



# **CERVUS EQUIPMENT CORPORATION**

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## **ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

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Dated: March 11, 2020

Unless otherwise specified information in this Annual Information Form is given as of December 31, 2019, which is the last day of the most recently completed financial year of Cervus.

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## CORPORATE STRUCTURE

### Legal Overview

Cervus Equipment Corporation was originally incorporated under the *Business Corporations Act* (Ontario) and was later continued under the *Canada Business Corporations Act*.

On October 22, 2009, Cervus LP completed a court-approved plan of arrangement under section 192 of the *Canada Business Corporations Act* which resulted in the conversion of the organizational structure of Cervus LP from the parent entity being a limited partnership to that of a corporation (Cervus Equipment Corporation). Pursuant to this transaction, (i) Cervus LP and its general partner, Cervus GP Ltd., along with their direct and indirect subsidiaries, became wholly-owned direct and indirect subsidiaries of Cervus Equipment Corporation (named Vasogen Inc. prior to the completion of the transaction), (ii) the unit holders of Cervus LP prior to the completion of the transaction exchanged their units of Cervus LP for Common Shares of Cervus Equipment Corporation on the basis of three Common Shares of Cervus Equipment Corporation for each two units of Cervus LP held, and (iii) the shareholders of Vasogen Inc. prior to the completion of the transaction exchanged their shares of Vasogen Inc. for shares of another corporation. The former Cervus LP unit holders did not retain any interest in the pre-transaction business of Vasogen Inc. upon completion of the transaction and the former shareholders of Vasogen Inc. did not retain any interest in the pre-transaction business of Cervus LP and its subsidiaries upon the completion of the transaction. The corporate conversion transaction was accounted for as a continuity of interests of Cervus LP since there was no change of control and since Cervus Equipment Corporation continued to operate the business of Cervus LP. Cervus LP and Cervus GP Ltd., as wholly owned subsidiaries of Cervus Equipment Corporation, were subsequently wound up and dissolved into Cervus Equipment Corporation.

In this annual information, references to “**Cervus**” means Cervus Equipment Corporation and, as the context requires, its direct and indirect subsidiaries considered on a consolidated basis.

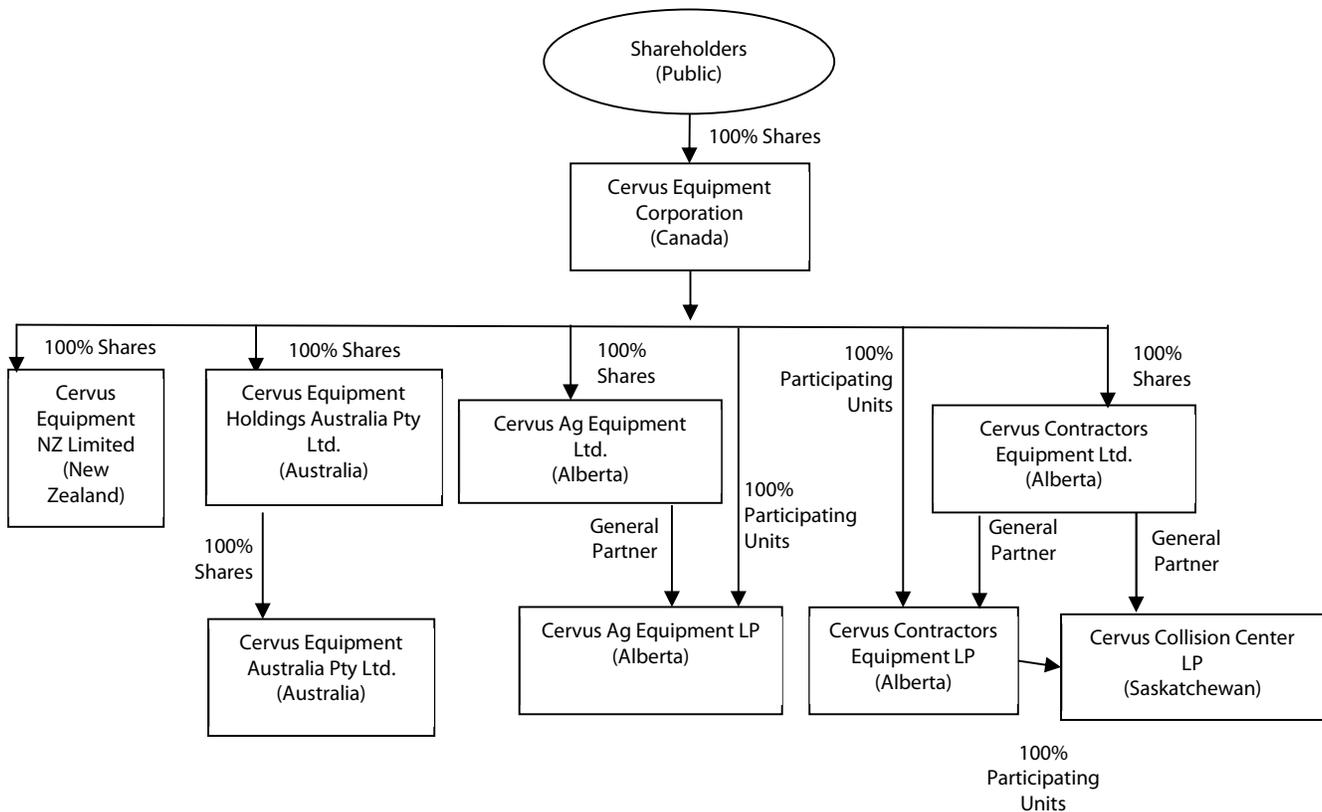
### Address

The head office of Cervus is located at Harvest Hills Business Park, 5201, 333 - 96 Avenue NE, Calgary, Alberta T3K 0S3 and its registered office is located at c/o Nerland Lindsey LLP, 1400, 350 – 7<sup>th</sup> Avenue SW, Calgary, Alberta T2P 3N9.

### Organizational Structure and Inter-Corporate Relationships

The following diagram sets forth the organizational structure of Cervus as at December 31, 2019, including each entity in which in which Cervus holds a material interest as at that date and for each such entity:

- a) the percentage of securities of the entity beneficially owned, or controlled or directed, directly or indirectly, by Cervus; and
- b) its jurisdiction of incorporation, continuance, formation or organization:



## SIGNIFICANT EVENTS IN PAST THREE YEARS

The following is a summary of the significant events that have influenced the general development of the business of Cervus over the last 3 completed fiscal years.

### Repayment of Convertible Debentures Upon Maturity

Cervus repaid the principal balance of, and redeemed, its' previously issued and outstanding \$35 million 6.00% convertible unsecured subordinated debentures in cash on their maturity date of July 31, 2017.

### Normal Course Issuer Bid

On August 21, 2017, Cervus announced a normal course issuer bid (NCIB) to purchase for cancellation up to a maximum of 805,659 of its Common Shares. The NCIB commenced on August 23, 2017 and terminated on August 22, 2018. During that time, Cervus repurchased 292,308 Common Shares under that NCIB at a weighted average price of \$13.44 per share.

On September 10, 2018, Cervus announced a renewed NCIB to purchase for cancellation up to a maximum of 1,030,726 of its Common Shares. The renewed NCIB commenced on September 13, 2018 and terminated on September 12, 2019. As at the termination of the renewed NCIB, Cervus had repurchased 455,742 Common Shares under the renewed NCIB at a weighted average price of \$12.78 per share.

On September 10, 2019, Cervus announced a renewed NCIB to purchase for cancellation up to a maximum of 1,050,058 of its Common Shares. The renewed NCIB commenced on September 16, 2019 and will terminate on September 15, 2020. As at December 31, 2019, Cervus had not repurchased any Common Shares under the renewed NCIB.

### Sale of Construction Dealerships

On March 16, 2018, Cervus completed the sale of its four construction dealerships, composed of four locations in Calgary, Red Deer, Edmonton, and Fort McMurray, Alberta. The dealerships represented the construction brands Bobcat, CMI and JCB. The four construction dealerships comprised a component of Cervus' Commercial and Industrial segment. Following the sale of the four construction dealerships, Cervus continues to own and operate the eight industrial dealerships which continue to sell Clark, Sellick, Doosan, JLG and Baumann material handling equipment, and the Commercial and Industrial segment is now referred to as the Industrial segment.

### Quarterly Dividend increases

In March 2018, Cervus' board of directors approved a cash dividend to Cervus shareholders of \$0.10 per Common Share for the first quarter of 2018. This was an increase from the previous quarterly dividend of \$0.07 per Common Share. Cervus believes payment of a dividend reinforces financial discipline by returning a portion of annual profits to shareholders in cash. Cervus also believes in maintaining a strong balance sheet and financial flexibility. Accordingly, the board of directors increased Cervus' dividend.

In March 2019, Cervus' board of directors approved a cash dividend to Cervus shareholders of \$0.11 per Common Share for the first quarter of 2019. This was an increase from the previous quarterly dividend of \$0.10 per Common Share. See also "*Dividends - Cautionary Note Regarding Dividends*".

### Acquisition of John Deere Dealership in Red Deer

On December 3, 2018, Cervus acquired the assets of Deermart Equipment Sales Ltd. Deermart operated a John Deere dealership in Red Deer, Alberta and the dealership joined the Cervus Equipment dealership network as of December 3, 2018.

### Senior Credit Facilities

On December 18, 2018 Cervus entered into an amended and extended revolving committed credit facility with its existing syndicate of underwriters led by The Toronto Dominion Bank and including Canadian Imperial Bank of Commerce and Wells Fargo. The principal amount available under the extended credit facility was increased to \$120 million from \$100 million, with the \$80 million accordion provision remaining available. The facility was extended under a four-year term, now maturing December 19, 2022 compared to maturity of December 19, 2019 prior to extension. Cervus' cost of borrowing under the facility remained indexed to prime or LIBOR at Cervus' option at the time of borrowing. The extended credit facility reduced the incremental interest pricing above the reference rate, improving Cervus' cost of borrowing under the facility, while the primary financial covenants remained unchanged. The principal purpose of the facility is to finance Cervus' general corporate operating requirements, including capital expenditures. Cervus entered into subsequent amending agreements under the credit facility in 2019:

- a 1<sup>st</sup> amending agreement correcting a typographical error;
- a 2<sup>nd</sup> amending agreement which broadened the definition of "Permitted Debt";
- a 3<sup>rd</sup> amending agreement providing favorable modification to the definitions of "Permitted Debt" and "EBITDA"; and
- a 4<sup>th</sup> amending agreement expanding the "Letter of Credit Facility" definition to allow for increased utilization of letters of credit under the facility.

The credit facility and amendments may be found on SEDAR at [www.sedar.com](http://www.sedar.com). As of December 31, 2019, approximately \$25 million had been drawn on the facility.

### Appointment of President and CEO

The Board of Directors appointed Angela Lekatsas as President and Chief Executive Officer of Cervus effective May 15, 2019 after an exhaustive search and selection process. Ms. Lekatsas succeeded Graham Drake upon his planned retirement on May 15, 2019.

### Appointment of Director

Following the appointment of Ms. Lekatsas to President and Chief Executive Officer, the Board of Directors appointed Wendy Henkelman as an independent director of Cervus and Chair of the Audit Committee effective September 18, 2019, to fill the vacancy left by Ms. Lekatsas.

## DESCRIPTION OF THE BUSINESS

### Overview of Cervus

Cervus Equipment Corporation ("Cervus" or the "Company") provides equipment solutions to customers in agriculture, transportation, and industrial markets across Canada, Australia, and New Zealand. Throughout its territories and across its diverse markets, Cervus dealerships are united in delivering sales and support of the market-leading equipment Cervus' customers depend on to earn a living. The Company operates 63 Cervus dealerships and is the authorized representative of leading Original Equipment Manufacturers including: John Deere agricultural equipment; Peterbilt transportation equipment; and Clark, Sellick, Doosan, JLG and Baumann material handling equipment. Cervus operates an extensive product-support network including a fleet of mobile service vehicles and over 500 service bays. Cervus employs more than 1,500 people, a third of whom are technicians with specialized skills to perform equipment diagnostics, optimization, maintenance and repairs.

The Company was founded in 2000. Its common shares are listed on the Toronto Stock Exchange and trade under the symbol "CERV". Please visit [www.cervusequipment.com](http://www.cervusequipment.com) for more information.

### Business Segments

Cervus operates through three market-focused business segments along with a corporate segment, as described below:

**Agriculture:** 36 John Deere dealership locations with 15 operating in Alberta, 5 in Saskatchewan, 1 in British Columbia, 9 in New Zealand and 6 in Australia.

**Transportation:** 19 dealership locations with 4 Peterbilt truck dealerships and 1 Collision Centre operating in Saskatchewan, 12 Peterbilt truck dealerships and 2 parts locations operating in Ontario.

**Industrial:** 8 material handling and forklift equipment dealership locations with 5 operating in Alberta, 2 in Saskatchewan and 1 in Manitoba, representing the following brands: Clark, Sellick, Doosan, JLG and Baumann.

**Corporate:** We have centralized our corporate services including strategic business development, finance, information technology, human resources, accounting, payroll and other support functions at our head office, located in Calgary, Alberta.

These segments are managed separately, and strategic decisions are made on the basis of their respective operating results.

### *Agriculture Segment*

The Agriculture segment of Cervus' business sells and services new and used agriculture, and turf equipment manufactured by John Deere. John Deere agriculture equipment includes a full line of farm equipment and related parts and service, including tractors, combine harvesting equipment, tillage, seeding, nutrient management and soil preparation machinery, sprayers, hay and forage equipment, material handling equipment, integrated agriculture systems technology, and precision agriculture irrigation equipment and supplies. John Deere turf equipment includes lawn and garden tractors, compact utility tractors, zero-turn radius mowers, front mowers, and utility vehicles. A broad line of associated implements for mowing, tilling, snow and debris handling, aerating, and many other turf applications are also included.

As at December 31, 2019, this segment consisted of interests in 36 John Deere dealership locations with 15 in Alberta, 5 in Saskatchewan, 1 in British Columbia, 9 in New Zealand, and 6 in Australia.

### **Transportation Equipment Segment**

The Transportation equipment segment of Cervus' business sells and services the full line of new and used Peterbilt trucks, including road conventional, vocational, and medium-duty pick-up and delivery trucks.

As at December 31, 2019, this segment consisted of 19 dealerships with 4 Peterbilt truck dealerships and 1 collision repair center operating in Saskatchewan, and 12 full service Peterbilt truck dealerships and 2 parts and service centers operating in Ontario.

### **Industrial Equipment Segment**

The Industrial equipment segment of Cervus' business includes material handling equipment dealerships. The products sold by Cervus include cushion tire forklifts, electric forklifts, multi directional forklifts, narrow aisle forklifts, pneumatic tire forklifts, power stackers, rough terrain forklifts, heavy forklifts, sweepers and scrubbers, telescopic handlers, aerial work platforms, side loaders and drop deck trailers from brands such as Sellick, Clark, Doosan, JLG and Baumann. The segment also provides storage and racking equipment for warehousing, operator training, and preventative maintenance.

As at December 31, 2019, this segment consisted of 8 dealership locations with 5 operating in Alberta, 2 operating in Saskatchewan and 1 operating in Manitoba.

### **Revenue by Operating Segment**

The following table sets forth Cervus' revenue by operating segment for the last two completed fiscal years:

<b>Operating Segment</b>	<b>Year Ended December 31, 2019</b>		<b>Year Ended December 31, 2018</b>	
	(in \$ millions)	(in %)	(in \$ millions)	(in %)
Agriculture	\$755	66.3%	\$927	68.7%
Transportation	\$330	29.0%	\$362	26.8%
Industrial	\$53	4.7%	\$61	4.5%
<b>Total</b>	<b>\$1,138</b>	<b>100%</b>	<b>\$1,350</b>	<b>100%</b>

### **Sources, Availability and Pricing of Products and Equipment**

The availability of the products and equipment that Cervus sells is determined to a significant extent by the dealership agreements to which Cervus is a party.

Cervus' dealership agreements provide that its suppliers will generally accept an order placed by Cervus for products and equipment, specifically orders for products and equipment that have been presold to Cervus' customers, subject to certain exceptions (e.g. such as a determination by a supplier that Cervus' financial condition does not justify the extension of additional credit or the addition of inventory, that Cervus has consistently failed to perform its obligations under a dealership agreement, or that Cervus' inventory is excessive or would become excessive with additional shipments). In particular, John Deere has a formula for providing stocking levels of new equipment that is based upon previous sales.

Certain products and equipment may be delivered to Cervus on a consignment basis for sale, lease or rental by Cervus on behalf of the supplier. In such cases, the supplier retains title to the consigned product or equipment and Cervus holds such product or equipment as the property of the supplier unless or until they are leased or sold. Other products and equipment may be delivered to Cervus on terms that require Cervus to pay for them by a specified date. Title to such products and equipment remains with the supplier until such products and equipment are paid for in full.

The price of the products and equipment that Cervus sells is, in most cases, determined at Cervus' discretion, taking into account prevailing market conditions. Each of Cervus' suppliers provides Cervus with price lists for the sale of products and equipment to the public. Cervus is under no obligation to sell, offer to sell or advertise the products and equipment at the prices contained in the price lists, as such list prices are suggested retail prices

only and Cervus is permitted, under its dealership agreements, to sell products and equipment at higher or lower prices.

### **Intangible Properties**

Cervus believes that the John Deere name and brand is one of Cervus' largest competitive advantages. John Deere is among North America's oldest and most respected brands. It is the world's leading manufacturer of farm equipment and offers a complete line of farming services and solutions with products primarily sold and serviced through the agriculture industry's largest dealer network. In addition, John Deere produces and markets North America's broadest line of lawn and garden tractors, mowers and other outdoor power products.

Cervus believes that the Peterbilt name and brand is also a significant competitive advantage for Cervus. Peterbilt has established itself as a North American leader in the manufacture and delivery of transportation equipment.

Cervus also sells several other established and well-known brands that specialize in construction and industrial products and equipment, such as Sellick, Clark, Doosan, JLG, and Baumann.

### **Dealership Agreements**

#### ***Economic Dependence***

While Cervus has dealership and distribution agreements in place with several manufacturers such as Peterbilt, Clark, Sellick, Doosan, JLG, and Baumann, Cervus' business is substantially dependent on the dealership agreements Cervus has in place with John Deere (i.e. approximately 66.3% of Cervus' revenue during the fiscal year ended December 31, 2019, was derived from the agriculture equipment segment).

#### ***John Deere Dealership Agreements***

Cervus has dealership agreements in place with John Deere for indefinite terms. These dealership agreements provide that Cervus is responsible for the marketing, selling, leasing, renting, servicing and overall support of John Deere products and equipment in the geographic regions to which the agreements pertain. To that end, Cervus is required to maintain:

- (i) inventories for products and equipment available for demonstration, sale, lease, and rental;
- (ii) sales and parts and service facilities;
- (iii) highly qualified management and sales personnel; and
- (iv) sales training and personnel development programs.

John Deere conducts reviews of Cervus' business, operations and financial condition from time to time. During these reviews, Cervus and John Deere agree upon expected levels of performance and identify objectives for each dealership. Cervus is required by the dealership agreements to achieve these objectives. Cervus is also required by the dealership agreements to maintain certain levels of equity, based on Cervus' equity to assets percentage and determined by John Deere. John Deere can terminate a dealership agreement if Cervus fails to achieve its performance objectives, or Cervus fails to maintain the required levels of equity, or in certain other circumstances.

#### ***Peterbilt Dealership Agreements***

Cervus has dealership agreements in place with Peterbilt for three-year terms. These dealership agreements provide that Cervus is responsible for the marketing, selling, leasing, renting, servicing and overall support of Peterbilt products and equipment in the geographic regions to which the agreements pertain. To that end, Cervus is required to maintain:

- (i) inventories for products and equipment available for demonstration, sale, lease, and rental;
- (ii) sales and parts and service facilities;
- (iii) highly qualified personnel; and
- (iv) sales and technician training and personnel development programs.

Under Peterbilt dealership agreements, Cervus is required to meet certain performance requirements established by the manufacturer and the manufacturer has the right to conduct reviews of Cervus' business, operations and financial condition from time to time to determine if these performance requirements are being met. Peterbilt can terminate a dealership agreement if Cervus fails to achieve its performance objectives.

### ***Other Dealership Agreements***

As at December 31, 2019, Cervus also had dealership agreements in place with Clark, Sellick, Doosan, and an exclusive distribution agreement with Baumann for Alberta, Saskatchewan and Manitoba, each with varying commencement and termination dates. The dealership agreements with Doosan typically have one-year terms, and the dealership agreements with Clark and Sellick typically have two-year terms. The Baumann distribution agreement is an open term which either party may terminate on 60 days' notice. Notwithstanding that the majority of these dealership agreements are for fixed terms, it has been the practice of the manufacturers to renew the dealership agreements in the absence of a material lack of performance or a breach of the agreements.

Under these dealership agreements, Cervus is typically:

- (i) responsible for the marketing, selling, leasing, renting, servicing and overall support of the applicable manufacturer's products and equipment in the geographic regions to which the agreements pertain; and
- (ii) authorized to make use of the applicable manufacturer's trademarks and trade names when identifying Cervus to the public as a dealer of the applicable manufacturer's products and parts.

To that end, Cervus is typically required to maintain:

- (i) inventories for products and equipment available for demonstration, sale, lease, and rental;
- (ii) sales and parts and service facilities;
- (iii) highly qualified management and sales personnel; and
- (iv) sales training and personnel development programs.

Generally speaking, a dealership agreement may be terminated by the applicable manufacturer if Cervus fails to achieve any applicable performance objectives, or if Cervus fails to maintain any required levels of equity, or if Cervus is otherwise in material breach of the agreement, or in certain other circumstances. Further, there can be no guarantee that one or more of these equipment manufacturers will decide to not renew their dealership agreements with Cervus upon their expiry.

### ***Floor Plan Financing***

Cervus currently has floor plan financing in place for its equipment inventories and rental fleet. Cervus' floor plan payables fluctuate significantly from quarter to quarter based on the timing between the receipt of equipment inventories and their actual payment so that Cervus may take advantage of any programs made available to Cervus by its key suppliers. Cervus' floor plan facilities are provided by the equipment manufacturers directly, or through partnering arrangements they have with third party lenders, or through Cervus' credit facilities. As of December 31, 2019, Cervus had financing arrangements available for its inventories and rental equipment with various lenders in the aggregate amount of approximately \$449 million of which \$191 million was outstanding.

### ***Environmental Protection***

Cervus is subject to a wide range of environmental laws and regulations, including those governing discharges into the air and water, the storage of petroleum substances and chemicals, the handling and disposal of wastes and the remediation of contamination. As with dealerships generally, and service, parts and repair center operations in particular, Cervus' business involves the generation, use, handling and disposal of hazardous or toxic substances and wastes. Pursuant to these laws, provincial environmental agencies have established approved methods for the handling, storage, treatment, transportation and disposal of regulated substances and wastes with which Cervus must comply. Cervus is also subject to laws and regulations governing remediation of contamination at or from its facilities or those facilities to which Cervus sends hazardous or toxic substances or wastes for treatment, recycling or disposal.

Despite being subject to a wide range of environmental laws and regulations, Cervus does not consider the financial and operational effects of environmental protection requirements on Cervus' capital expenditures, earnings and competitive position in the current financial year or in future years to be material.

## Employees

The following table indicates the approximate number of employees of Cervus as at the end of the most recently completed fiscal year.

<b>Operating Segment</b>	<b>Year Ended December 31, 2019</b>
Agriculture	814
Transportation	454
Industrial	142
Corporate (Executive, Management and Administrative Support for all three segments)	145
<b>Total</b>	<b>1,555</b>

## RISK FACTORS

An investment in securities of Cervus involves a number of risks and uncertainties. This section describes the general material risks that the management of Cervus believes may impact security holders and/or Cervus. If any of the following risks actually occur, Cervus' business, results of operations and financial conditions, and the amount of cash available for distribution to Cervus' security holders could suffer. Further, the risks described below are not the only risks that Cervus and its security holders may face. Additional risks not currently known to Cervus' management, or that are currently considered immaterial, also may have a negative impact on Cervus and its security holders.

### Risks Relating to the Common Shares

#### *Ability to Pay Dividends*

See "Dividends - Cautionary Note Regarding Dividends".

#### *Cervus May Issue Additional Common Shares Diluting Existing Shareholders' Interests*

The articles of Cervus authorize Cervus to issue an unlimited number of Common Shares. Cervus may issue additional Common Shares to raise funds, to pay for acquisitions, for other reasons. Cervus cannot predict the number of Common Shares it may issue, or the effect, if any, that an issue will have on the market price of the Common Shares. However, additional Common Shares issued by Cervus may be dilutive to holders of Common Shares and such dilution could be significant.

#### *Ability to Issue Preferred Shares*

The articles of Cervus authorize Cervus to issue from time to time in one or more series an unlimited number of Preferred Shares. Cervus may issue one or more series of Preferred Shares to raise funds. Cervus cannot predict the number of Preferred Shares it may issue, or the effect, if any, that an issue will have on the market price of the Common Shares.

#### *Sale of Shares by Significant Shareholder*

On June 7, 2018, Cervus announced that its founder, largest shareholder and Board Chair, Peter Lacey, and his wife, Kathy Lacey, intended to sell a portion of their shares from time to time over the following three years such that they would own under 10% of Cervus' shares by December 31, 2021. At the time the sales were required in order for the Laceys to comply with recent amendments to the rules governing qualified investments for registered retirement savings plans. At the time, the Laceys held 3,228,242 common shares in aggregate, being approximately 20.58% of the outstanding shares of Cervus, a significant portion of which had been held in their respective RRSPs. A few years ago, the Canadian federal government changed the RRSP rules to prohibit investments by a person within an RRSP where the person, together with that person's associates and affiliates, owns 10% or more out the company's outstanding shares. Persons that exceeded that 10% limit prior to the introduction of the new RRSP qualification rules have until December 31, 2021 to comply. The Laceys engaged their broker to assist them in the orderly sale, from time to time, in brokered arm's length transactions, of sufficient

shares to comply with the new RRSP limit. As subsequently reported June 14, 2019, the Laceys sold 500,000 common shares of Cervus as part of the planned share reduction.

On November 13, 2019, Cervus subsequently announced that the Laceys are no longer intending to sell shares as previously announced on June 7, 2018. Upon further consultation with professional tax advisers, the Laceys determined that, they could avail themselves of RRSP transitional relief, and therefore they intend to remain significant shareholders of Cervus into the foreseeable future.

The Laceys currently beneficially own or direct and control 2,777,764 common shares in aggregate, plus deferred shares exchangeable for an aggregate of 48,386 common shares being approximately 18.2% of the outstanding shares of Cervus. If the Laceys were to sell substantial amounts of Common Shares in the public market, the market price of the common shares could fall. The perception among the public that these sales could occur from time to time could also produce such effect.

Further, as a result of their current ownership interest in Cervus, the Laceys may be able to exert significant influence over matters that are to be determined by votes of the holders of common shares. Also, the timing and receipt of any takeover or control premium by holders of common shares could depend on the determination of the Laceys as to when to sell common shares. This could potentially delay or prevent a change of control that would be attractive to, and provide liquidity for, holders of common shares and could limit the price that investors are willing to pay in the future for common Shares.

#### ***Price Volatility of Common Shares***

From time to time, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance further fluctuations in price will not occur. Cervus believes any quoted market for Cervus' Common Shares will, to a certain degree, be subject to market trends generally, notwithstanding the success of Cervus in creating revenues, cash flows or earnings. The value of Cervus' Common Shares will be affected by such volatility.

#### ***Structural Subordination of Common Shares***

In the event of a bankruptcy, liquidation or reorganization of Cervus or its subsidiaries, holders of certain indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of Cervus or its subsidiaries before any assets are made available for distribution to Cervus and/or its shareholders. Cervus' Common Shares will be effectively subordinated to most of the indebtedness and other liabilities of Cervus and its subsidiaries.

#### ***Risks Related to the Business***

A discussion of the risk factors related to Cervus and its business appears under the heading "Business Risks and Uncertainties" in Cervus' management's discussion and analysis for the financial year ended December 31, 2019, are available on SEDAR at [www.sedar.com](http://www.sedar.com), which section of such document is specifically incorporated by reference herein.

## DESCRIPTION OF SHARE CAPITAL STRUCTURE

Cervus is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. As at December 31, 2019, 15,530,270 Common Shares were issued and outstanding (2018 - 15,560,408) and nil Preferred Shares were issued and outstanding (2018 – nil). The material characteristics of Cervus' Common Shares and Preferred Shares are described below.

### Common Shares

Holders of Cervus' Common Shares are entitled to:

- (i) dividends if, as and when declared by the Board of Directors of Cervus;
- (ii) to one vote per share at meetings of the holders of Common Shares; and,
- (iii) upon liquidation, dissolution or winding up of Cervus to receive pro rata the remaining property and assets of Cervus, subject to the rights of shares having priority over the Common Shares.

### Preferred Shares

The Preferred Shares are issuable in series and each class of Preferred Shares has such rights, restrictions, conditions and limitations as the Board of Directors of Cervus may from time to time determine. The holders of Preferred Shares are entitled, in priority to holders of Common Shares, to be paid rate-ably with holders of each other series of Preferred Shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series and upon liquidation, dissolution or winding up of Cervus, to be paid rateably with holders of each other series of Preferred Shares the amount, if any, specified as being payable preferentially to holders of such series.

## DIVIDENDS

### Dividend Policy

The Board of Directors of Cervus is responsible for determining the dividend policy of Cervus from time to time with the goal of distributing a portion of earnings to shareholders in cash while maintaining adequate liquidity to fund the growth objectives of the business. Currently, Cervus declares and pays cash dividends to the holders of its Common Shares on a quarterly basis with dividends typically payable to shareholders of record as of the last business day of the applicable quarter and typically paid to such shareholders on or about the 15<sup>th</sup> day of the month following the applicable record date. However, the future declaration and payment of dividends is always subject to certain risks (see "Dividends - Cautionary Note Regarding Dividends.")

### Dividends Paid Over Last Three Years

The following table summarizes Cervus' dividends declared and paid during the last 3 completed fiscal years: *(\$ thousands, except per Common Share amounts)*

2017 Record Date	Dividend Per Common Share	Dividend Payable	Distributions Reinvested	Net Distributions Paid
March 31, 2017	0.07	1,104	195	909
June 30, 2017	0.07	1,106	204	902
September 29, 2017	0.07	1,092	184	907
December 29, 2017	0.07	1,097	162	935
<b>Total dividends</b>	<b>0.28</b>	<b>4,399</b>	<b>745</b>	<b>3,653</b>

2018 Record Date	Dividend Per Common Share	Dividend Payable	Distributions Reinvested	Net Distributions Paid
March 30, 2018	0.10	1,570	217	1,353
June 30, 2018	0.10	1,567	229	1,338
September 28, 2018	0.10	1,568	103	1,465
December 31, 2018	0.10	1,556	222	1,334
<b>Total dividends</b>	<b>0.40</b>	<b>6,261</b>	<b>771</b>	<b>5,490</b>

2019 Record Date	Dividend Per Common Share	Dividend Payable	Distributions Reinvested	Net Distributions Paid
March 29, 2019	0.11	1,709	230	1,479
June 28, 2019	0.11	1,685	209	1,476
September 30, 2019	0.11	1,686	109	1,577
December 31, 2019	0.11	1,689	236	1,453
<b>Total dividends</b>	<b>0.44</b>	<b>6,769</b>	<b>784</b>	<b>5,985</b>

### Cautionary Note Regarding Dividends

Investors are cautioned that the declaration of future dividends is not assured and is always subject to approval from the Board of Directors of Cervus. Cervus' quarterly dividend payments may be increased, decreased or suspended by the Board of Directors at any time. Cervus' ability to continue to declare and pay dividends will depend on, among other factors, Cervus' financial performance, its working capital requirements, its debt covenant obligations and its ability to meet its debt obligations and capital requirements. For further discussion on certain risks relating to the business of Cervus that may affect the ability of Cervus to pay dividends, see "Risk Factors". In addition, the market value of Cervus' Common Shares may decline if Cervus is unable to meet its cash dividend targets in the future, and that decline may be significant.

Under the terms of Cervus' credit facilities, Cervus is restricted from declaring dividends or distributing cash if Cervus is in breach of its debt covenants. As at the date of this Annual Information Form, Cervus is not in violation of any of its covenants.

As a *Canada Business Corporations Act* corporation, the payment of dividends by Cervus must comply with the requirements of the *Canada Business Corporations Act*, including satisfying the dividend test applicable to *Canada Business Corporations Act* corporations (i.e. a *Canada Business Corporations Act* corporation shall not declare or pay a dividend if there are reasonable grounds for believing that:

- (a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due; or,
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes).

### MARKET FOR SECURITIES

Cervus' Common Shares trade on the Toronto Stock Exchange under the trading symbol "CERV". The following table sets forth the reported high and low sales prices, and the volume traded, for such securities, as reported by the Toronto Stock Exchange, on a monthly basis during the most recently completed financial year of Cervus.

	High	Low	Volume
<b>2019</b>			
January .....	\$14.81	\$12.70	262,727
February.....	\$13.59	\$12.50	99,975
March.....	\$13.80	\$12.71	136,189
April .....	\$13.56	\$12.80	132,260
May .....	\$13.35	\$12.16	183,093
June .....	\$13.11	\$11.45	139,165
July.....	\$12.74	\$11.06	192,168
August.....	\$11.10	\$9.12	193,521
September .....	\$9.67	\$8.25	211,405
October .....	\$8.99	\$7.95	166,130
November .....	\$8.46	\$6.41	324,499
December.....	\$8.60	\$7.87	159,532
<b>Total for Period</b>			<b>2,200,664</b>

## EXECUTIVE OFFICERS AND DIRECTORS

### Executive Officers

The following table sets forth certain information in respect of each executive officer of Cervus as of the date of this Annual Information Form.

Executive Officer	Positions	Biography
<p><b>Angela Lekatsas</b> Age 58 Calgary, Alberta, Canada</p>	<p>President, Chief Executive Officer and Director</p>	<p>Ms. Lekatsas has been the President and Chief Executive Officer of Cervus Equipment Corporation since May 15, 2019. Previously, Ms. Lekatsas has been a director of Cervus since 2013 and was formerly the Chair of the Audit Committee from 2015 to May 2019 prior to her appointment as President and CEO. Before joining Cervus, Ms. Lekatsas acquired extensive experience in Agriculture, Manufacturing, Mining and Retail Distribution with Nutrien Ltd. (and its predecessor company Agrium Inc.) from 2003 to 2018. Ms. Lekatsas held numerous executive officer positions including Vice President, Merger Integration; Vice President-Corporate Controller; Chief Risk Officer and Vice President, Treasurer. Ms. Lekatsas has significant experience on mergers and acquisitions as well as operational experience leading Agrium Advanced Technologies and the Australia Wheat Board. Prior to joining Agrium, Ms. Lekatsas spent 16 years in public accounting and advisory practice, the majority with Deloitte. Ms. Lekatsas is a designated (1990) Chartered Professional Accountant (CPA, CA) and received her U.S. Certified Public Accountancy equivalency in 2002. Ms. Lekatsas holds a Bachelor of Commerce from the University of Saskatchewan and is a graduate of the ICD-Rotman Directors Education Program. Ms. Lekatsas' Board experience includes sitting on the Board for the Institute of Chartered Professional Accountants of Manitoba and various Committee work for both the Saskatchewan and Manitoba CPA Institutes as well as sitting on the Audit Committee of the YWCA in Saskatchewan.</p>
<p><b>Adam Lowther</b> Age 37 Calgary, Alberta, Canada</p>	<p>Chief Financial Officer</p>	<p>Mr. Lowther has been the Chief Financial Officer of Cervus Equipment Corporation since January 1, 2018. Prior thereto, Mr. Lowther had been Cervus' Director of Finance since joining Cervus in 2013. Prior to joining Cervus, Mr. Lowther specialized in transaction advisory and valuation, both in the private sector and public practice. He is a designated Chartered Professional Accountant (CPA, CA), Chartered Business Valuator, and a CFA Charterholder. Mr. Lowther holds a Bachelor of Commerce from the University of Calgary and is a graduate of the ICD-Rotman Directors Education Program.</p>
<p><b>Scott Johnston</b> Age 63 Saskatoon, Saskatchewan, Canada</p>	<p>Vice President, Agriculture Canada</p>	<p>Mr. Johnston has been Vice President, Agriculture Canada of Cervus Equipment Corporation since October 2019. Prior thereto, he had been Cervus' General Manager of Agriculture for the Province of Saskatchewan. Mr. Johnston was an accomplished executive since 1985, serving as Director of Operations, for Kleysen Transport and then joining the Yanke Group of Companies in 1990 as Chief Operating Officer, President and Shareholder. In 2008, Mr. Johnston joined the Siemens Transportation Group as Chief Operating Officer overseeing the 9 separate companies under the umbrella of the Group. Mr. Johnston left his studies in Montreal and joined the R.C.M.P. and was assigned various assignments including, General Investigations, High Patrol, The Musical Ride, VIP Security, and served in 4 provinces. Mr. Johnston attained his Executive MBA at Queens University.</p>

<b>Executive Officer</b>	<b>Positions</b>	<b>Biography</b>
<p><b>Fred Hnatiw</b> Age 59 Calgary, Alberta, Canada</p>	<p>Vice President Operations, Transportation, &amp; Industrial</p>	<p>Mr. Hnatiw has been Vice President, Operations, Transportation and Industrial of Cervus Equipment Corporation since November 2017. Prior thereto, he had been Cervus' Vice President, Operations, Commercial and Industrial from 2014 to 2017, the General Manager, Construction and Industrial Group from 2013 to 2014 and the General Manager, Material Handling from 2011 to 2013. Prior to joining Cervus Mr. Hnatiw was the Operations Manager, Prairie Region with SMS Equipment, a construction and mining equipment dealer, from 2006 to 2011. Mr. Hnatiw received a Bachelor of Commerce degree and M.B.A. from the University of Saskatchewan. He has an Executive Leadership coaching designation (ICF) obtained in 2010 and obtained the Chartered Director (C.Dir.) designation from the Directors College (a joint venture of McMaster University and the Conference Board of Canada) in 2014.</p>
<p><b>Stella Cosby</b> Age 63 Calgary, Alberta, Canada</p>	<p>Vice President of People</p>	<p>Ms. Cosby has been the Vice President, People of Cervus Equipment Corporation since July 1, 2014. Prior thereto, Ms. Cosby had been a Senior Director with Agrium Inc. from 2002 to 2014 where she held positions of increasing responsibility in all aspects of Human Resources. Prior to joining Agrium Inc., Ms. Cosby was Vice President, Human Resources for Manulife Financial and Senior Director, Business Effectiveness for Canadian Pacific Railway. Ms. Cosby has a Bachelor of Arts degree in Sociology, a M.A. in Organizational Systems Renewal and is a certified executive coach. Ms. Cosby is currently a corporate director for CES Energy Solutions Corporation and serves on the Compensation, Nominating and Governance Committee and the Health Safety and Environment Committee. Ms. Cosby is a past director of Savanna Energy Services where she chaired the Human Resources and Compensation Committee and was a member of the Governance and Nominating, and Health, Safety and Environment Committees until 2017. Ms. Cosby is a graduate of the ICD-Rotman Directors Education Program.</p>
<p><b>Devin P. Mylrea</b> Age 53 Calgary, Alberta, Canada</p>	<p>Corporate Counsel &amp; Corporate Secretary</p>	<p>Mr. Mylrea has been Corporate Counsel for Cervus Equipment Corporation since April 2018. Mr. Mylrea was appointed Corporate Counsel and Corporate Secretary of Cervus in December 2018. Prior to joining Cervus, Mr. Mylrea was a law partner and barrister &amp; solicitor in private legal practice with a focus on commercial transactions, corporate reorganizations, lending and real property . He is a graduate of the University of Calgary, where he received his Bachelor of Laws in 2003. Upon completing his articles, he was called to the Alberta Bar in 2004. Mr. Mylrea is a member of the Law Society of Alberta, the Canadian Bar Association, the Calgary Bar Association and the Alberta General Counsel Association.</p>

## Directors

Directors hold office upon appointment until the next annual general meeting of shareholders of Cervus unless re-elected at that meeting. The following table sets forth certain information in respect of each director of Cervus as of the date of this Annual Information Form.

<b>Director</b>	<b>Positions With Cervus</b>	<b>Biography</b>
<p><b>Peter Lacey</b> Age 63 Red Deer, Alberta, Canada</p>	<ul style="list-style-type: none"> <li>- Director since 1999.</li> <li>- Chairman of the Board.</li> <li>- Independent.</li> </ul>	<p>Mr. Lacey is a founder of Cervus Equipment Corporation and has been the Chairman of the Board since inception. Prior thereto, Mr. Lacey was the President and Chief Executive Officer of Cervus Equipment Corporation, and its predecessor entities, from 1982 to April 2012. Mr. Lacey was also previously the Chairman of the Red Deer College Board of Governors and the President of the Western Equipment Dealers Association. Mr. Lacey has been chairman and director of several public and private companies. Mr. Lacey is a graduate of the ICD Directors Education Program.</p>

Director	Positions With Cervus	Biography
<p><b>Steven M. Collicutt</b> Age 60 Red Deer, Alberta, Canada</p>	<ul style="list-style-type: none"> <li>- Director since 2003.</li> <li>- Audit Committee.</li> <li>- HR &amp; Compensation Committee.</li> <li>- Independent.</li> </ul>	<p>Mr. Collicutt is the President and Chief Executive Officer of Collicutt Energy Services which designs, manufactures, services, repairs and distributes power generation packages in standby power, prime power, peak shaving and combined heat &amp; power (CHP) applications in Western Canada and the Western U.S. region. Mr. Collicutt was the President and Chief Executive Officer of Collicutt Energy Services Ltd., a public company listed on the Toronto Stock Exchange involved in the fabrication and service of natural gas compression packages and power generation units, from April 1986 until its acquisition by Finning International Inc. in January 2008. Mr. Collicutt sits as a director on the board of directors for Scott Builders Inc. headquartered in Red Deer, Alberta. Mr. Collicutt has the ICD.D designation.</p>
<p><b>Donald W. Bell</b> Age 64 Airdrie, Alberta, Canada</p>	<ul style="list-style-type: none"> <li>- Director since 2008.</li> <li>- Technology &amp; Innovation Committee (Chair).</li> <li>- Nominating &amp; Governance Committee.</li> <li>- Independent</li> </ul>	<p>Mr. Bell is co-founder of WestJet Airlines and occupied several positions within that organization, including Co-Chief Operating Officer, Executive Vice-President, Customer Service and 737 Captain until his retirement in 2007. Mr. Bell also held the role of Chairman of the Air Transport Association of Canada and currently chairs the boards of a high growth software company and a local charity. He also is partner in and sits on the board of a real estate development company. Mr. Bell holds the ICD.D designation. Prior to WestJet Mr. Bell was the owner of a full service computer company.</p>
<p><b>Larry Benke</b> Age 68 Calgary, Alberta, Canada</p>	<ul style="list-style-type: none"> <li>- Director since 2012.</li> <li>- Nominating &amp; Governance Committee (Chair).</li> <li>- Audit Committee.</li> <li>- Lead Director</li> <li>- Independent.</li> </ul>	<p>Mr. Benke has extensive experience in the engineering and construction industries including Chair/CEO of the Colt Companies from 1999 to 2007 and Managing Director of WorleyParsons Canada from 2007 to 2010. Past director roles have included Board Chair of Next Hydrogen Corporation, a Canadian renewable energy and technology company manufacturing advanced electrolyzers for hydrogen generation, and director of the Calgary Airport Authority, the entity responsible for the operation and development of the Calgary International and Springbank airports, the Board and Audit Committee of WorleyParsons Limited, a global engineering and project delivery company listed on the Australian stock exchange, and the Board of CEDA International Corporation, a Canadian maintenance and construction company. Mr. Benke graduated from the University of Alberta in 1973 with a Bachelor of Science in Electrical Engineering (Honors Standing) and is a graduate of the ICD Directors Education Program.</p>
<p><b>Angela Lekatsas</b> Age 58 Calgary, Alberta, Canada</p>	<ul style="list-style-type: none"> <li>- Director since 2013.</li> <li>- President and Chief Executive Officer.</li> <li>- Former Audit Committee (Chair).</li> <li>- Former HR &amp; Compensation Committee Member.</li> <li>- Non-Independent.</li> </ul>	<p>Ms. Lekatsas has been the President and Chief Executive Officer of Cervus Equipment Corporation since May 15, 2019. Prior thereto, Ms. Lekatsas has been a director of Cervus since 2013 and was formerly the Chair of the Audit Committee from 2015 to May 2019 on her appointment as President and CEO. Prior to joining Cervus, Ms. Lekatsas acquired extensive experience in Agriculture, Manufacturing, Mining and Retail Distribution with Nutrien Ltd. (and its predecessor company Agrium Inc.) from 2003 to 2018. Ms. Lekatsas held numerous executive officer positions including Vice President, Merger Integration; Vice President-Corporate Controller; Chief Risk Officer and Vice President, Treasurer. Ms. Lekatsas has significant experience on mergers and acquisitions as well as operational experience leading Agrium Advanced Technologies and the Australia Wheat Board. Prior to joining Agrium, Ms. Lekatsas spent 16 years in public accounting and advisory practice, the majority with Deloitte. Ms. Lekatsas is a designated (1990) Chartered Professional Accountant (CPA, CA) and received her U.S. Certified Public Accountancy equivalency in 2002. Ms. Lekatsas holds a Bachelor of Commerce from the University of Saskatchewan and is a graduate of the ICD-Rotman Directors Education Program. Ms. Lekatsas' Board experience includes sitting on the Board for the Institute of Chartered Professional Accountants of Manitoba and various Committee work for both the Saskatchewan and Manitoba CPA</p>

Director	Positions With Cervus	Biography
		Institutes as well as sitting on the Audit Committee of the YWCA in Saskatchewan.
<b>Dan Sobic</b> Age 66 Frisco, Texas, USA	<ul style="list-style-type: none"> <li>- Director since Sept. 2017.</li> <li>- Nominating &amp; Governance Committee.</li> <li>- HR &amp; Compensation Committee (Chair).</li> <li>- Technology &amp; Innovation Committee.</li> <li>- Independent.</li> </ul>	Mr. Sobic joined PACCAR in 1990 as Peterbilt national sales manager for PACCAR Parts and became vice-president of PACCAR Inc. and general manager for Peterbilt Motors Company in 2003. Until retiring in early 2016, Mr. Sobic was executive vice-president of PACCAR where he was responsible for Kenworth Truck Company, PACCAR Parts division, PACCAR China and PACCAR India. Mr. Sobic holds a Bachelor of Business Administration degree from the University of Wisconsin, as well as a postgraduate certification from Cornell University and a master's degree as a Sloan fellow from the Stanford University Graduate School of Business. Mr. Sobic is a graduate of the ICD Directors Education Program.
<b>Wendy Henkelman</b> Age 55 Canmore, Alberta, Canada	<ul style="list-style-type: none"> <li>- Director since Sept. 2019.</li> <li>- Audit Committee (Chair).</li> <li>- HR &amp; Compensation Committee.</li> <li>- Technology &amp; Innovation Committee</li> </ul>	Ms. Henkelman is a Corporate Director with extensive experience in finance including accounting, treasury, taxation, information systems, internal controls and risk management. She has held executive positions in major oil and gas companies including Vice President, Treasury and Compliance with Penn West Exploration and Country Tax Manager at Shell Canada Limited. In these roles she worked on material mergers, acquisitions and dispositions as well as international operations. She began her career with KPMG LLP, progressing from the audit function to manager in the income tax group. Ms. Henkelman has chaired major pension trusts of public corporations and is the past President of the Canadian Petroleum Tax Society. Ms. Henkelman currently sits on the board of ATB Financial, where she is a member of the Audit Committee and chairs the Human Resources Committee and Postmedia Network Canada Corp, where she chairs the Audit Committee and is a member of the Corporate Governance and Nominating Committee. She holds a CPA,CA designation, a Bachelor of Commerce Degree with Distinction from the University of Alberta and has completed the CPA Canada In-depth Income Tax program along with many courses with the Institute of Corporate Directors and Treasury Managers Association of Canada.

### Share Ownership

As of March 11, 2020, the executive officers and directors listed above, as a group, beneficially owned, or controlled or directed, directly or indirectly, 2,987,681 of Cervus' Common Shares (19.91% of the outstanding Common Shares).

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set forth in the paragraph below, to the knowledge of management of Cervus:

- (a) As of the date hereof, no person who is a director or executive officer of Cervus is, or has been within the last 10 years, a director, chief executive officer or chief financial officer of any company (including Cervus) that:
- (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days and that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days and that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) As of the date hereof, no person who is a director or executive officer of Cervus, or who is a person holding a sufficient number of Common Shares to affect materially the control of Cervus:
  - (i) is, or has been within the last 10 years, a director or executive officer of any company (including Cervus) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
  - (ii) has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director or trustee; and
- (c) No person who is a director or executive officer of Cervus, or who is a person holding a sufficient number of Common Shares to affect materially the control of Cervus, has been subject to:
  - (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
  - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Peter Lacey resigned as a Director of BioExx Specialty Proteins Ltd. on September 29, 2013. That corporation filed for protection under the Companies' Creditors Arrangement Act on October 1, 2013.

### Conflicts of Interest

As at the date of this Annual Information Form, Cervus is not aware of any existing or potential material conflicts of interest between Cervus and any of its directors and executive officers.

However, conflicts of interest may arise from time to time. The *Canada Business Corporations Act* contains "conflict of interest" provisions that require each director and officer of Cervus to disclose to Cervus any interest in a material contract or transaction or proposed material contract or transaction with Cervus or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with Cervus. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the directors, a director is required to disclose in writing to Cervus or request to have entered into the minutes of the meeting of the directors the nature and extent of that director's interest forthwith after the director becomes aware of the contract or transaction or proposed contract or transaction. In any case, a director who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to that director's remuneration as a director, officer, employee or agent of Cervus or one for indemnity under the provisions of an indemnity agreement or Cervus' liability insurance.

## AUDIT COMMITTEE MATTERS

### Mandate

The mandate of the Audit Committee of the Board of Directors of Cervus is set forth in Schedule "A" attached hereto.

### Composition

The Audit Committee consists of Wendy Henkelman, Larry Benke, and Steven M. Collicutt. Ms. Henkelman is the Chair of the Audit Committee. Each member of the Audit Committee is independent as such term is defined in National Instrument 52-110 *Audit Committees*. Further, each member of the Audit Committee is financially literate as such term is defined in NI 52-110 *Audit Committees*.

## Relevant Education and Experience

Below is a summary of the education and experience of each member of the Audit Committee that is relevant to the performance of such person's duties as a member of the Audit Committee.

### Wendy Henkelman

Ms. Henkelman is a Corporate Director with extensive experience in finance including accounting, treasury, taxation, information systems, internal controls and risk management. Ms. Henkelman has held executive positions in major oil and gas companies including Vice President, Treasury and Compliance with Penn West Exploration and Country Tax Manager at Shell Canada Limited. In these roles she worked on material mergers, acquisitions and dispositions as well as international operations. Ms. Henkelman began her career with KPMG LLP, progressing from the audit function to manager in the income tax group. Ms. Henkelman has chaired major pension trusts of public corporations and is the past President of the Canadian Petroleum Tax Society. Ms. Henkelman currently sits on the board of ATB Financial, where she is a member of the Audit Committee and chairs the Human Resources Committee and Postmedia Network Canada Corp, where she chairs the Audit Committee and is a member of the Corporate Governance and Nominating Committee. She holds a CPA/CA designation, a Bachelor of Commerce Degree with Distinction from the University of Alberta and has completed the CPA Canada In-depth Income Tax program along with many courses with the Institute of Corporate Directors and Treasury Managers Association of Canada. This experience and education provide Ms. Henkelman with the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of accounting issues that can reasonably be expected to be raised by Cervus' financial statements.

### Larry Benke

Mr. Benke has extensive experience in the engineering and construction industries including Chair/CEO of the Colt Companies and Managing Director of WorleyParsons Canada. Mr. Benke served as a director of The Calgary Airport Authority, the entity responsible for the operation and development of the Calgary International and Springbank airports. Other past director roles have included Chair of the Board of Next Hydrogen Corporation, a Canadian renewable energy and technology company manufacturing advanced electrolysers for hydrogen generation, the Board and Audit Committee of WorleyParsons Limited, a global engineering and project delivery company listed on the Australian stock exchange, and the Board of CEDA International Corporation, a Canadian maintenance and construction company. Mr. Benke is a graduate of the ICD Directors Education Program. During his career, Mr. Benke has actively supervised the preparation of financial statements, as well as the internal controls and procedures for financial reporting. This experience has provided Mr. Benke with the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of accounting issues that can reasonably be expected to be raised by Cervus' financial statements.

### Steven M. Collicutt

Mr. Collicutt is the President and Chief Executive Officer of Collicutt Energy Services which designs, manufactures, services, repairs and distributes power generation packages in standby power, prime power, peak shaving and combined heat & power (CHP) applications in Western Canada and the Western U.S. region. Mr. Collicutt was the President and Chief Executive Officer of Collicutt Energy Services Ltd., a public company listed on the Toronto Stock Exchange involved in the fabrication and service of natural gas compression packages and power generation units, from April 1986 until its acquisition by Finning International Inc. in January 2008. In these roles, Mr. Collicutt has supervised the preparation of financial statements. This experience has provided Mr. Collicutt with the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of accounting issues that can reasonably be expected to be raised by Cervus' financial statements.

## Pre-Approval Policies and Procedures

The Audit Committee must pre-approve all non-audit services to be provided to Cervus or its subsidiary entities by its external auditors or the external auditors of the subsidiary entities of Cervus. Prior to engaging the auditor to provide any services over and above the regular audit engagement, management will contact the Chair of the

Audit Committee for approval. The Chair of the Audit Committee will assess whether or not the Chair should seek the approval of the entire Audit Committee prior to approving the engagement.

### External Auditor Service Fees

The following table sets forth the aggregate fees billed by KPMG LLP, Cervus' auditor, in each of the last two completed fiscal years.

	2019	2018
Audit fees <sup>(1)</sup>	\$678,784	\$487,542
Audit-related fees <sup>(2)</sup>	75,000	76,345
Tax compliance fees <sup>(3)</sup>	95,280	77,628
Tax advisory fees <sup>(4)</sup>	20,000	45,000
All other fees <sup>(5)</sup>		-
<b>Total</b>	<b>\$869,064</b>	<b>\$686,515</b>

Notes:

- (1) The increase in 2019 Audit fees primarily relates to the timing of a portion of 2018 fees being billed in 2019. "Audit fees" include the aggregate professional fees paid for the audit of the annual consolidated financial statements of Cervus and other regulatory audits and filings.
- (2) "Audit-related fees" include the aggregate fees paid for services related to the audit services, including consultations regarding financial reporting, quarterly review engagements, and accounting standards and review of prospectus.
- (3) "Tax compliance fees" include the aggregate fees paid for tax compliance services including the preparation of tax returns.
- (4) "Tax advisory fees" include the aggregate fees paid for tax advice, tax planning and advisory services.
- (5) "All other fees" include the aggregate fees paid for all other services other than those presented in the categories of audit fees, audit-related fees, tax compliance fees and tax advisory fees.

The Audit Committee considered and agreed that the above fees are compatible with maintaining the independence of the auditor of Cervus. Further, the Audit Committee determined that, in order to ensure the continued independence of the auditor, only limited non-audit related services will be provided to Cervus by KPMG LLP, the auditor of Cervus, and in such case, only with the prior approval of the Audit Committee.

### LEGAL PROCEEDINGS

From time to time Cervus is subject to claims and lawsuits arising in the ordinary course of operations. In the opinion of management, the ultimate resolution of such pending legal proceedings will not have a material adverse effect on Cervus' financial position.

### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of Cervus' outstanding Common Shares, or any associate or affiliate of any of the foregoing, had any material interest, direct or indirect, in any transaction within the three most recently completed financial years, or during the current financial year, that has materially affected or is reasonably expected to materially affect Cervus.

### TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada at its principal offices in each of Calgary, Alberta and Toronto, Ontario is the transfer agent and registrar for Cervus' Common Shares.

## MATERIAL CONTRACTS

Set forth below are the material contracts of Cervus, other than those entered into in the normal course of business with the exception of those upon which Cervus is substantially dependent, entered into within the last financial year or before the last financial year and that are still in effect:

1. The Dealership Agreement dated June 14, 2007 between John Deere Limited and Cervus AG Equipment LP operating as Agro Equipment, as amended by way of a letter agreement dated January 20, 2015, for certain of Cervus' John Deere dealerships (See "Description of the Business – Economic Dependence.")
2. The Dealership Agreement dated October 2, 2008 between John Deere Limited and Cervus AG Equipment LP operating as Farm & Garden Centre for certain of Cervus' John Deere dealerships (See "Description of the Business – Economic Dependence.")
3. The Fourth Amended and Restated Credit Agreement dated as of December 18, 2018, as amended, among Cervus Equipment Corporation as borrower, and the subsidiaries of Cervus Equipment Corporation as guarantors, and The Toronto-Dominion Bank and the other banks and financial institutions from time to time party thereto as lenders, and The Toronto-Dominion Bank as agent for the lenders, the swap lenders and the cash management providers and with The Toronto-Dominion Bank as lead arranger and sole bookrunner (See "Significant Events in Past Three Years – Senior Credit Facilities.")

## INTERESTS OF EXPERTS

KPMG LLP are the auditors of Cervus and have confirmed that they are independent with respect to Cervus within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

## ADDITIONAL INFORMATION

Additional information relating to Cervus, including any documents that are incorporated by reference in this Annual Information Form, may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information concerning Cervus, including directors' and officers' remuneration and indebtedness, principal holders of Cervus' securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in Cervus' information circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is also provided in Cervus' consolidated financial statements and management's discussion and analysis for its most recently completed financial year.

## FORWARD LOOKING INFORMATION

### Cautionary Note Regarding Forward-Looking Statements

Statements made by Cervus in this Annual Information Form, in other filings with Canadian securities regulators and in other communications include forward-looking statements within the meaning of applicable securities laws ("**forward-looking statements**"). These statements include, but are not limited to, statements about Cervus' objectives, strategies and initiatives, financial performance expectations and other statements made herein, whether with respect to Cervus' businesses or the economies of the countries where Cervus operates. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "planned", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases which state that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur", "be achieved", or other similar expressions of future or conditional verbs.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, closing of transactions, performance or achievements of Cervus to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to general economic conditions, the industries and customers served by Cervus, its principal equipment partners, currency exchange rates, funding requirements, fluctuating interest rates, legislative and regulatory developments, changes in accounting standards, and competition as well as those factors discussed under the heading "*Business Risks and Uncertainties*" in Cervus' management's discussion and analysis for the financial year ended December 31, 2019, available on SEDAR at [www.sedar.com](http://www.sedar.com), which section of such document is specifically incorporated by reference herein and in other of Cervus' documents filed on SEDAR at [www.sedar.com](http://www.sedar.com).

All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business, economic and market conditions and trends. Although Cervus believes the assumptions used to make such statements are reasonable at this time and has attempted to identify in its continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

Certain material assumptions are applied by Cervus in making forward-looking statements. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Cervus does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

## SCHEDULE A AUDIT COMMITTEE MANDATE

### **Composition of Committees of the Board, Committees' Procedures and Committee Members' Qualifications**

The Terms of Reference of the Board sets out a number of requirements for the composition of Committees, the Committee procedures and the qualifications of Committee members. One of those requirements states that a majority of the members of a Committee constitute a quorum for meetings of the Committee. Each Committee has the latitude to develop other rules of procedure.

### **Audit Committee Mandate**

#### **Objectives and Authorities:**

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities related to the accounting and financial reporting process, including oversight of identification and management of business and financial risk.

The Audit Committee exercises oversight with respect to:

- the integrity of Cervus' financial reporting systems, management information systems and internal controls;
- the integrity of, and compliance with, legal and regulatory requirements related to financial reporting and risk management;
- the independence and effectiveness of Cervus' external auditors;
- the effectiveness of Cervus' internal audit function;
- other financial matters delegated by the Board; and
- the identification and management of major business and financial risks.

#### **Limitations Related to Oversight:**

The Audit Committee's responsibility is to convey its findings and make recommendations to the Board. The Committee has no decision-making authority other than that which may be delegated to the Committee by the Board.

While the Audit Committee exercises oversight of the accounting, financial reporting and risk assessment processes, it is not the duty of the Audit Committee to plan or conduct audits and risk assessments, or to determine if Cervus' financial statements are complete and accurate and IFRS compliant, or otherwise manage day to day activities. The Committee exercises oversight over Management's internal controls and the preparation of financial statements; and, oversees audits performed by the external auditor related to those financial statements. A Director having financial or risk management expertise is not held to a higher degree of individual responsibility than other Directors.

#### **Functions and Responsibilities:**

The Audit Committee has the following functions and responsibilities:

##### *Internal Controls*

1. Enquire as to the adequacy of Cervus' system of internal controls, and review the evaluation of internal controls by Management and the internal auditors.
2. Establish procedures for:
  - the receipt, retention and treatment of complaints received by Cervus regarding accounting, internal accounting controls or auditing matters; and
  - the confidential, anonymous submission by employees of concerns regarding questionable accounting, internal controls or auditing matters.
3. Periodically review a summary of complaints and concerns and their related resolution.
4. Review the findings of any significant examination by regulatory agencies concerning Cervus' financial matters.
5. Periodically review Management's governance processes for information technology resources to assess their effectiveness in addressing the integrity, the protection and the security of Cervus' electronic information systems and records.
6. Annual review and make recommendations to the Board regarding the delegation of authority from the Board to Management.
7. Review the management practices in effect over officers' expenses and perquisites.

### *External and Internal Auditors*

8. Recommend to the Board the appointment of the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest functions.
9. Review and approve the audit scope and engagement letter of the external auditor.
10. Review and recommend to the Board the compensation of the external auditor.
11. Directly oversee the work of the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Cervus, including the resolution of disagreements between Management and the external auditor regarding financial reporting.
12. Ensure that the external auditor is aware that it is to report directly to the Audit Committee.
13. Receive a written statement not less than annually from the external auditor describing in detail all relationships between the external auditor and Cervus, including Management, that may impact the objectivity and independence of the external auditor. Review annually with the Board the independence of the external auditor and either confirm to the Board that the external auditor is independent or recommend that the Board take appropriate action to satisfy itself of the external auditor's independence.
14. Evaluate the external auditor's qualifications, performance and independence and present the Committee's conclusions with respect to the external auditor to the Board.
15. Review and approve Cervus' hiring policies for employees and partners, as well as, former partners and employees, of the present and former external auditor.
16. Review and pre-approve the provision of all permitted non-audit services (including the fees and terms thereof) in advance of the provision of those services by the external auditor to Cervus or its subsidiary entities (subject to the de minimus exception for non-audit services described in applicable legislation and regulations which are approved by the Audit Committee prior to the completion of the audit).
17. Review the external auditor's quality control procedures including any material issues raised by the most recent quality control review or peer review and any issues raised by a government authority or professional authority investigation of the external auditor, providing details on actions taken by the external auditor to address such issues.
18. Review the plans, activities, organizational structure, qualifications and performance of Management in relation to the external audit process and overall accounting and financial responsibilities.
19. Review the plans, activities, organizational structure, qualifications and performance of the internal auditors, and monitor the internal audit department's performance and independence.
20. Provide an open avenue of communication between Management, the internal auditors or the external auditor, and the Board.

### *Financial Reporting and Other Public Disclosure*

21. Review the external auditor's management comment letter and Management's responses thereto, and enquire as to any disagreements between Management and the external auditor or restrictions imposed by Management on the external auditor. Review any unadjusted differences brought to the attention of Management by the external auditor and the resolution of same.
22. Review with Management and the external auditor the financial materials and other disclosure documents referred to in paragraph 23, including any significant financial reporting issues, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of Management that may be material to financial reporting, including alternative treatments and their impacts.
23. Review and make recommendations to the Board for approval of:
  - Cervus' interim consolidated financial statements and related Management's Discussion and Analysis ("MD&A");
  - Cervus' audited annual consolidated financial statements and related MD&A; and
  - annual and interim earnings press releases;in all cases before Cervus publicly discloses this information.
24. Be satisfied that adequate procedures are in place for the review of Cervus' public disclosure of financial information extracted or derived from Cervus' financial statements, other than the public disclosure referred to in paragraph 23, and periodically assess the adequacy of those procedures.
25. Review any change in Cervus' accounting policies.

26. Review Management's governance process to ensure awareness of, and compliance with financial and risk management related regulatory matters.
27. Review with legal counsel any legal matters having a significant impact on Cervus' financial reports.

#### *Risk Management*

28. Periodically, and not less than annually, review the policies and practices of Cervus respecting cash management, financial derivatives, financing, credit, insurance (including principal business risk-related insurance and directors' and officers' liability insurance), taxation, commodities trading and related matters.
29. Oversee and monitor Management's identification and management of principal business and financial risks.

#### *Other Functions*

30. Conduct any independent investigations into any matters, which come under the Committee's scope of responsibilities.
31. The Committee will discharge other responsibilities as delegated to it by the Board.
32. Annually, review this mandate and recommend changes to the Board when necessary.
33. Annually, develop and approve a work plan for the Committee.

#### *Reporting to the Board*

34. The Committee shall report to the Board on activities of the Committee with respect to the mandate at each Board meeting and at any other time that is deemed appropriate by the Committee or upon request of the Board.

#### *Engagement of Consultants and Payment of Expenses*

35. The Audit Committee has the authority to:
  - retain and pay independent external advisors as necessary to carry out its duties which will be funded by Cervus; and
  - communicate directly with Management.

#### **Standards of Liability:**

Nothing contained in this mandate is intended to expand the applicable standards of liability under statutory, regulatory, common law or any other legal requirement for the Board or members of the Audit Committee. The purpose and responsibilities outlined in this mandate are meant to serve as guidelines rather than inflexible rules and the Audit Committee may adopt such additional procedures and standards, as it deems necessary from time to time to fulfill its responsibilities.

#### **Document Control Information:**

Approved by Board of Directors: Yes

Originally dated: October 22, 2009

Last amended: May 10, 2016

Last reviewed: May 6, 2019