



**CHEMTRADE**



# **Executing on Vision 2030**

## **Chemtrade Expands Water Business via Acquisition of Polytec**

# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this presentation constitute forward-looking statements and forward looking information within the meaning of certain securities laws, including the Securities Act (Ontario). Forward-looking statements can be generally identified by the use of words such as “anticipate”, “continue”, “estimate”, “expect”, “expected”, “intend”, “may”, “will”, “project”, “plan”, “should”, “believe” and similar expressions. Specifically, forward-looking information in this presentation include statements respecting certain future expectations about: Chemtrade’s ability to close the transaction in Q4 of 2025, Chemtrade’s ability to grow Polytec’s business at above market rates; Chemtrade’s ability to expand Polytec’s footprint, grow Polytec’s business, and support and optimize its Polytec’s business model; Chemtrade’s ability to realize an increase in capabilities and attendant growth of Chemtrade’s chemical business, Chemtrade’s ability to pursue new and high-value accounts by including Polytec’s solutions offerings; Chemtrade’s ability to increase customer retention and generate value through Polytec’s complimentary chemical portfolio; Chemtrade’s ability to realize synergies and the amount thereof; Chemtrade’s expectation that 2025 Adjusted EBITDA will be at guidance mid-point; Chemtrade’s ability to realize Vision 2030 strategy, including but not limited to realizing EBITDA and DCPU growth of 5-10% per year via organic growth and M&A.

Forward-looking statements in this presentation describe the expectations of Chemtrade Logistics Income Fund (“Chemtrade”) and its subsidiaries as of the date hereof. With respect to the forward-looking information contained in this presentation, Chemtrade has made certain assumptions regarding, among other things: there being no significant disruptions affecting the operations of Chemtrade and its subsidiaries, whether due to labour disruptions, supply disruptions, power disruptions, transportation disruptions, damage to equipment or otherwise; the ability of Chemtrade to sell products at prices consistent with current levels or in line with Chemtrade’s expectations; the ability of Chemtrade to obtain products, raw materials, equipment, transportation, services and supplies in a timely manner to carry out its activities and at prices consistent with current levels or in line with Chemtrade’s expectations; the timely receipt of required regulatory approvals; the cost of regulatory and environmental compliance being consistent with current levels or in line with Chemtrade’s expectations; and the performance of the global economy as expected.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements for a variety of reasons, including without limitation the risks and uncertainties detailed under the “RISK FACTORS” section of Chemtrade’s latest Annual Information Form and the “RISKS AND RISK MANAGEMENT” section of Chemtrade’s most recent Management’s Discussion & Analysis. Although Chemtrade believes the expectations reflected in these forward-looking statements and the assumptions upon which they are based are reasonable, no assurance can be given that actual results will be consistent with such forward-looking statements, and they should not be unduly relied upon. Except as required by law, Chemtrade does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or for any other reason. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Further information can be found in the disclosure documents filed by Chemtrade with the securities regulatory authorities, available on [www.sedarplus.com](http://www.sedarplus.com).

Non-IFRS measures referred to in this presentation include Adjusted EBITDA and Net Debt to LTM Adjusted EBITDA. Non-IFRS and other financial measure are fully defined in our MD&A.

# TRANSACTION SUMMARY

## Consideration

- 💧 Chemtrade to acquire 100% of Polytec, Inc., a provider of water treatment solutions – aggregate cash purchase price of US\$150 million

## Valuation

- 💧 Approximately 6.5x LTM Adjusted EBITDA

## Financing

- 💧 Chemtrade's credit facility

## Financial Impact \*

- 💧 Meaningful increase of 5%+ to Chemtrade's Adj. EBITDA
- 💧 Net Debt to Q2/2025 LTM Adj. EBITDA of 2.2x (+0.2x)

## Timing

- 💧 Closing expected in Q4 2025

**Acquisition of Polytec amplifies Chemtrade's position in the water treatment market**

\* All financial impact on a pro-forma basis

## ADVANCING VISION 2030

**Supports Chemtrade's long-term strategic framework by accelerating growth in the well-established water business platform. Key Vision 2030 financial targets are unchanged.**

### Increasing Unitholder Returns

- ✓ Realizing EBITDA and DCPU growth of 5-10% per year via organic growth and M&A
- ✓ Higher earnings support buybacks – renewing NCIB for 2025/2026
- ✓ Higher earnings support distribution – sustainable with opportunity to increase

### Executing on Financially Disciplined Growth

- ✓ Acquisitions with annual EBITDA of \$10-50 million (Thatcher & Polytec)
- ✓ Accretive DCPU growth

### Remaining Financially Prudent

- ✓ Acquisition multiple of approximately 6.5x LTM Adj. EBITDA for Polytec
- ✓ Funded through existing credit facilities – no unitholder dilution
- ✓ Leverage consistent with prior of guidance of <2.5x \*

### Expanding Strategically

- ✓ Acquisition broadens Chemtrade's water business to include turnkey customer solutions

## **POLYTEC FITS CHEMTRADE'S GROWTH STRATEGY**

### **Broadens Scope of Offerings**

- 💧 Adds turnkey water treatment solutions to Chemtrade's portfolio of water treatment chemicals

### **Diversifies Customer Base**

- 💧 Increases exposure to the food processing industry

### **Expands Market Reach**

- 💧 Enables Chemtrade to reach new high-value customers

### **Enhances Competitive Positioning**

- 💧 Complementary solutions and product expertise strengthen Chemtrade's market leadership

## **CHEMTRADE TO GROW POLYTEC**

- 💧 **Leveraging our North American-wide customer footprint**
- 💧 **Expanding Polytec's solutions model to Chemtrade's geographies**
- 💧 **Optimizing business operations**
- 💧 **Optimizing synergies across logistics capabilities and technical expertise thereby enhancing customer experience**

# OVERVIEW OF POLYTEC

## DESCRIPTION & POSITIONING

- 💧 Polytec provides effective turnkey water treatment programs incorporating chemicals and equipment
- 💧 Founded in 1994 in Mooresville, NC by Jack Harmon who continues to run the business
- 💧 Customer segments consist of food processing wastewater, municipal potable and wastewater, and other industrial wastewater applications
- 💧 Manufacturing facilities in four U.S. States: North Carolina, Arkansas, Georgia and Virginia
- 💧 Polytec has 85 employees

## FITS WITH CHEMTRADE

- 💧 Operates in adjacent water markets to Chemtrade's core municipal water treatment business
- 💧 Provides turnkey customer solutions that the industry is shifting towards as workforce ages and automation reduces overhead costs
- 💧 Expands product offering and geographical footprint
- 💧 Business model can be leveraged into other geographies and customer segments
- 💧 Polytec customers to benefit from additional Chemtrade product offerings



## **POLYTEC OPERATES IN TWO PRIMARY MARKETS**

### **Food / Industrial**

- 💧 ~50%+ of revenue
- 💧 Supplies chemicals, particularly coagulants and flocculants, for wastewater treatment
- 💧 The chemicals are typically supplied with equipment, which manages the wastewater treatment process
- 💧 Chemtrade is a leading supplier of coagulants to Polytec

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***Expands Chemtrade's participation in food / industrial water treatment***

### **Municipal**

- 💧 ~30% of revenue
- 💧 Supplies a range of chemicals to municipal drinking water and wastewater plants
- 💧 Main chemicals : Magnesium Hydroxide, Calcium Hydroxide, and Glycerin

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***Expands Chemtrade's offering into its existing customer base***

# CHEMTRADE AND POLYTEC LOCATIONS ARE COMPLEMENTARY





## SUMMARY

# POLYTEC ACQUISITION ADVANCES CHEMTRADE VISION 2030

### ✓ **Strengthens Key Long Term Growth Pillar**

- ➔ Accelerates growth of water business

### ✓ **Optimizes Business Model and Customer Value**

- ➔ Combines complementary technical, business and logistics capabilities to enhance and grow market leadership and service delivery
- ➔ Adds turnkey water treatment solutions platform to Chemtrade's existing portfolio of water treatment chemicals thereby expanding product and service offering
- ➔ Enhances market reach, synergies and footprint into southeastern U.S. food-processing and municipal sectors. Cross-selling and geographic expansion opportunities.

### ✓ **Maintains Financially Disciplined Growth**

- ➔ Funded through existing credit facilities without equity dilution; preserves strong liquidity and financial flexibility
- ➔ Supports continued unit repurchases
- ➔ Supports sustainable monthly distributions with opportunity to increase
- ➔ Consistent with Vision 2030 metrics. Accretive. Maintain leverage guidance.

# APPENDIX

## EXAMPLE OF TYPES OF SOLUTIONS PROVIDED BY POLYTEC

### Market

- 💧 Magnesium Hydroxide is used in water treatment to neutralize acidity, precipitate heavy metals, and enhance effectiveness of the treatment process
- 💧 pH control in water treatment is estimated to be an US\$800M market in North America

### Benefit

- 💧 More alkalinity per pound compared to lime (2.9x) and caustic soda (1.8x)
- 💧 Reduces sludge volume and improves dewatering efficiency. Better for the environment
- 💧 Self-buffering – prevents pH from exceeding 8.5 thus ensuring biological safety

### Opportunity

- 💧 Requires constant mixing to prevent settling
- 💧 Storage best with specialized equipment

### Polytec Has Developed a Unique Process to Realize Full Benefits for Customers

- ✓ Storage and automated systems provide customers with a seamless solution
- ✓ Customized technology prevents settling
- ✓ Custom blends with other products to target customer unique requirements

## CHEMTRADE AND POLYTEC COMPLEMENT EACH OTHER

### **People Focus**

- 💧 When telling the story of Chemtrade, we begin with our people. Our employees bring an amazing level of talent, expertise and insight, which we support thus enabling employees to grow, develop their strengths, and build their capabilities.
- 💧 Polytec's knowledgeable sales and service staff ensure every customer has the right chemical program, equipment, and/or automation for their specific needs.

### **Customer Centric**

- 💧 Chemtrade strives to meet the needs and expectations of its customers via product development, reliable operations, a vast logistical network, technical expertise and dedicated customer support.
- 💧 Polytec's mission is to provide effective water treatment programs to customers through quality service, products, technology as well as innovative and custom designed programs.

### **Our Leaders**

- 💧 Scott Rook, President and CEO of Chemtrade, said "The acquisition of Polytec will enable Chemtrade to expand in water solutions for the food-processing industry and municipal markets while also adding to our range of products. It is an important step towards delivering on the growth pillars of Vision 2030."
- 💧 Jack Harmon, Polytec's Founder, said "I am confident that the combination of Polytec's unique water treatment solutions and Chemtrade's footprint will further accelerate our growth and the quality service we provide to our customers."
- 💧 Polytec's founder Jack Harmon has committed to staying actively involved in the business in the months following the close of the sale to ensure a smooth transition for employees and customers.

For more information:

[investor-relations@chemtradelogistics.com](mailto:investor-relations@chemtradelogistics.com)

