loan financing by \$110 million.

## Line of credit financing

During fiscal year 2022, the average use of the operating lines of credit stood at \$35 million (\$25 million in 2021 and \$63 million in 2020). The significant decrease between 2020 and 2021 (\$38 million) resulted mainly from a combination of the following factors: the improvement of profitability, the call of capital repayment moratoriums by the Company's financial partners for a total of about \$12 million and the delay of some fixed asset acquisition projects. The significant increase during fiscal year 2022 is rather associated with the acquisition of over \$74 million of fixed assets mainly financed straight from the operating line of credit before the completion of the financing operation summarized above. As of February 26, 2022, the Company had an authorized operating line of credit with a limit of \$120 million from the Canadian Imperial Bank of Commerce and BMO Bank of Montreal. This operating line of credit was renewed for a five-year term on January 31, 2018 and was renewed again on April 6, 2022 for a five-year term. This line of credit also includes the option of increasing the authorized limit to \$200 million, provided there are sufficient securities

with regard to inventories and accounts receivable. The operating line of credit thus has the necessary features to allow the Company to cover its financial needs in a context of sustained growth and the pursuit of its operations and investment activities.

Considering the financing operation completed on April 6, 2022, the expected growth, various business acquisitions, and other investment projects financed in whole or in part using the net availability from the line of credit during fiscal years 2021 and 2022, and absent any additional business acquisitions funded through the line of credit in 2023, the Company foresees that average use of its operating line of credit will amount to approximately \$72 million in fiscal year 2023. Net availability from the operating line of credit in fiscal year 2023 is expected to average \$63 million (\$77 million in 2022 and \$75 million in 2021), which provides the Company with ample leeway to meet the seasonal needs of its various business groups, and still 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 put in place a \$165 million credit facility with its principal term lenders — Farm Credit Canada, Roynat Inc. and Business Development Bank of Canada. On February 26, 2022, the balance due with respect to this credit facility amounted to \$131 million, out of the \$165 million cashed by the Company. This balance was fully repaid on April 6, 2022 as part of the implementation of the new \$300 million authorized credit facility with an expanded group of lenders including Farm Credit Canada, Roynat Inc., Business Development Bank of Canada, Fédération des Caisses Desjardins du Québec, HSBC Bank Canada and Toronto-Dominion Bank. This new 5-year credit facility, which includes a \$175 million tranche with an amortization period of 15 years, was entirely disbursed on April 6, 2022. Of this amount, \$130 million was used to pay the existing term loans and \$45 million was injected in the working capital to refinance fixed assets acquisitions as well as some business acquisitions completed during fiscal year 2022. An additional \$125 million tranche is available for the Company to finance some of the fixed assets acquisitions and business acquisitions that will be completed during fiscal years 2023 to 2025. Any disbursement under this second tranche will be repayable under a 12-year period starting from the date of each disbursement.

On February 14, 2018, the Company and Fonds de solidarité FTQ agreed to consolidate outstanding unsecured debentures totalling \$46.9 million to allow for 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 would realize by February 2021. On February 27, 2019, \$6 million has been disbursed and the \$19 million available under this credit facility at the beginning of fiscal year 2022 were banked on December 21, 2021. It was agreed, as part of the financing operation described above, that the amount owed to the Fonds de solidarité FTQ, which amounted to \$53 million on February 26, 2022, will be subject to a consolidation operation during fiscal year 2023, similar to the one conducted on February 14, 2018. Because of this operation, the repayments in capital will amount to \$440 000 per month over eight years and the balance will be reimbursed in a single payment at the end of this period. In parallel with the deployment of the \$200 million line of credit and the authorized term loans totalling \$300 million, a \$110 million envelope of unsecured long-term loans was put in place

with the Fonds de solidarité FTQ (\$75 million) and Capital régional et coopératif Desjardins (\$35 million). Monthly repayments will be based on a 10-year amortization period starting from the date of each disbursement and any remaining balance due will be repayable on the 8<sup>th</sup> anniversary of the disbursement.

In fiscal year 2016, the Company secured a loan of €6 million (±\$8.5 million) from HSBC Bank and the Banque publique d'investissement from France to facilitate the development of Premier Tech Water and Environment in France, both through working capital support and financing additional production capacity. Additionally, in fiscal year 2021, the Company took out a loan agreement of €4.6 million (±\$7 million) with HSBC Bank to refinance the purchase price of a business acquisition made in France in 2019. The transaction was also designed to help the Company develop local sources of financing in jurisdictions where it is active, thereby diversifying its financing base and creating a natural hedge for cash flows generated in euros. As of February 26, 2022, the total balance due under these loan agreements was approximately €4.5 million (±\$6.5 million).

The company also signed two interest-free term financing agreements with the Government of Québec. The first agreement of \$18 million will finance the fixed asset investments made in Québec as part of the Company's AVENIR program. The second agreement of up to \$45 million will finance the fixed asset investments and the Innovation, Research and Development investments made in Québec until August 2025. The documentation supporting the first disbursement request for the \$18 million loan is being finalized — the loan will be disbursed during the Company's fiscal year 2023. The first request for disbursement under the \$45 million loan will be submitted during the Company's fiscal year 2024.

During fiscal years 2019 and 2020, the Company collected \$12 million out of a loan granted by Caisse centrale Desjardins for the construction of an office building that the Company is occupying since September 2018. As of February 26, 2022, the balance due under this loan amounted to \$10.6 million.

# \$271<sup>M</sup>

Long-term loans balance

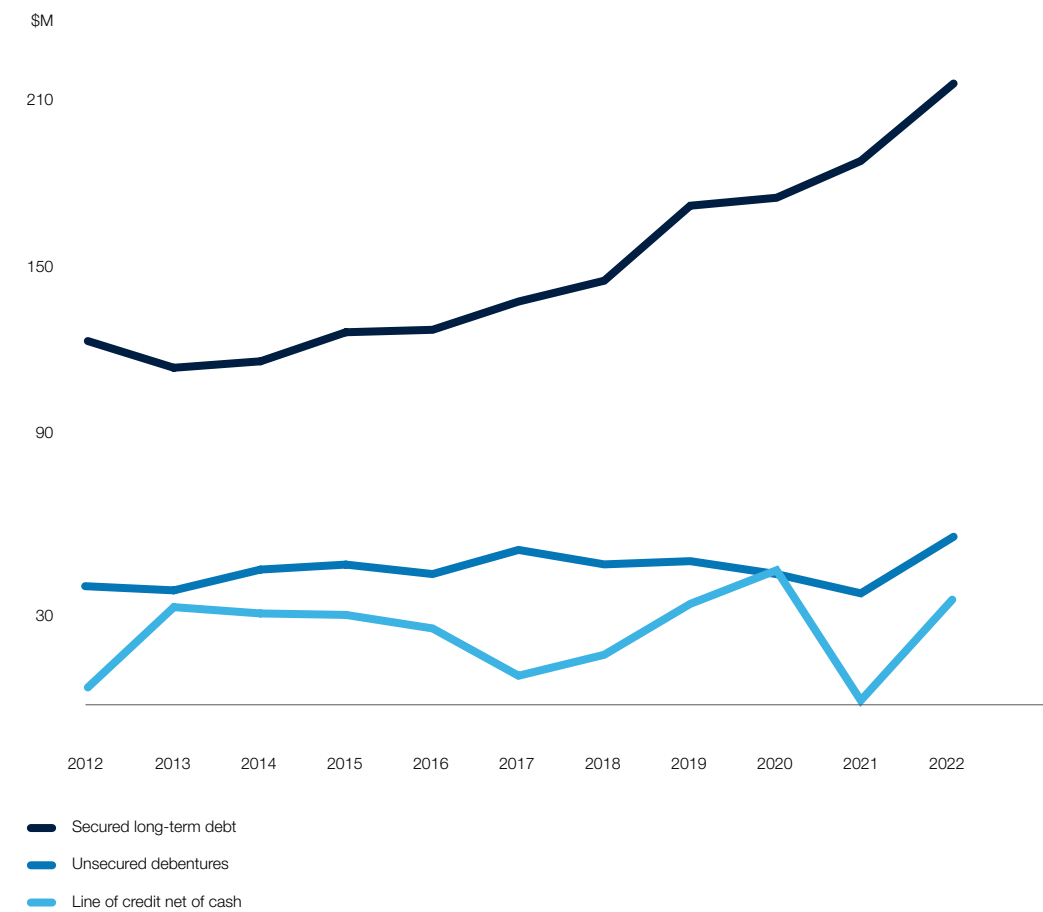
# \$66<sup>M</sup>

New loans — of which \$38 million come from business acquisitions

# \$40<sup>M</sup>

Repayments effected

### Evolution of the interest-bearing debt



# Main financial partners

BANQUE PUBLIQUE D'INVESTISSEMENT (FRANCE)

BMO BANK OF MONTREAL

BUSINESS DEVELOPMENT BANK OF CANADA

CANADA ECONOMIC DEVELOPMENT

CANADIAN IMPERIAL BANK OF COMMERCE

CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

EXPORT DEVELOPMENT CANADA

FARM CREDIT CANADA

FÉDÉRATION DES CAISSES POPULAIRES DESJARDINS DU QUÉBEC

FONDS DE SOLIDARITÉ FTQ

HSBC BANK

INVESTISSEMENT QUÉBEC

ROYNAT INC.

TORONTO-DOMINION BANK

# Auditors

ERNST & YOUNG LLP

QUÉBEC (QUÉBEC)

CANADA



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