



WAJAX CORPORATION News Release

TSX Symbol: WJX

WAJAX ANNOUNCES ACQUISITION OF TUNDRA PROCESS SOLUTIONS

Toronto, Ontario – December 30, 2020 – Wajax Corporation (“**Wajax**” or the “**Corporation**”) today announced that it has entered into a definitive agreement (the “**Definitive Agreement**”) to acquire all of the issued and outstanding shares of Calgary, Alberta-based Tundra Process Solutions Ltd. (“**Tundra**”) for total consideration of \$99.1 million. Pursuant to the terms of the Definitive Agreement, the purchase price for the Tundra shares will be satisfied by the payment in cash of \$74.6 million and the issuance of 1,357,142 common shares of Wajax. The value of the Wajax common shares to be issued will be based on the twenty-day volume weighted average trading price of Wajax common shares on the Toronto Stock Exchange (the “**TSX**”) for the period ending December 29, 2020. The transaction is expected to close early in the first quarter of 2021 and is subject to customary closing conditions, including the approval of the TSX and approval under the *Competition Act* (Canada), as well as normal post-closing adjustments.

Founded in 1999, Tundra provides maintenance and technical services to customers in the western Canadian midstream oil and gas, oil sands, petrochemical, mining, forestry and municipal sectors. Tundra also distributes a diverse range of industrial process equipment, representing industry-leading manufacturers of valves and actuators, instrumentation and controls, motors and drives, control buildings, boilers and water treatment solutions. Employing approximately 150 people, Tundra operates four facilities in Alberta: Calgary, Edmonton (2 locations) and Grande Prairie. Tundra also maintains a local sales presence in Fort McMurray and Red Deer, Alberta; Vancouver and Fort St. John, British Columbia; and southern Saskatchewan.

Transaction Highlights

- Consistent with Wajax’s strategy, the acquisition of Tundra is expected to provide meaningful growth in the Corporation’s Engineered Repair Services (“**ERS**”) and industrial parts categories. For the twelve months ended November 30, 2020, Tundra had revenues of approximately \$147.8 million;
- Tundra’s operations are complementary to Wajax’s existing ERS and industrial parts businesses, adding extensively to its service offering and product portfolio, and further enhancing the “One Wajax” value proposition as macro tailwinds support the potential for a return to pre-COVID-19 activity levels; and
- The acquisition is expected to be immediately accretive to Wajax shareholders in an anticipated range of \$0.10 – \$0.15 for the 2021 financial year, on an earnings per share basis.

Concurrent with the signing of the Definitive Agreement and to assist in funding the cash portion of the purchase price for the Tundra shares, Wajax has entered into an agreement with the lenders under its existing credit facilities for a \$50.0 million acquisition credit facility. Such acquisition credit facility is for a 24-month term and is on substantially the same terms as the Corporation’s existing credit facilities. The Corporation expects to continue to use cash flow from operations to contribute to debt reduction and to maintain its current quarterly dividend of \$0.25 per share.

“We welcome Tundra and its team of dedicated professionals to Wajax,” said Mark Foote, President and Chief Executive Officer of Wajax, “Tundra’s market leadership in process control provides Wajax with meaningful scale in ERS and related industrial parts in western Canada. In central and eastern Canada, Tundra’s technical capabilities and product and service range will provide new opportunities to further extend Wajax’s ERS services

to our customers. Our complimentary cultures of safety, customer service and product and service innovation translates into growth driven by a consistent vision of constantly increasing what we can do for our customers.”

Iggy Domagalski, Chief Executive Officer of Tundra, stated, “Partnering with Wajax allows us to instantly grow our volumes by leveraging our combined customer relationships and branch networks. Existing Wajax customers will benefit from a broader range of valve, instrumentation and electrical products and services, and existing Tundra customers will benefit from Wajax’s extensive ERS portfolio and geographic footprint. We are excited to join Wajax and contribute to the goal of becoming Canada’s leading ERS provider.”

PricewaterhouseCoopers LLP and Scotiabank are acting as financial advisors to Wajax in connection with the acquisition. Deloitte Corporate Finance Inc. is serving as financial advisor to Tundra.

Wajax Corporation

Founded in 1858, Wajax (TSX: WJX) is one of Canada’s longest-standing and most diversified industrial products and services providers. The Corporation operates an integrated distribution system providing sales, parts and services to a broad range of customers in diverse sectors of the Canadian economy, including: construction, forestry, mining, industrial and commercial, oil sands, transportation, metal processing, government and utilities, and oil and gas.

The Corporation’s goal is to be Canada’s leading industrial products and services provider, distinguished through its three core capabilities: sales force excellence, the breadth and efficiency of repair and maintenance operations, and the ability to work closely with existing and new vendor partners to constantly expand its product offering to customers. The Corporation believes that achieving excellence in these three areas will position it to create value for its customers, employees, vendors and shareholders.

Cautionary Statement Regarding Forward-Looking Information

This news release contains certain forward-looking statements and forward-looking information, as defined in applicable securities laws (collectively, “**forward-looking statements**”). These forward-looking statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “anticipates”, “intends”, “predicts”, “expects”, “is expected”, “scheduled”, “believes”, “estimates”, “projects” or “forecasts”, or variations of, or the negatives of, such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors beyond the Corporation’s ability to predict or control which may cause actual results, performance and achievements to differ materially from those anticipated or implied in such forward-looking statements. There can be no assurance that any forward-looking statement will materialize. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this news release, reflect management’s current beliefs and are based on information currently available to management. Although management believes that the expectations represented in such forward-looking statements are reasonable, there is no assurance that such expectations will prove to be correct. Specifically, this news release includes forward looking statements regarding, among other things, the anticipated benefits of the Tundra acquisition, including our expectation that the acquisition of Tundra will provide meaningful growth in Wajax’s ERS and industrial parts categories; our belief that macro tailwinds support the potential for a return to pre-COVID-19 activity levels; our expectation that the Tundra acquisition will be immediately accretive to Wajax shareholders in an anticipated range of \$0.10 – \$0.15 for the 2021 financial year; the completion, funding and timing of the Tundra acquisition and the timing and anticipated receipt of the required stock exchange approval and approval under the *Competition Act* (Canada); our expectation that the Corporation will continue to use cash flow from operations to contribute to debt reduction and maintain its current quarterly dividend; our goal of becoming Canada’s leading industrial products and services provider, distinguished through our core capabilities; and our belief that achieving excellence in our areas of core capability will position Wajax to create value for its customers, employees, vendors and shareholders. These statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, our ability to receive, in a timely manner, the required stock exchange approval and approval under the *Competition Act* (Canada); the ability of Wajax and Tundra to satisfy, in a timely manner, the other conditions precedent to the closing of the acquisition; our ability to manage through the economic downturn related to the

COVID-19 pandemic; the supply and demand for, and the level and volatility of prices for, oil, natural gas and other commodities; financial market conditions, including interest rates; our ability to execute our updated Strategic Plan, including our ability to develop our core capabilities, execute on our organic growth priorities, complete and effectively integrate acquisitions, such as Tundra, and to successfully implement new information technology platforms, systems and software; the future financial performance of the Corporation; our costs; market competition; our ability to attract and retain skilled staff; our ability to procure quality products and inventory; and our ongoing relations with suppliers, employees and customers. The foregoing list of assumptions is not exhaustive. Factors that may cause actual results to vary materially include, but are not limited to, the ultimate impact of the COVID-19 virus and the duration of the coronavirus pandemic; the duration of travel, business and other restrictions imposed by governments and public authorities in response to COVID-19, as well as other measures that may be taken by such authorities; actions taken by our customers in relation to the COVID-19 pandemic, including slowing, reducing or halting operations; a continued or prolonged deterioration in general business and economic conditions (including as a result of the COVID-19 pandemic); volatility in the supply and demand for, and the level of prices for, oil, natural gas and other commodities; a continued or prolonged decrease in the price of oil or natural gas; fluctuations in financial market conditions, including interest rates; the level of demand for, and prices of, the products and services we offer; levels of customer confidence and spending; market acceptance of the products we offer; termination of distribution or original equipment manufacturer agreements; unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, our inability to reduce costs in response to slow-downs in market activity, unavailability of quality products or inventory, supply disruptions (including disruptions caused by the COVID-19 pandemic), job action and unanticipated events related to health, safety and environmental matters); our ability to attract and retain skilled staff and our ability to maintain our relationships with suppliers, employees and customers. The foregoing list of factors is not exhaustive. Further information concerning the risks and uncertainties associated with these forward-looking statements and the Corporation's business may be found in our Annual Information Form for the year ended December 31, 2019 (the "AIF"), in our annual MD&A for financial risks, and in our most recent quarterly MD&A, all of which have been filed on SEDAR. The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. The Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

Readers are cautioned that the risks described in the AIF, and in our annual and quarterly MD&A, are not the only risks that could impact the Corporation. We cannot accurately predict the full impact that COVID-19 will have on our business, results of operations, financial condition or the demand for our products and services due to the uncertainties related to the spread of the virus. Risks and uncertainties not currently known to the Corporation, or currently deemed to be immaterial, may have a material effect on the Corporation's business, financial condition or results of operations.

Additional information, including Wajax's Annual Report, is available on SEDAR at www.sedar.com.

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