UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

[Check one]

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended January 31, 2020 **Commission File Number 001-38648**

BRP Inc.

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English (if applicable))

Quebec, Canada
(Province or other jurisdiction of incorporation or organization)

3799
(Primary Standard Industrial Classification Code Number (if applicable))

N/A
(I.R.S. Employer Identification Number (if applicable))

726 Saint-Joseph Street
Valcourt, Quebec
Canada, J0E 2L0
(450) 532-6154
(Address and telephone number of Registrant's principal executive offices)

BRP US Inc.
10101 Science Drive
Sturtevant, WI 53177
(262) 884-5000
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Subordinate Voting Shares	DOOO	The Nasdaq Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act.
None

(Title of Class)
None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.
None

(Title of Class)

For annual reports, indicate by check mark the information filed with this Form:

☒ **Annual information form** ☒ **Audited annual financial statements**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

42,410,974 Subordinate Voting Shares and 45,891,671 Multiple Voting Shares

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

PRINCIPAL DOCUMENTS

The following documents have been filed as part of this Annual Report on Form 40-F:

A. Annual Information Form

The Registrant's Annual Information Form for the year ended January 31, 2020 is attached as Exhibit 99.1 to this Annual Report on Form 40-F and is incorporated by reference herein.

B. Audited Annual Financial Statements

The Registrant's audited annual consolidated financial statements for the year ended January 31, 2020, including the report of the independent registered public accounting firm with respect thereto, are attached as Exhibit 99.2 to this Annual Report on Form 40-F and are incorporated by reference herein.

C. Management's Discussion and Analysis

The Registrant's Management's Discussion and Analysis for the year ended January 31, 2020 is attached as Exhibit 99.3 to this Annual Report on Form 40-F and is incorporated by reference herein.

CONTROLS AND PROCEDURES

The Company's President and Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures as well as its internal control over financial reporting, as those terms are defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian securities regulatory authorities and Rule 13a-15(e) and Rule 15d-15(e) under the U.S. Securities Exchange Act of 1934, as amended.

Disclosure controls and procedures

The President and Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation of the design and effectiveness of the Company's disclosure controls and procedures was carried out under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded, as of January 31, 2020, that the Company's disclosure controls and procedures were ineffective as a result of a material weakness identified in the Company's internal control over financial reporting, which is further described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management's Report on Internal Control over Financial Reporting

The President and Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

An evaluation of the design and effectiveness of the Company's internal controls over financial reporting was carried out under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. In making this evaluation, the President and Chief Executive Officer and the Chief Financial Officer used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework (2013). Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded, as of January 31, 2020, that the Company's internal control over financial reporting was ineffective as a result of an identified material weakness.

Management determined it did not design and maintain effective information technology general controls (ITGCs) in the areas of user access security, system change management and job processing for certain information technology (IT) systems that support the Company's financial reporting processes. Management concluded these deficiencies in aggregate resulted in a material weakness. As a result, automated controls and manual controls that are dependent on the completeness and accuracy of information derived from the affected IT systems were ineffective because they could have been adversely impacted. There were no material adjustments to the Company's audited consolidated financial statements for the period ended January 31, 2020 and prior, however, as a result of the material weakness identified a possibility exists that material misstatements in the Company's financial statements would not be prevented or detected on a timely basis in the future.

Management will continue to design and implement certain remedial measures throughout Fiscal 2021 including the design, review and appropriate modification of access in the affected systems, in addition to monitoring controls to prevent and detect inappropriate or unauthorized access or activities. In addition, various aspects of the logical access process will be automated to reduce the possibility of manual error. Management will also work with control owners to improve the quality of evidence retained to support the operation of change management controls.

The Company has and will continue to take actions to remediate the material weakness, but the weakness will not be considered fully remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. No assurance can be provided at this time that the actions and remediation efforts will effectively remediate the material weakness described above.

During Fiscal 2020, management has implemented the previously disclosed remediation plan associated to the material weakness identified during Fiscal 2019 related to the accuracy and completeness of information used in the execution of internal controls over critical spreadsheets and reports created from data extracted from the Company's information systems. The evaluation of these controls was completed in the fourth quarter of Fiscal 2020, concluding that the implemented controls are effective, and the material weakness has been remediated.

The President and Chief Executive Officer and the Chief Financial Officer do not expect that disclosure controls and procedures or internal control over financial reporting will prevent all misstatements. The design of a system of internal controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that the design will succeed in achieving the stated goals under all potential future conditions. Nevertheless, management has designed and implemented controls to mitigate this risk to the extent practicable.

Notwithstanding the material weakness, management has concluded that the Company's audited consolidated financial statements as at and for the year ended January 31, 2020 present fairly, in all material respects, the Company's financial position, results of operations, changes in equity and cash flows in accordance with IFRS. There were no material adjustments to the Company's audited consolidated financial statement for the year ended January 31, 2020 and there were no changes to previously released financial results.

The effectiveness of internal control over financial reporting as of January 31, 2020 has been audited by Deloitte LLP, the Company's independent auditors. Deloitte LLP's opinion, as stated in their report, is consistent with management's report on internal control over financial reporting as set forth above.

Changes in internal control over financial reporting

Other than the material weaknesses described above, there were no changes in the Company's internal control over financial reporting during the three- and twelve-month periods ended January 31, 2020, that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Attestation report of registered public accounting firm

The attestation report of Deloitte LLP on management's internal control over financial reporting is filed as Exhibit 99.2 to this annual report on Form 40-F, and is incorporated herein by reference.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Registrant sent during the year ended January 31, 2020 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant's board of directors (the "Board of Directors") has determined that it has at least one audit committee financial expert (as such term is defined in item 8(a) of General Instruction B to Form 40-F) serving on its audit committee (the "Audit Committee"). Michael Hanley has been determined by the Board of Directors to be such audit committee financial expert and is independent (as such term is defined by the Nasdaq Stock Market's corporate governance standards applicable to the Registrant).

Mr. Hanley is a Corporate Director with over 25 years of experience in senior management roles and corporate governance. He sits on the Board of Directors and chairs the Audit Committee of ShawCor Ltd. and LyondellBasell Industries N.V. and is a member of LyondellBasell's Health, Safety, Environment an Operations Committee. He was on the Board of Directors, the Audit Committee and the Human Resources and Compensation Committee of Industrial Alliance Insurance and Financial Services Inc. from 2015 to 2019. He was also on the Board of Directors and the Audit Committee of Le Groupe Jean Coutu (PJC) Inc. from 2016 until the company was acquired by Metro Inc. in 2018. Prior to that, Mr. Hanley held senior management positions for several years. He was Senior Vice-President, Operations and Strategic Initiatives at National Bank of Canada. He also held a number of positions at Alcan Inc., including Executive Vice-President and Chief Financial Officer, and President and CEO of the Global Bauxite and Alumina business group. He was also Chief Financial Officer of two Canadian public companies, namely Gaz Métro (now Énergir) and St-Laurent Paperboard Inc. Mr. Hanley is a chartered professional accountant and has been a member of the *Ordre des comptables professionnels agréés du Québec* (CPA) since 1987.

The SEC has indicated that the designation of Mr. Hanley as an audit committee financial expert does not make him an "expert" for any purpose, impose on him any duties, obligations or liability that are greater than the duties, obligations or liability imposed on him as a member of the Audit Committee and the Board of Directors in absence of such designation, or affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

CODE OF ETHICS

The Registrant has adopted a Code of Ethics and Conduct that applies to all directors, officers and employees of the Registrant and its subsidiaries. A copy of the Code of Ethics can be obtained, free of charge, on the Registrant's website (www.brp.com) or by contacting the Registrant at (450) 532-6154.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets out the fees billed to the Registrant by Deloitte LLP for professional services rendered for the fiscal period ended January 31, 2020 and January 31, 2019. During this period, Deloitte LLP was the Registrant's only external auditor.

(in Canadian dollars)	Year ended January 31, 2020	Year ended January 31, 2019
Audit Fees(1)	$3,418,539	$1,702,980
Audit-Related Fees(2)	901,024	706,399
Tax Fees(3)	156,065	148,020
All Other Fees(4)	229,311	207,920
Total Fees Paid	**$4,704,939**	**$2,765,319**

Notes:

1. "Audit Fees" include fees necessary to perform the annual audit or reviews of the consolidated financial statements.
2. "Audit-Related Fees" include fees for assurance and related services by the independent auditor that are reasonably related to the performance of the audit or review of the Company's financial statements other than those included in "Audit Fees," such as consultation on accounting and reporting matters.
3. "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees." This category includes fees for tax compliance, tax advice and tax planning.
4. "Other Fees" include fees for products and services provided by the independent auditor other than those included above, including consulting services.

The Registrant's Audit Committee is responsible for pre-approval of all audit services and permitted non-audit services provided to the Registrant or its subsidiaries by Deloitte LLP. The Audit Committee has delegated to the Chair of the Audit

Committee, who is independent, the authority to act on behalf of the Audit Committee with respect to the pre-approval of all audit and permitted non-audit services provided by its external auditors from time to time. Any approvals by the Chair are reported to the full Audit Committee at its next meeting. All of the services described in footnotes 2, 3 and 4 under "Principal Accountant Fees and Services" above were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

The information included in the section entitled "Off-Balance Sheet Arrangements" in the management's discussion and analysis included as Exhibit 99.3 to this Annual Report on Form 40-F is incorporated herein by reference.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The information provided in the table entitled "Contractual Obligations" under the section entitled "Liquidity and Capital Resources" in the management's discussion and analysis included as Exhibit 99.3 to this Annual Report on Form 40-F is incorporated herein by reference.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Registrant has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are Michael Hanley, Estelle Métayer and Daniel J. O'Neill.

CORPORATE GOVERNANCE

The Registrant is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act and its Subordinate Voting Shares are listed on the Toronto Stock Exchange ("TSX") and The Nasdaq Global Select Market ("Nasdaq"). Nasdaq Listing Rule 5615(a)(3) permits a foreign private issuer to follow its home country practices in lieu of certain requirements in the Nasdaq Listing Rules. The following is a summary of the significant ways in which the Registrant's corporate governance practices differ from those required to be followed by U.S. domestic issuers under Nasdaq's corporate governance standards. In addition, the Registrant is currently a "controlled company" as defined in the Nasdaq Listing Rules. Upon ceasing to be a "controlled company", as a foreign private issuer, the Registrant intends to continue to follow Canadian corporate governance practices and TSX rules in lieu of the corporate governance requirements of Nasdaq. Except as described below, the Registrant is in compliance with the Nasdaq corporate governance standards in all significant respects.

- **Quorum Requirements.** Rule 5620(c) of the Nasdaq Listing Rules requires that the minimum quorum requirement for a meeting of shareholders is 33.33% of the outstanding shares of its common voting stock. In addition, Rule 5620(c) requires that an issuer listed on Nasdaq state its quorum requirement in its bylaws. The Registrant follows the requirements of the *Canada Business Corporations Act* with respect to quorum requirements. The quorum requirement for a meeting of shareholders is set forth in the Registrant's by-laws, which require not less than 25% of the issued and outstanding shares entitled to vote at the meeting to be present in person or represented by proxy and at least two persons entitled to vote at the meeting actually present.
- **Shareholder Approval**. Sections 5635(a) through (d) of the Nasdaq Listing Rules require an issuer to obtain shareholder approval prior to certain issuances of securities, including (i) the acquisition of the stock or assets of another company; (ii) equity-based compensation of officers, directors, employees or consultants; (iii) a change of control; and (iv) private placements. The Registrant does not follow this rule. Instead, the Registrant complies with applicable TSX rules. Such rules require issuers to obtain shareholder approval prior to a distribution of common shares (other than in respect of public offerings) that involve the sale of more than 25% of the issuer's outstanding common shares prior to the transaction. In addition, under TSX rules (1) the creation of, or certain material amendments to, equity compensation plans require shareholder approval and (2) the sale of common shares at a discount to officers and directors requires shareholder approval in specified circumstances.
- **Compensation Committee**. The Registrant follows applicable Canadian laws with respect to compensation consultants, legal counsel and other advisers to our Human Resources & Compensation Committee. Applicable Canadian securities legislation does not specifically require consideration of potential conflicts of interest on the part of compensation consultants, legal counsel and other advisers to the compensation committee, but best practices dictate disclosure of any such conflicts in the Registrant's management information circular.

- **Independent Directors.** Nasdaq Listing Rule 5605(b) requires that a majority of a listed issuer's board of directors be independent directors as defined in Nasdaq Listing Rule 5605(a)(2) for companies that are not controlled. Applicable TSX rules require only that listed issuers have at least two independent directors. Although the Registrant is a "controlled company" under Nasdaq rules, we follow applicable TSX requirements with respect to director independence.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the staff of the SEC, and to furnish promptly, when requested to do so by the SEC staff, information relating to: the securities registered pursuant to Form 40-F, the securities in relation to which the obligation to file an Annual Report on Form 40-F arises, or transactions in said securities.

B. Consent to Service of Process

The Registrant has previously filed with the SEC an Appointment of Agent for Service of Process and Undertaking on Form F-X in connection with its Subordinate Voting Shares.

SIGNATURE

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

BRP INC.

Date: April 9, 2020

By: */s/ Sébastien Martel*
Name Sébastien Martel
Title: Chief Financial Officer

EXHIBIT INDEX

No.	Document
99.1	Annual Information Form of the Registrant for the year ended January 31, 2020
99.2	Audited consolidated financial statements of the Registrant as at January 31, 2020 and 2019 and for the years ended January 31, 2020 and 2019.
99.3	Management's discussion and analysis of the Registrant for the year ended January 31, 2020.
99.4	First Amendment to the Fourth Amended and Restated Credit Term Loan, dated as of July 23, 2019 among Bombardier Recreational Products Inc., the guarantors party thereto, Bank of Montreal, as administrative agent, and the lenders from time to time party thereto.
99.5	Second Amendment to the Fourth Amended and Restated Term Loan, dated February 4, 2020 among Bombardier Recreational Products Inc., the guarantors party thereto, Bank of Montreal, as administrative agent, and the lenders from time to time party thereto.
23.1	Consent of Deloitte LLP.
31.1	Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a) or 15(d)-14 of the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rule 13(a)-14(a) or 15(d)-14 of the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.	Interactive Data File.

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Exhibit 99.1



BRP INC.

ANNUAL INFORMATION FORM

Fiscal year ended January 31, 2020

April 9, 2020

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EXPLANATORY NOTES

The information in this annual information form (the "Annual Information Form") is stated as at January 31, 2020, unless otherwise indicated.

Unless otherwise noted or required by the context, the "Company" and "BRP" refer to BRP Inc. and its direct and indirect subsidiaries and predecessors or other entities controlled by them.

Unless otherwise indicated, all references to "$" or "dollars" are to Canadian dollars, references to "US$" or "U.S. dollars" are to United States dollars and references to "AUD$" are to Australian dollars. Amounts are stated in Canadian dollars unless indicated to the contrary**.**

All references to "Fiscal 2021" are to the Company's fiscal year ended January 31, 2021, to "Fiscal 2020" are to the Company's fiscal year ended January 31, 2020, to "Fiscal 2019" are to the Company's fiscal year ended January 31, 2019 and to "Fiscal 2018" are to the Company's fiscal year ended January 31, 2018.

All references to "season" throughout this Annual Information Form have different meanings depending on the applicable type of vehicle and region. Please refer to the following table for a description of such meanings:

North America	
ATVs and SSVs	12 months ended June 30
Three-wheeled on-road vehicles	12 months ended October 31
Snowmobiles	12 months ended March 31
PWCs	12 months ended September 30
Outboard engines	12 months ended June 30
Boats	12 months ended July 31
Scandinavia	
Snowmobiles	12 months ended June 30
Australia	
Boats	12 months ended September 30
All Other Regions and Territories	
All products	Calendar year (12 months ended December 31)

Any references to seasonal data for multiple products refer to each product's respective season for the specific year indicated.

Certain capitalized terms and phrases used in this Annual Information Form are defined in the "Glossary of Terms" beginning on page 71.

Forward-Looking Statements

Certain statements in this Annual Information Form about the Company's current and future plans, including statements relating to its previously disclosed Challenge 2020 and its new 5-year plan referred to as "Mission 2025" or "Mission 25", expectations, anticipations, intentions, results, levels of activity, performance, objectives, targets, goals, achievements, priorities and strategies, market positions, capabilities, competitive strengths, research and product development activities, including the projected design, characteristics, capacity or performance of future products and their expected scheduled entry to market or any other future events or developments and other statements that are not historical facts constitute forward-looking statements within the meaning of applicable securities laws. The words "may", "will", "would", "should", "could", "expects", "forecasts", "plans", "intends", "trends",

"indications", "anticipates", "believes", "estimates", "outlook", "predicts", "projects", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

Forward-looking statements are presented for the purpose of assisting readers in understanding certain key elements of the Company's current objectives, goals, targets, strategic priorities, expectations and plans, and in obtaining a better understanding of the Company's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements contained herein. Forward-looking statements, by their very nature, involve inherent risks and uncertainties and are based on a number of assumptions, both general and specific, as further described below.

Many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail under the heading "Risk Factors" of this Annual Information Form: the impact of adverse economic conditions such as those resulting from the ongoing coronavirus (known as COVID-19) health crisis (including on consumer spending, the Company's operations and supply and distribution chains, the availability of credit and the Company's workforce); any decline in social acceptability of the Company's products; fluctuations in foreign currency exchange rates; high levels of indebtedness; any unavailability of additional capital; unfavourable weather conditions; seasonal sales fluctuations; any inability to comply with product safety, health, environmental and noise pollution laws; the Company's large fixed cost base; any inability of dealers and distributors to secure adequate access to capital; any supply problems, termination or interruption of supply arrangements or increases in the cost of materials; the Company's competition in product lines; any Company's inability to successfully execute its growth strategy; the Company's international sales and operations; any failure of information technology systems or security breach; any failure to maintain an effective system of internal control over financial reporting and to produce accurate and timely financial statements; any loss of members of the Company's management team or employees who possess specialized market knowledge and technical skills; any inability to maintain and enhance the Company's reputation and brands; any significant product liability claim; any significant product repair and/or replacement due to product warranty claims or product recalls; the Company's reliance on a network of independent dealers and distributors; any Company's inability to successfully manage inventory levels; any intellectual property infringement and litigation; any Company's inability to successfully execute its manufacturing strategy; increased freight and shipping costs or disruptions in transportation and shipping infrastructure; any failure to comply with covenants in financing and other material agreements; any changes in tax laws and unanticipated tax liabilities; any impairment in the carrying value of goodwill and trademarks; any deterioration in relationships with employees; pension plan liabilities; natural disasters; any failure to carry proper insurance coverage; volatility in the market price for the Subordinate Voting Shares; the Company's conduct of business through subsidiaries; the significant influence of Beaudier Group and Bain Capital; and future sales of Subordinate Voting Shares by Beaudier Group, Bain Capital, directors, officers or senior management of the Company. These factors are not intended to represent a complete list of the factors that could affect the Company; however, these factors should be considered carefully.

The forward-looking statements contained in this Annual Information Form are made as of the date of this Annual Information Form, and the Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, changes in circumstances, or changes in beliefs or otherwise, unless required by applicable securities regulations. In the event that the Company does update any forward-looking statements contained in this Annual Information Form, no inference should be made that the Company will make additional updates with respect to that statement, related matters or any other forward-looking statement.

The Company made a number of economic, market and operational assumptions in preparing and making forward-looking statements. BRP cautions that its assumptions may not materialize and that current economic conditions, including all of the current uncertainty resulting from the ongoing COVID-19 health crisis and its broader repercussions on the global economy, render such assumptions, although believed reasonable at the time they were made, subject to greater uncertainty.

IFRS and Non-IFRS Measures

The Company's financial statements, available on SEDAR at www.sedar.com, have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This Annual Information Form makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these non-IFRS measures are provided as additional information to complement IFRS measures for the purpose of assisting in understanding the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company believes non-IFRS measures are important supplemental measures of financial performance because they eliminate items that have less bearing on the Company's financial performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. Management uses non-IFRS measures in order to facilitate financial performance comparisons from period to period, prepare annual operating budgets, assess the Company's ability to meet its future debt service, capital expenditure and working capital requirements, and also, as a component in the determination of the short-term incentive compensation for the Company's employees. "Normalized EBITDA" is defined as net income before financing costs, financing income, income tax expense (recovery), depreciation expense and normalized elements. "Normalized net income" is defined as net income before normalized elements adjusted to reflect the tax effect on these elements. The Company refers the reader to the "Non-IFRS Measures" and "Selected Consolidated Financial Information" section of the Company's management's discussion and analysis for Fiscal 2020, available on SEDAR at www.sedar.com, for definitions and reconciliations of Normalized EBITDA and Normalized net income presented by the Company to the most directly comparable IFRS measure.

Market and Industry Data

The Company has obtained the market and industry data presented in this Annual Information Form from a combination of internal surveys, third-party information and the estimates of the Company's management. There are limited sources that report on the Company's markets and industries. As such, much of the market and industry data presented in this Annual Information Form is based on internally generated management estimates, including estimates based on extrapolations from third party surveys of the industries in which the Company competes. While the Company believes internal surveys, third-party information and estimates of the Company's management are reliable, the Company has not verified them, nor have they been verified by any independent sources and the Company has no assurance that the information contained in third-party websites is current and up-to-date. While the Company is not aware of any misstatements regarding the market and industry data presented in this Annual Information Form, such data involves risks and uncertainties and are subject to change based on various factors, including those factors discussed under "Forward-Looking Statements" and "Risk Factors".

Trademarks and Tradenames

This Annual Information Form refers to trademarks, such as *Alumacraft*®, *BRP*®, *Can-Am*®, *Evinrude*®, *Johnson*®, *Lynx*®, *Manitou*®, *Quintrex*®, *Rotax*®, *Ryker*®, *Savage*®, *Sea-Doo*®, *Ski-Doo* and *Stacer*®, which are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, the Company's trademarks and tradenames referred to in this Annual Information Form may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trademarks and tradenames. All other trademarks used in this Annual Information Form are the property of their respective owners.

CORPORATE STRUCTURE

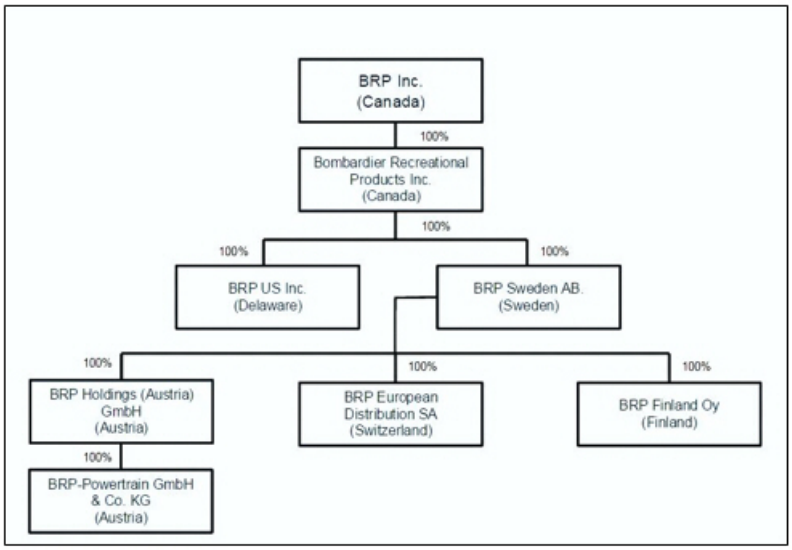
Incorporation and Office

The Company was incorporated under the *Canada Business Corporations Act* on May 1, 2003 under the name J.A. Bombardier (J.A.B.) Inc. On June 28, 2006, the Company was amalgamated with 4308042 Canada Inc., a wholly-owned subsidiary of the Company. On April 12, 2013, the Company filed articles of amendment to change its name to BRP Inc. Immediately prior to the closing of its initial public offering on May 29, 2013 (the "IPO"), the Company filed articles of amendment to reorganize its authorized and issued share capital as described under "Description of the Capital Structure".

The Company's head and registered office is located at 726 Saint-Joseph Street, Valcourt, Québec, J0E 2L0.

Intercorporate Relationships

The following organization chart indicates the inter-corporate relationships of the Company and its material subsidiary entities together with the jurisdiction of incorporation or constitution of each such entity as at the date hereof:



Certain subsidiaries of the Company, each of which represented not more than 10% of the consolidated assets and not more than 10% of the consolidated revenue of the Company, and all of

which, in the aggregate, represented not more than 20% of the total consolidated assets and the total consolidated revenue of the Company as at the date hereof, have been omitted.

GENERAL DEVELOPMENT OF THE BUSINESS

General

BRP's origins date back to 1937 when founder Joseph-Armand Bombardier obtained his first patent for a tracked vehicle used for travelling on snow. In 1959, the Company gave birth to the recreational snowmobile by introducing the first lightweight single-track two-passenger snowmobile under the *Ski-Doo* brand.

In 1968, the Company launched the industry's first personal watercraft under the *Sea-Doo* brand, and in 1970, the Company acquired the maker of *Rotax* engines. In 1989, the Company acquired the Finnish company Nordtrac Oy, the maker of the *Lynx* brand of snowmobiles. A decade later, the Company entered a new powersports category when it began selling all-terrain vehicles ("ATVs"), which are now branded *Can-Am*. In 2001, the Company acquired the outboard engine related assets of Outboard Marine Corporation (OMC), including the *Evinrude* and *Johnson* brands.

In 2003, while operating as a division of Bombardier Inc., the Company was sold by Bombardier Inc. to an investor group including Bain Capital Luxembourg Investments S.à r.l. ("Bain Capital"), members of the Bombardier and Beaudoin families and Caisse de dépôt et placement du Québec ("CDPQ").

In 2007, the Company entered the on-road market and created a new on-road product category with the introduction of the *Spyder* three-wheeled vehicle ("3WV"). In 2010, the Company added another product to its portfolio with the introduction of its first recreational side-by-side vehicle ("SSV") under the *Can-Am* brand. In 2012, BRP decided to cease the manufacturing of sport boats and announced that it would offer its jet boat propulsion technology to boat builders.

In June 2018, the Company completed the acquisition of Alumacraft Boat Co. ("Alumacraft") for a total cash consideration of U.S. $61.0 million ($80.9 million). Alumacraft is a recreational boat manufacturer with two manufacturing facilities located in St. Peter, Minnesota (United States) and in Arkadelphia, Arkansas (United States).

In connection with the acquisition of Alumacraft, the Company established a Marine Group, thereby creating two operating and reportable segments: Powersports and Marine. The Powersports segment includes Year-Round Products, Seasonal Products and Powersports PA&A and OEM Engines. The Marine segment includes outboard and jet boat engines, boats and related PA&A and other services.

In August 2018, the Company completed the acquisition of Triton Industries, Inc. ("Triton") for a total cash consideration of U.S. $75.0 million ($97.4 million). Triton is a manufacturer of pontoon boats under the *Manitou* brand with a manufacturing facility located in Lansing, Michigan (United States).

In September 2018, the Company introduced the *Ryker*, a 3VW under the *Can-Am* brand. The *Ryker* is in the same product category as the *Spyder* but it is offered at a lower purchase price.

In August 2019, the Company completed the acquisition of 80% of the outstanding shares of Telwater Pty, Ltd ("Telwater") for a total cash consideration of AUD$120.8 million ($113.2 million). Paul Phelan, Telwater's majority owner and managing director before BRP's acquisition, holds the other 20%. Telwater is a manufacturer of aluminum boats and trailers under the brands *Quintrex*, *Stacer*, and *Savage* with a manufacturing facility located in Coomera (Australia).

Public Offerings and Other Transactions

The Company completed its IPO in 2013. Since then, the Company's subordinate voting shares (the "Subordinate Voting Shares") are listed on the Toronto Stock Exchange ("TSX") under the symbol "DOO".

On June 1, 2017, the Company announced a substantial issuer bid ("SIB") pursuant to which it completed on July 21, 2017 the purchase for cancellation of a total of 8,599,508 Subordinate Voting Shares (representing approximately 7.7% of the total number of Shares issued and outstanding as of such date) at a price of $40.70 per Share for an aggregate consideration of approximately $350.0 million. Prior to the completion of the SIB, Beaudier Group, Bain Capital and CDPQ converted respectively 3,168,019, 2,438,724 and 464,129 multiple voting shares of the Company (the "Multiple Voting Shares", and collectively with the Subordinate Voting Shares, the "Shares") into an equivalent number of Subordinate Voting Shares. These converted shares were repurchased in the SIB.

On October 17, 2017, Beaudier Group, Bain Capital, CDPQ and other selling shareholders completed a bought deal secondary offering (the "2017 Secondary Offering") pursuant to which they sold an aggregate of 10,000,000 Subordinate Voting Shares at a price of $43.35 per Subordinate Voting Share for aggregate gross proceeds of $433,500,000. The Company did not receive any of the proceeds from the 2017 Secondary Offering.

On September 14, 2018, the Company completed the listing of its Subordinate Voting Shares on the Nasdaq Global Select Market under the symbol "DOOO".

On September 18, 2018, Beaudier Group, Bain Capital and other selling shareholders completed a secondary offering (the "2018 Secondary Offering") pursuant to which they sold an aggregate of 8,700,000 Subordinate Voting Shares at a price of US$47.00 per Subordinate Voting Share for aggregate gross proceeds of US$408,900,000. The Company did not receive any of the proceeds from the 2018 Secondary Offering.

On May 30, 2019, the Company announced a second substantial issuer bid (the "Second SIB") pursuant to which it completed on July 23, 2019 the purchase for cancellation of a total of 6,342,494 Subordinate Voting Shares (representing approximately 6.6% of the total number of Shares issued and outstanding as of such date) at a price of $47.30 per Share for an aggregate consideration of approximately $300.0 million. Prior to the completion of the Second SIB, Beaudier Group and Bain Capital converted respectively 1,836,170 and 1,403,543 Multiple Voting Shares into an equivalent number of Subordinate Voting Shares. These converted shares were repurchased in the Second SIB.

In addition, over the last three financial years, the Company repurchased for cancellation 3,078,999 (from March 2017 to March 2018), 3,625,271 (from April 2018 to July 2018) and 3,960,855 (from April 2019 to March 2020) of its outstanding Subordinate Voting Shares through normal course issuer bids.On December 16, 2019, Beaudier Group, Bain Capital and other selling shareholders completed a bought deal secondary offering (the "2019 Secondary Offering") pursuant to which they sold an aggregate of 5,000,000 Subordinate Voting Shares at a price of $61.17 per Subordinate Voting Share for aggregate gross proceeds of $305,850,000. The Company did not receive any of the proceeds from the 2019 Secondary Offering.

As at April 8, 2020, 41,407,024 Subordinate Voting Shares and 45,891,671 Multiple Voting Shares of the Company were issued and outstanding.

Recent Developments and COVID-19 Update

BRP recently announced that, due to the rapid evolution of the COVID-19 situation, it was proactively implementing measures to ensure the health and safety of its employees across the world and to protect its financial flexibility. Such measures included not issuing full-year guidance for Fiscal 2021, suspending the Company's quarterly cash dividend until further notice, as a precautionary measure, drawing on its revolving credit facility to reach the amount of $700.0 million, and temporarily suspending or slowing down all its powersports and marine manufacturing operations around the world. The Company is monitoring closely the evolving COVID-19 situation but it expects that it will have a significant impact on the Company and its business, operations and results of operations, including on its ability to execute on its strategic priorities in the near to medium term. In that context, the Company may have to implement additional measures to help mitigate the operating and financial impact of the pandemic, including but not limited to prolonged production suspensions or slowdowns, temporary or permanent reduction of its workforce, substantial reductions in expenses, and globally optimizing the Company's participation in all eligible government or other initiatives made available to businesses or employees impacted by the COVID-19 pandemic.

BUSINESS OF THE COMPANY AND ITS INDUSTRY

Overview of the Company

BRP is a global leader in the design, development, manufacturing, distribution and marketing of powersports vehicles and marine products. The Company is a diversified manufacturer of powersports vehicles and marine products, providing enthusiasts with a variety of exhilarating, stylish and powerful products for all year-round use on a variety of terrains.

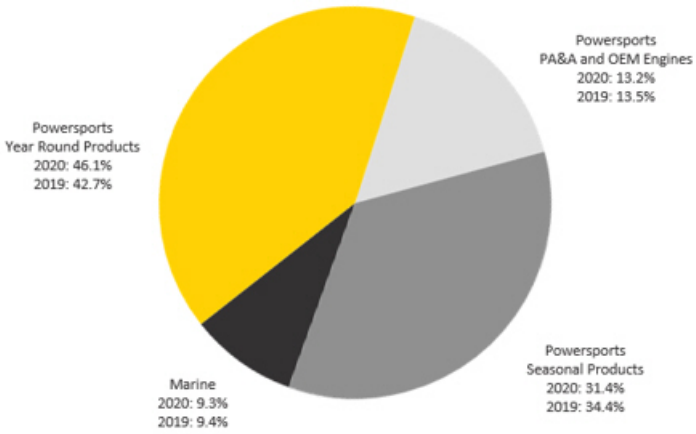
The Company is a brand of choice for true powersports and boating enthusiasts. BRP's products are recognized by stunning designs, powerful and efficient engines, and the incorporation of advanced technologies that drive industry-leading performance. BRP aims to continuously enhance the consumer experience through new features and models in a variety of ways, including enhancing rider ergonomics, adding safety features, enhancing engine performance and reducing environmental impact.

The Company's diversified portfolio of brands and products includes, under the Powersports segment, year-round products such as *Can-Am* ATVs, SSVs and 3WVs, seasonal products such as *Ski-Doo* and *Lynx* snowmobiles and *Sea-Doo* PWCs and *Rotax* engines for karts, motorcycles and recreational aircraft, and under the Marine segment, *Evinrude* outboard boat engines, *Rotax* engines for jet boats, and *Alumacraft*, *Manitou*, *Quintrex*, *Stacer* and *Savage* boats. Additionally, the Company supports its line of products with a dedicated PA&A business.

As at the end of Fiscal 2020, the Company employed approximately 13,500 people worldwide. It sells its products in over 120 countries. In Fiscal 2020, BRP achieved revenues, normalized EBITDA, net income and normalized net income of $6,052.7 million, $804.4 million, $370.6 million, and $358.4 million, respectively.

The following charts set forth the percentage of the Company's revenues generated by each of its product category in Fiscal 2020 and Fiscal 2019, respectively:

Percentage of revenues by Product Category for Fiscal Years 2019 and 2020



The powersports industry is comprised of several product categories. The majority of powersports products are used for recreational purposes. Certain products, primarily ATVs and SSVs, are also used for utility purposes, such as for agriculture, construction, military and other commercial applications. BRP competes in the ATV, SSV, snowmobile and PWC categories, in the three-wheeled vehicles category of motorcycles with the *Can-Am Spyder* and *Ryker* 3WVs and their respective PA&A businesses. BRP's competition primarily comes from North American and Asian manufacturers.

The marine industry is composed of marine engines, boats and their respective PA&A businesses. BRP competes in the marine engine product category with the *Evinrude* outboard engines and the *Rotax* engines for jet boats and in the boat product category with the *Alumacraft*, *Manitou, Quintrex, Stacer* and *Savage* boats.

The markets for BRP's products are highly competitive based on a number of factors, including innovation, performance, price, technology, product features, design and ergonomics, fit and finish, brand loyalty, quality, warranties and distribution. Management believes consumer demand for powersports vehicles and marine products is mostly influenced by macroeconomic conditions, product life cycles, the introduction of new features, technologies and products, brand recognition and the maintenance of extensive and engaged distribution networks.

Powersports and marine products are sold through networks of dealers and distributors. Manufacturers generally either distribute their products in a country directly to an established network of largely independent dealers or through distributors who act as intermediaries with dealers. Manufacturers typically provide dealers with marketing and after-sale service support as well as training for service technicians. At the dealer/distributor level, competition is based on a number of factors, including sales and marketing support efforts such as dealer/distributor inventory financing arrangements, dealer/distributor training, store redesign initiatives, flexible ordering systems, advertising and diversity in product offerings. Management believes that BRP's powersport and marine products, covering all seasons and, in the case of powersports products, multiple terrain applications, provide a compelling value proposition for its dealer/distributor network.

BRP Brands and Products

The Company has 4 main product categories:

Product Category	Segment	Type of Products
Year-Round Products	Powersports	*Can-Am* ATVs, SSVs and 3WVs
Seasonal Products	Powersports	*Ski-Doo* and *Lynx* snowmobiles and *Sea-Doo* PWCs
PA&A and OEM engines	Powersports	PA&A and *Rotax* OEM engines for karts, motorcycles and recreational aircraft
Marine Products	Marine	*Evinrude* outboard engines, *Rotax* engines for jet boats and *Alumacraft, Manitou, Quintrex, Stacer* and *Savage* boats



*The *Telwater* boats include the brands *Quintrex*, *Stacer* and *Savage*

Powersport – Year-Round Products

Year-Round Products consist of BRP vehicles that are sold and used throughout the year in most climates and include the ATV, SSV and 3WV product lines. All products within the Year-Round Product category are sold under the *Can-Am* brand. *Can-Am* ATVs, SSVs and 3WVs all leverage BRP's renowned *Rotax* engines.

ATVs

ATVs are four-wheel vehicles used for recreational and utility purposes in all four seasons of the year. Seats are designed to be straddled by the rider who steers using handlebars. ATVs can be broken down into four main categories: sport, recreational-sport, recreational-utility and youth.

The primary manufacturers of ATVs include BRP, Honda, Kawasaki, Polaris, Suzuki, Textron and Yamaha. Certain Chinese and Taiwanese manufacturers also produce ATVs, but primarily focus on entry-level products, which are not included in the industry data.

In recent years, several consumers have shifted from ATVs to SSVs. Management estimates that the global ATV market represented approximately 352,000 units in season 2019, up approximately 2% from approximately 345,000 units in season 2018, and down 1% from approximately 355,000 units in season 2017. Management estimates that the Company's global ATV market share in season 2019 reflected a number three position.

The *Can-Am* ATV line-up targets a broad range of consumers within the recreational, recreational-sport and sport sectors. The Company offers a total of 49 models, including a youth model and a six-wheel ATV.

For season 2020, suggested retail prices for the Company's ATV models (including youth models) range from approximately US$2,349 to US$16,349 in the United States.

SSVs

An SSV is driven much like a car, using a steering wheel and pedals, is equipped with seat belts and rollover protection bars and sits the driver and passenger side-by-side. Certain models also include one or two rows of additional seats to accommodate up to six passengers. SSVs can be divided into two categories: (1) recreational SSVs, which can be sub-divided into three main groupings: sport, recreational-utility, utility-recreational; and (2) utility SSVs. The utility category of the SSV market remains strong, but in the last decade the SSV market has been transformed by the introduction of vehicles designed primarily for recreational purposes. Both existing and aspirational powersports consumers are drawn to recreational SSVs in large part by their enhanced functionality, innovation and differentiated riding experience. In recent years, several consumers have shifted from ATVs to SSVs.

The primary manufacturers of recreational SSVs are BRP, Honda, John Deere, Kawasaki, Polaris, Textron and Yamaha. Management estimates that the global recreational SSV market represented approximately 341,000 units for season 2019, an increase of approximately 5% from approximately 325,000 units in season 2018, and up 4% from approximately 327,000 units in season 2017.[1] The Company's share of the global recreational SSV market in season 2019 reflected a number two market share position based on management's estimates.

[1] The approximate numbers of the SSV units in season 2019 and 2018 was calculated without considering the number of vehicles sold by John Deere as this information was not available.

The primary manufacturers of utility SSVs are Bobcat, John Deere, Kawasaki, Kubota and Polaris.

The Company offers one of the widest and deepest line-ups of the SSV market with 60 models.

For season 2020, suggested retail prices for the Company's SSV models range from approximately US$10,299 to US$30,199 in the United States.

3WVs

BRP's *Can-Am Spyder* and *Ryker* vehicles are non-traditional three-wheeled vehicles (with two wheels in the front and one in the back) designed to be driven on paved roads, highways and gravel roads. While many jurisdictions have implemented distinct licensing requirements for three-wheeled vehicles that are generally less expensive, demanding and lengthy to obtain than for traditional motorcycles, certain jurisdictions still apply the same licensing requirement for the *Spyder* and *Ryker* 3WVs as for traditional motorcycles. Other jurisdictions require only an automobile driver's license.

BRP's *Can-Am Spyder* and *Ryker* 3WVs compete for consumers against three-wheeled vehicle manufacturers such as Harley Davidson, Polaris, Piaggio and Yamaha. Management believes that, in addition to the traditional motorcycle consumer, the *Spyder* and *Ryker* 3WVs open-air experience, styling, performance and stability appeal to consumers that would not have considered buying a motorcycle. With their Y-shape architecture, vehicle stability system and semiautomatic or automatic transmission, management believes that the *Spyder* and *Ryker* 3WVs offer greater stability and overall ease of use for a broad range of riders of all skill levels. The *Can-Am* 3WV line-up is comprised of 25 models. Management estimates that the global market for three-wheeled vehicles represented approximately 39,000 units in season 2019, up approximately 34% from approximately 29,000 units in season 2018, and up approximately 13% from approximately 34,600 units in season 2017.

For season 2020, suggested retail prices for the Company's *Spyder* models range from approximately US$15,999 to US$28,799 in the United States. In September 2018, the Company introduced the *Ryker* 3WVs, with suggested retail prices for season 2020 ranging from approximately US$8,499 to US$11,499 in the United States.

Powersport – Seasonal Products

Seasonal Products consist of BRP products that are mostly used in specific seasons. These products include snowmobiles, which are mainly used during the winter season with sales to dealers concentrated in the months of September to January, and PWCs, which are mainly used during the summer season with sales to dealers concentrated in the months of January to April. BRP leverages its *Rotax E-TEC* and *ACE* engine technologies to produce snowmobiles and watercraft that are recognized as being among the most fuel-efficient in the market.

Snowmobiles

Snowmobiles are used in various snow-covered riding environments, including on- and off-trail for deep snow, trail, performance, touring and utility purposes. On-trail models have high engine displacement and are generally used on groomed trails. Off-trail models such as cross-over and deep snow snowmobiles are known for their lighter weight and longer tracks. Utility snowmobiles are easier to handle and are generally used for work-related purposes.

The primary manufacturers of snowmobiles are BRP, Polaris, Textron and Yamaha. Management estimates that the Company holds the leading market-share position of the global snowmobile market.

The global snowmobile market is highly concentrated in North America, Russia and Scandinavia, with North America accounting for an estimated 79% of global unit sales in season 2019. Management estimates that the global snowmobile market represented approximately 129,000 units for season 2019, up approximately 2% from approximately 126,000 units in season 2018 and up 10% from approximately 117,000 units in season 2017.

The Company produces 113 different key models of snowmobiles, categorized as (i) on-trail models (touring, sport, cross-country), (ii) on/off-trail models (cross-over) and (iii) off-trail models (mountain, utility). These models, addressing the needs of all consumer sectors, are grouped into 17 product families and marketed under two different brand names, *Ski-Doo* and *Lynx*. BRP snowmobiles are sold primarily in North America under the *Ski-Doo* brand and in Europe and Russia under the *Lynx* and *Ski-Doo* brands.

For season 2020, suggested retail prices for BRP snowmobiles range from approximately US$7,899 to US$18,099 in the United States.

PWCs

PWCs include sit-down and stand-up models and are used on lakes, rivers or oceans. PWCs are designed to accommodate one to three riders and are used primarily for recreational purposes, with a small proportion being used for utility purposes such as marine patrol and rescue. PWCs can be divided into four primary categories: touring, performance, sport and recreation.

The primary manufacturers in the PWC market are BRP, Kawasaki and Yamaha. Management estimates that the Company holds the leading market-share position of the global PWC market.

In season 2019, the global PWC market represented approximately 121,000 units, up approximately 4% from approximately 116,000 units in season 2018 and up 5% from approximately 115,000 units in season 2017. Management believes that the *Sea-Doo Spark* watercraft, a more accessible PWC product introduced by the Company during season 2014, has significantly contributed to the industry unit growth observed in recent years.

The Company produces a full line of PWCs consisting of 31 models marketed under the *Sea-Doo* brand name, which allows it to compete in the main PWC product categories.

For season 2020, suggested retail prices for BRP's PWC models range from approximately US$5,499 to US$17,199 in the United States.

Powersport – PA&A and Rotax engines

Powersport PA&A

BRP sells a broad range of powersport PA&A to complement each of its product lines, providing a stable revenue stream with high profit margins, along with increased brand exposure. PA&A products enhance the overall consumer experience and lifestyle associated with powersports products.

The parts sold by BRP include consumables (e.g. oils, lubricants and cleaning products), wearable components (e.g. brake pads, tires and transmission belts) and replacement parts (e.g. pistons, clutches and suspension components). BRP's expertise also served to develop some of the lubricant and care products that it sells, including the *XPS* line of products, which have been engineered to prolong the life of vehicles and are tested on engine platforms and other applicable components of powersport vehicles.

The accessories include, for example, bumpers, windshields, rims, winches, passenger seats, covers, racks and cargo boxes. Certain accessories sold by BRP have also been designed and developed by BRP, including a tool-less system for near-instant installation of accessories named LinQ, which management believes is a first in the industry. The accessories designed with the *LinQ* system offer a sturdy and easy installation experience.

BRP aims to create an unparalleled riding experience by delivering technical riding gear and sportswear that promote its *Sea-Doo*, *Ski-Doo* and *Can-Am* brands, among others, and enhances the adventure of riding. BRP's riding gear and sportswear portfolio includes a range of products such as shell jackets, insulated jackets, technical riding pants, gloves, boots, helmets as well as hoodies, t-shirts and caps.

The competitive landscape is composed mainly of companies specialized in parts, accessories and apparel ("aftermarket companies") ranging from multi-brand distributors to smaller single-brand companies. Aftermarket parts and accessories are generally of universal design and can be installed on the Company's vehicles as much as on the competitors' vehicles.

BRP designs the vast majority of its PA&A. The parts and accessories are developed alongside the vehicles. They are subject to the same testing and validation processes as the vehicles, resulting in superior assembly, installation and fit. The Company's apparel line-up prominently features its brands. Management believes that BRP's PA&A offering is a key influencer in the consumer's purchase decision of a new vehicle, thus providing the Company with a competitive advantage.

Rotax Engines

With their recognized performance, fuel efficiency and emissions profile, *Rotax* engines represent a core component of BRP's industry-leading product performance. They power *Can-Am* ATVs, SSVs and 3WVs, *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs and the marine *Rotax* inboard jet propulsion system. *Rotax* engines are also sold to distributors and OEMs that manufacture products that are not in direct competition with BRP products. When sold to such third parties, the engines are used to power karts, motorcycles, small recreational aircraft and fire pumps. BRP has developed a comprehensive line-up of compact *Rotax* engines with engine specifications varying from one to four cylinders, 2-stroke and 4-stroke.

Most of BRP's powersports competitors power their vehicles with engines they manufacture themselves. For kart engines, the main competitors are IAME, TM Racing and Vortex Engines. For motorcycle engines, the main competitors are Honda, Kawasaki, Triumph and Yamaha. For small recreational aircraft engines, the main competitors are Continental Motors and Lycoming.

Marine – Outboard Engines and Boats

Outboard Engines

Marine propulsion systems for recreational power boats are comprised of outboard engines and inboard engines. They are generally sold to independent boat builders that in turn resell the engines and related rigging as part of a boat package, and to independent dealers and distributors. Outboard engines are designed to be affixed to the outside of a boat transom and tend to be lighter, less expensive and more easily replaceable than inboard engines. Inboard engines are designed to be integrated within the boat by the boat builder as part of the production of the boat.

The primary manufacturers in the outboard engine market are BRP, Brunswick, Honda, Suzuki and Yamaha. Management estimates that season 2019 represented approximately 390,000 units globally in the outboard engine market, an increase of approximately 3% from season 2018.

Management believes that BRP has a number five market-share position of the global outboard engine market (for engines greater than 30 hp).

For inboard engines, the primary manufacturers are Brunswick and Volvo Penta for stern drive propulsion systems, and BRP and Yamaha for jet propulsion systems. Management estimates that demand remained relatively stable in recent years for inboard engines.

BRP offers two kinds of marine propulsion systems for recreational power boats: *Evinrude* outboard engines from 3.5 hp to 300 hp and *Rotax* inboard jet propulsion engines. The Company also offers a broad range of *Evinrude* PA&A. The *Evinrude* outboard engines are advanced 2-stroke engines with direct fuel injection that are more fuel efficient, cleaner, quieter, and easier to service than a traditional 2-stroke engine. In June 2014, the Company introduced the innovative *Evinrude E-TEC G2* engine family, with an offering ranging from 150 hp to 300 hp, featuring improved performance, better fuel efficiency and a radically different design, allowing the possibility to customize the coloration of the engine to match the boat. For their part, the *Rotax* inboard jet propulsion engines offer boat builders an alternative for traditional inboard sterndrives and other inboard engines.

For season 2020, suggested retail prices for the Company's *Evinrude* engines range from approximately US$1,230 to US$28,410 in the United States.

Boats

Recreational boats include rigid inflatable boats, pontoon, deck, bowrider, cruiser and fishing boats. The Company competes in the recreational boats segment with recreational fishing boats, pontoons and bowriders and also offers PA&A to complement these products.

Recreational fishing boats can be divided in two categories: (i) fishing boats mostly used in off-shore salt water, that are generally at least 25 feet long; and (ii) fishing boats mostly used in fresh water, that are generally less than 23 feet long. The vast majority of fishing boats are powered by outboard engines. Fishing boats mostly used in fresh water are made of either fiberglass or aluminum. The Company's *Alumacraft* fishing boats are of 20 feet or less, generally used in fresh water, in aluminum and outboard powered. The Company's *Telwater* fishing boats range from 7 to 23 feet long, generally used in off-shore salt water and made of aluminum.

Pontoons are leisure boats in aluminum almost exclusively used in North America on fresh water and are generally outboard powered. The Company's *Manitou* pontoons competes in that category of recreational boats.

Bowriders are generally designed for recreational use such as day cruising or watersports, and come in a variety of styles. They range between 16 to 28 feet long, use jet propulsion, stern drive, outboard or inboard engines and carry anywhere from 6 to 10 passengers. The Company's *Telwater* bowriders, which are made of aluminum only, are sold under the *Quintrex*, *Stacer* and *Savage*.

BRP's competition in the boat industry primarily comes from North American manufacturers such as Bass Pro Shops, Brunswick, and Polaris. For season 2020, suggested retail prices for the Company's *Alumacraft* aluminum fishing boats range from approximately US$1,642 to US$51,697 (including the engine), suggested retail prices for *Manitou* pontoons range from approximately US$25,775 to US$202,725 (including the engine) in the United States, and suggested retail prices for *Telwater* boats range from approximately AUD$3,141 to AUD$114,051 (including the engine) in Australia.

Strategic Priorities

During the fourth quarter of Fiscal 2020 and following the successful completion of its "Challenge 2020", the Company made the announcement of its strategic 5-year plan beginning in Fiscal 2021 referred to as Mission 2025. Mission 2025 aims at "Setting the Course for BRP 2.0", which in practice can be translated to creating and establishing the winning conditions for the Company to be able to proceed to the next chapter as a global leader. The main objectives of Mission 2025 consist in building an improved lead enterprise model focused on efficiency, integration and smart solutions, placing the customers at the heart of all aspects of the Company and delivering excellent employee experiences. Several of the objectives contained in the previously disclosed Mission 2025 will continue to play a key role in the Company's strategy in the future, especially with respect to the efficiency of its operations and the satisfaction of its customers. However, in light of the current uncertainty resulting from the ongoing COVID-19 health crisis and its broader repercussions on the global economy, including on the demand for the Company's products and fluctuations on currency exchange rates, the Company may have to suspend or postpone the execution of, or otherwise amend, certain objectives and priorities of its Mission 2025. As a result, the Company's future performance and operations may differ materially from the objectives and priorities, including certain financial objectives, which were initially contained in Mission 2025. See "General Developments of the Business - Recent Developments and COVID-19 Update" and "Risk Factors".

Manufacturing Facilities and Operations

The Company manufactures its products at 12 facilities: one in Australia, one in Austria, one in Canada, one in Finland, three in Mexico and five in the United States. All of the Company's facilities are owned by the Company except for the Juárez 2 (Mexico), Querétaro (Mexico) and Rovaniemi (Finland) plants, which are leased.

The following table presents the location, size and products manufactured at the Company's current manufacturing facilities.

Location	Approx. Size (sq. ft.)	Products Manufactured
Valcourt, Canada	800,000	*Ski-Doo* snowmobiles and *Can-Am Spyder* 3WVs
Juárez, Mexico ("Juárez 2")	700,000	*Can-Am* SSVs
Querétaro, Mexico	550,000	*Rotax* engines and *Sea-Doo* PWCs
Gunskirchen, Austria	500,000	*Rotax* engines
Sturtevant, United States	465,000	*Evinrude* outboard engines and *Rotax* jet propulsion systems
Juárez, Mexico ("Juárez 1")	465,000	*Can-Am* ATVs and SSVs and *Can-Am Ryker* 3WVs
Coomera, Australia	310,000	*Quintrex,* Stacer and *Savage* aluminum boats and trailers
Rovaniemi, Finland	215,000	*Ski-Doo* and *Lynx* snowmobiles and certain specialized *Can-Am* ATVs
Lansing, United States	140,000	*Manitou* pontoon boats
St-Peter, United States	135,000	*Alumacraft* aluminum fishing boats
Spruce Pine, United States	100,000	Mainly components for *Evinrude* and *Rotax* engines

Arkadelphia, United States	68,000	*Alumacraft* aluminum fishing boats

The Company's manufacturing strategy, including the products manufactured and the operational activities carried on in each manufacturing facility, is based on a variety of factors such as the proximity to key retail markets, the presence and cost of skilled labour, production capacity, international and local laws, rules and regulations (including custom duties, tariffs and free-trade arrangements) as well as social and political conditions.

The Company's facility in Valcourt (Canada) assembles *Ski-Doo* snowmobiles, *Can-Am Spyder* 3WVs and manufactures components of such vehicles.

The Company's Gunskirchen (Austria) facility assembles *Rotax* engines for the Company's *Ski-Doo* and *Lynx* snowmobiles and *Can-Am* 3WVs, as well as for third-party OEMs for use in karts, motorcycles, boats, recreational and small aircraft and fire pumps. Since January 2016, *Sea-Doo* PWC engines are partially manufactured in the Gunskirchen (Austria) facility and subsequently completed in the Querétaro facility, with the exception of the *Sea-Doo Spark* PWC engines, which are entirely produced in Querétaro (Mexico). The facility in Gunskirchen is strategically located in a region in which skilled labour in advanced propulsion systems is abundant due to the proximity of several automotive industry research centers and key suppliers.

The Company's facility in Querétaro (Mexico) assembles *Sea-Doo Spark* PWCs and *Rotax* engines for *Can-Am* ATVs, SSVs and *Can-Am Ryker* 3WVs. Since 2016, the facility in Querétaro has been gradually starting to assemble the entire *Sea-Doo* PWC line-up and *Sea-Doo* PWC engines, which are partially manufactured in the Gunskirchen (Austria) facility and subsequently completed in the Querétaro facility, with the exception of the *Spark* PWC engines, which is completely produced in Querétaro. The facility also manufactures composite components for *Sea-Doo* PWCs. Since 2017, the Company has started machining *Rotax* engine components for *Can-Am* ATVs and SSVs and for PWCs in its Querétaro facility. It also machines *Rotax* engine components for *Can-Am Ryker* 3WVs.

The Company's facility in Sturtevant (United States) manufactures outboard engines and related components under the *Evinrude E-TEC* brand covering the 15 hp to 300 hp category. It also produces components for *Rotax* engines and jet propulsion systems.

The Company's Juárez 1 facility (Mexico) assembles *Can-Am* ATVs and SSVs and started assembling Can-Am Ryker 3WVs in 2018. The facility also manufactures components for *Can-Am* off-road vehicles and *Can-Am Ryker* 3WVs and produces ATV, SSV and *Ryker* 3WV accessories such as bumpers, racks, steering columns and brackets.

The Company's Juárez 2 facility (Mexico) assembles *Can-Am* SSVs, manufactures related components and produces SSV accessories such as bumpers, racks and brackets. Since 2017, the Company nearly doubled its capacity in terms of units per hour at the Juárez 2 facility.

The Company's facility in Rovaniemi (Finland) assembles *Lynx* and *Ski-Doo* snowmobiles and completes the assembly of certain models of specialized *Can-Am* ATVs. The Company also manufactures components for snowmobiles and ATVs in Rovaniemi.

The Company's facility in Lansing (United States) assembles *Manitou* pontoons and performs aluminum transformation such as blanking, forming and aluminum welding.

The Company's facility in St-Peter (United States) assembles *Alumacraft* aluminum fishing boats and performs aluminum transformation such as blanking, forming and aluminum riveting.

The Company's facility in Spruce Pine (United States) provides lost foam aluminum casted parts for *Evinrude* and *Rotax* branded engines as well as other OEM customers serving the automotive, rail and construction equipment industries.

The Company's facility in Arkadelphia (United States) manufactures *Alumacraft* aluminum fishing boats and performs aluminum transformation such as blanking, forming, aluminum welding and riveting.

The Company's facility in Coomera (Australia) manufactures *Quintrex*, *Stacer* and *Savage* aluminum boats and trailers.

The Company is vertically integrated with respect to those manufacturing processes that represent its core competencies, such as surface treatment, painting, high precision machining and honing, aluminum fabrication and forming, riveting and welding, steel forming and welding and engine component manufacturing. For other product components, the Company relies on external suppliers. The Company uses contract carriers to ship its products to its customers and maintains international distribution centers to allow for its products to be shipped to international customers with shorter lead-times. For boats, shipping is also performed by the Company in North America.

Please refer to "General Development of the Business - Recent Developments and COVID-19 Update" for potential measures that the Company may have to implement to help mitigate the operating and financial impact of the pandemic on the Company.

Research and Development

BRP relies heavily on research and development to sustain its reputation towards innovation, high performance products, build strong consumer loyalty and reduce production costs. In Fiscal 2020, investments by the Company in research and development activities represented $238.4 million, or approximately 4% of the Company's annual sales. BRP's significant research and development efforts have repeatedly materialized into:

- new industry-leading platforms (e.g. the *Ski-Doo REV Gen 4* platform, *Can-Am Ryker* 3WV, and the *Sea-Doo GTI* personal watercraft);
- new segments (e.g. *Sea-Doo FishPro* for sport fishermen, *Sea-Doo GTI 130 PRO* specifically designed for the rental market);
- new design features (e.g. first PWC with direct access to front storage from the driver's seat, new *Can-Am Defender PRO SSV* with the largest cargo box and an industry exclusive under storage compartment);
- new engine technologies (e.g. the *Evinrude E-TEC G2* technology, *Ski Doo SHOT* engine starting system, the first factory produced 2-stroke turbocharged engine, the *Ski-Doo 850 E-TEC Turbo*, six different electric vehicle concepts and the new 195hp *Turbo RR* engine – the most powerful in the SSV industry);
- new ergonomic features (e.g. the *Can-Am Spyder F3* and *Ryker UFit* system, the *Ergo-Lok* system deployed across the *Sea-Doo* PWC line-up);
- new safety features (e.g. the *Sea-Doo* speed limiting *Learning Key* or the *Can-Am work key*);
- new features enhancing the customer's experience (e.g. the industry's first *BRP Connect* portal for smartphone apps on *Can-Am Spyder* vehicles, the new *Smart-Lok* front differential on the

Defender and *Maverick X3* SSVs and the new *Belt Monitoring System* on all *Ski-Doo Summit* and *Freeride* models); and

- new accessories (e.g. *Ski-Doo 1+1* seat, the *Sea-Doo LinQ* cooler and the *Can-Am* ATV & SSV *LinQ* cargo systems).

BRP's research and development activities are spread across its four research and development sites located in Canada, Austria, the United States and Finland. Research and development activities are organized around centers of expertise, with each facility focused primarily on certain specific activities.

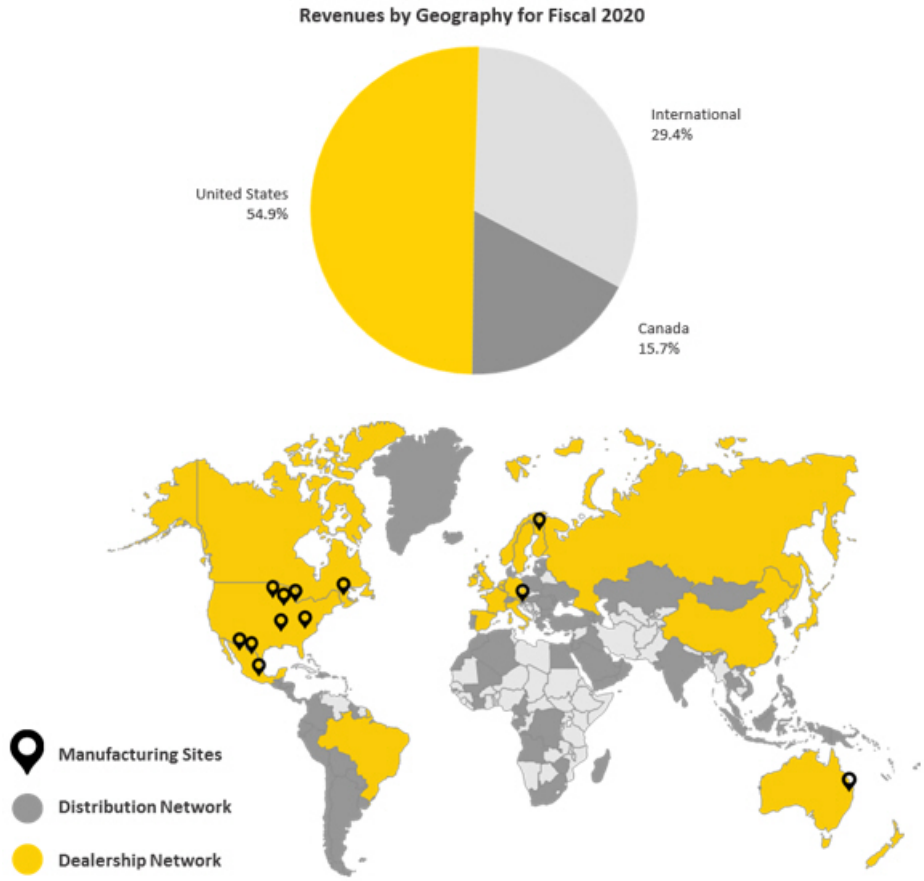
BRP is a partner, with the *Université de Sherbrooke*, of the *Centre de technologies avancées BRP—Université de Sherbrooke*, which has the mandate of developing specialized vehicles and advanced technologies. BRP also established the *Laurent Beaudoin Design & Innovation Centre,* which serves as the home to BRP's design and advanced concept teams, working to create revolutionary products and develop new product lines and categories. In addition, BRP is a partner with the Austrian government in the *Regionales Innovations Centrum* in Austria, focusing on the design and development of efficient powertrain technologies.

Distribution, Sales and Marketing

Distribution and Sales

BRP has established an extensive global distribution network selling products, directly or indirectly, in over 120 countries **.** As of the date hereof, BRP sells products directly to approximately 3,500 dealers in 21 countries. In certain geographic markets, the Company prefers to leverage a network of distributors acting as intermediaries with dealers. Through its network of approximately 198 distributors, BRP sells products to approximately 800 additional dealers. In China, the Company distributes products through a joint venture with Smooth Marine Equipment Ltd., its long-time distributor in China, and BRP has a majority ownership stake in this joint venture. In 2018, the Company opened a new office in Texas, U.S. for management and staff forming part of the sales, marketing, dealer services, finance and human resources functions of the Company. In 2018, the Company also transitioned, in Russia, from a model where it distributes its products through a distributor, to a model where it distributes its products directly to dealers. Consequently, the Company established an office in Russia to support this market.

In Fiscal 2020, 29.4% of the Company's revenues were generated outside of North America. In addition to reducing the Company's reliance on any single geographic market, management believes that the breadth of BRP's distribution network positions it favorably to capture future growth opportunities in emerging powersports markets.



The Company typically enters into agreements with dealers, pursuant to which they are authorized to market specific product lines and are required to stock service parts and perform warranty and out-of-warranty repairs and other services. Most of these contracts do not require a dealer to

market the Company's products on an exclusive basis. Based on various business criteria, dealers can become entitled to discounts, co-operative advertising subsidies and inventory financing. The Company also enters into agreements with distributors covering specific territories.

The Company delivers its products to dealers and distributors either directly from distribution centers and warehouses strategically located, which are operated either by the Company itself or by third-party logistics providers.

The Company operates a build-to-order process under which it manufactures products based on dealer and distributor orders. It also manages a sales and operations process through which it adjusts production schedules on a weekly or monthly basis to precisely tailor production to incoming orders and market conditions. The Company measures the success of its global production scheduling based on its order fill rate and finished product inventory. The Company produces its Powersport Seasonal Products, namely its snowmobiles and PWCs, before and early in their respective seasons of use, while it produces its Powersport Year-Round products and Marine products, namely its ATVs, SSVs, 3WVs, outboard engines and boats, year-round. Due to the supply chain lead-time for Seasonal Products, flexibility in adjusting production volumes to meet changes in anticipated demand is limited.

The Company regularly holds dealer and distributor meetings to introduce new products and register pre-season orders. Dealers and distributors also have the opportunity to modify their orders during the season, either quarterly, monthly or on an ongoing basis, depending on the product line and the geography. The distribution network for Seasonal and Year-Round Products is relatively stable and consists of a majority of dealers and distributors with whom BRP has enjoyed a longstanding relationship. Outboard engines are mainly distributed through two channels: (i) boat builders and (ii) independent marine dealers and distributors. The majority of new outboard-powered boats today are sold by boat builders to dealers as a package that includes the boat and the engine and BRP has entered into non-exclusive supply agreements for outboard engines with many independent boat builders. The *Rotax* inboard jet propulsion engines are distributed exclusively through boat builders. The *Alumacraft* and *Manitou* boats are distributed mainly through a network of dealers in the United States and in Canada while the *Telwater* boats are distributed through a network of dealers in Australia.

Please refer to "General Development of the Business - Recent Developments and COVID-19 Update" for potential measures that the Company may have to implement to help mitigate the operating and financial impact of the pandemic on the Company.

Dealers' and Distributors' Inventory Financing Arrangements

BRP has agreements with large financing companies in North America, Europe, Australia, New Zealand and Latin America to provide third-party inventory financing to its dealers and distributors in order to facilitate their purchase of the Company's products. These agreements improve BRP's liquidity by financing dealer and distributor purchases of products without requiring substantial use of the Company's working capital. A significant percentage of BRP's sales are made under such arrangements. The total amount of financing provided under such financing agreements totaled approximately $4.7 billion for Fiscal 2020 compared to approximately $4.0 billion for Fiscal 2019. In the event of a dealer or distributor default, BRP may be required to purchase from the finance company repossessed new and unused products at the total unpaid balance of the dealer or distributor to the finance company. In North America, the obligation is generally limited to the greater of U.S.$25.0 million or 10% of the last twelve-month average amount of financing outstanding under the financing agreements, whereas in Europe, the obligation is generally limited to the greater of U.S.$10.0 million or 10% of the last twelve-month average amount of financing outstanding under the financing agreements. In Australia and New Zealand, the obligation to purchase repossessed new and unused products is limited to the greater of AUD$5.0 million or 10% of the last twelve-month average amount of financing outstanding under the financing agreements. For boats, in North America, the repurchase obligation decreases according to the age of the inventory and there is no repurchase obligation for boats older

than 900 days. In Australia, the obligation to purchase repossessed new and unused products is limited to AUD$2.5 million.

Marketing

In 2016, BRP embarked on a customer-focused marketing transformation. Today, BRP is aiming to deliver best-in-class customer experiences. BRP seeks to drive consumer loyalty and ambassadorship by focusing on consumer experience and collaborating with its dealers and distributors. The Company has implemented several initiatives to expose thousands of consumers each year to the excitement and energy of the Powersports and Marine community, including through brand communications, experiences and high-quality product trials. The Company's digital factory leverages its websites, Customer Relationship Management platforms ("CRM") and social media properties to drive excitement, showcase the community, and provide customers with the information they are looking for.

Suppliers

BRP's primary purchases from its suppliers include raw materials, tooling, parts and systems, information technology ("IT") services, marketing and transportation services. Parts, components and systems are subject to an extensive validation process in order to ensure their reliability and durability. Raw materials or standard parts are generally readily available from multiple sources for the products manufactured by BRP. Furthermore, whenever possible, BRP tries to identify potential substitute supply arrangements for components. BRP strives to obtain the lowest total costs of supply and manufacturing and regularly seeks alternative sources of supply outside its current network of suppliers.

The Company is vertically integrated with respect to core manufacturing processes. For product components, other than those resulting from the core manufacturing processes, the Company generally establishes long-term relationships with external suppliers. The Company has implemented a certification process to evaluate the suitability of potential suppliers, which includes a review of suppliers' financial condition and their capacity to produce components in conformity with BRP's requirements and specifications as well as with applicable labour and environmental standards. Additionally, the Company performs both laboratory and field testing of components before using them in its products. All suppliers must comply with the BRP Supplier Code of Conduct, which outlines a clear set of standards on ethical matters such as health & safety, environment and modern slavery.

The manufacturing of the Company's youth *Can-Am* ATVs, *Evinrude* outboard engines of 15 hp and below, as well as the production of most of its accessories and apparel is outsourced.

Please refer to "General Development of the Business - Recent Developments and COVID-19 Update" for potential measures that the Company may have to implement to help mitigate the operating and financial impact of the pandemic on the Company.

Seasonality

Some of BRP's product lines, such as snowmobiles, PWCs and boats, are seasonal. However, certain of these products are also sold during offsetting seasons, reducing the overall seasonal impact on the Company. Additionally, BRP's 3WV, outboard and jet boat engines, ATV and SSV products are less subject to seasonal weather patterns than snowmobiles, PWCs and boats.

The following table reflects the seasonality of revenues for each of the quarters in the three most recent fiscal years.

(in % of annual revenues)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2020	22.0%	24.1%	27.2%	26.7%
Fiscal 2019	21.7%	23.0%	26.6%	28.7%
Fiscal 2018[1]	21.9%	23.0%	27.5%	27.5%

(1) Restated to reflect the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.[2]

Employees

As at the end of Fiscal 2020, the Company employed approximately 13,500 employees of whom approximately 3,905 were covered by collective arrangements, either through an association, a joint company-employee relations committee or a certified union/works council.

In Valcourt (Canada), the Company has employee relations committees to ensure joint company-employee discussions addressing employee matters and business challenges in an open and transparent context. These employee relations committees also serve as a channel of communication between the Company and all related employees in order to foster a culture of collaboration and mutual trust. Employee relations committee meetings are held on a regular basis.

In the United States, employees are not unionized.

Employees in Austria and Finland are represented by these countries' respective national works councils that supervise labour law compliance. The members of the respective local works councils meet with management on a regular basis and also participate in social, employment and, to a lesser extent, economic and financial decisions. In general, the Company representatives and works councils' members meet on a regular basis to discuss specific work conditions and other normative elements. The Company and local works councils also hold annual formal negotiations to discuss overall work conditions. By law, certain employee-related topics must be negotiated with the works councils and the outcome must be documented in writing and signed by both parties.

Employees in Juárez (Mexico) are not represented by any association. Manufacturing employees in Querétaro (Mexico) are represented by a union; wages are agreed upon yearly and other benefits every other year.

In addition, employees in non-manufacturing sites located in Belgium, Brazil, France, Italy, Norway, Spain and Sweden are represented by their respective national collective agreements. Employees in Switzerland and Russia are not governed by any type of collective arrangement.

Employees in New Zealand, China and Japan are non-manufacturing workers. They are not unionized, but they can be represented by their respective local or national work councils. Their employment rights and conditions are regulated and protected under agreement and national employment law.

In Australia, employees are not unionized.

Please refer to “General Development of the Business - Recent Developments and COVID-19 Update” for potential measures that the Company may have to implement to help mitigate the operating and financial impact of the pandemic on the Company.

Intellectual Property

The Company has an extensive portfolio of intellectual property, including patents, trademarks, copyrights and trade secrets that protect its brands, products, designs and technologies.

Patents

As at April 8, 2020, the Company held more than 1,793 issued patents and pending patent applications to protect its products, designs and technologies, in jurisdictions including the United States, the European Union, Canada, China and Russia, among others. The Company diligently seeks to protect its key innovations through patent filings. The Company determines jurisdictions in which it files patent applications based on strategic considerations and the availability of patent protection in such jurisdictions. As it continues to develop new products, manufacturing processes and technologies the Company plans to apply for patents to protect such innovations.

As an example, the Company’s intellectual property portfolio includes patents and applications relating to its *Evinrude E-TEC* technology, the *Can-Am Spyder vehicle stability system (VSS)*, the *Sea-Doo* PWC *iBR* brake system, the *Ski-Doo* 2 strokes turbocharged engine technology, the *Ski-Doo SHOT* starter, the *Evinrude* Integrated Hydraulic Steering and Trim system and the *Rotax* engine *Rave* technology.

Trademarks

In addition to protecting its technical innovations, the Company relies on a combination of registered and unregistered trademarks to protect its position as a branded company with strong brand name recognition. It holds numerous registered trademarks in respect of its brands, including *Alumacraft*®, *BRP*®, *Can-Am*®, *Evinrude*®, *Lynx*®, *Manitou*®, *Quintrex*®, *Sea-Doo*®, *Ski-Doo*® and *Rotax*®. It also holds registered trademarks with respect to its various model lines, including *Commander*®, *Expedition*®, *G2*®, *GSX*®, *MX-Z*®, *Renegade*®, *Ryker*®, *RXP*®, *RXT*®, *Skandic*®, *Spark*®, *Spyder*® and *Summit*® and additional registered trademarks with respect to certain of its technologies, including *4-TEC*®, *E-TEC*®, *iBR*®, *iCatch*®, *iControl*®, *iS*®, *Learning Key*®, *REV*®, *XP-S*® and *Y-Factor*®. The Company determines the jurisdictions in which it registers its trademarks based on strategic considerations and on the availability of trademark registration in such jurisdictions. As it continues to develop and introduce new brands, models and technologies, the Company plans to register new trademarks to protect its strong name recognition.

Licenses

In the ordinary course of business, the Company enters into license agreements for intellectual property held by suppliers, competitors and other third parties with respect to parts, components and other systems used in the Company’s products.

Product Warranties

The Company’s manufacturer product warranties generally cover periods from six months to five years for most products. In certain circumstances, the Company provides extended warranty coverage as a result of sales programs, under certain commercial accounts, or as required by local regulations. During the warranty period, the Company reimburses dealers and distributors the entire cost of repair or replacement performed on the products (mainly composed of parts or accessories

provided by the Company and labour costs incurred by dealers or distributors). In addition, the Company sells in the normal course of business and provides under certain sales programs, extended product warranties.

Information Technology

The Company uses several IT platforms in the operation of its business. For example, the Company uses SAP (enterprise system), SalesForce (sales and after-sale), Cognos (finance) and certain applications developed in-house. All such platforms support specific functions of the Company.

Regulatory Matters

The Company is subject to extensive laws and regulations at many steps in its chain of conception, production and distribution of products. Above and beyond the laws and regulations applicable to any business, there are certain requirements applicable only to powersports vehicles or recreational products such as those of the Company. These regulations include standards related to safety, construction rules, sound and gaseous emissions, and the sale and marketing of products, and have generally become stricter in recent years.

The Company is taking appropriate measures to ensure that its products will be compliant with anticipated more stringent regulations as they become effective from time to time. Such measures include the development of new engines and vehicle design, as well as the development of new energy-efficiency related technologies. While these efforts require substantial expenditures, it is impractical at this time to isolate these specific compliance costs from total project costs. See “Risk Factors”.

Safety Regulation

The Company’s products are subject to extensive laws, rules and regulations relating to product safety promulgated by the governments or regulatory authorities of Canada, individual Canadian provinces, the United States, individual American states or other countries.

In Canada, Transport Canada has federal oversight over product safety issues related to ATVs, SSVs, snowmobiles and 3WVs. The Canadian Coast Guard’s Office of Boating Safety has federal oversight of boats and PWCs while Health Canada has federal oversight over outboard engines.

In the United States, the federal government is the primary regulator of product safety:

- the CPSC has federal oversight over product safety issues related to ATVs, snowmobiles and SSVs;
- the National Highway Transportation Safety Administration has federal oversight over product safety issues related to 3WVs; and
- the U.S. Coast Guard’s Boating Safety Division has federal oversight over product safety issues related to boats, PWCs and outboard engines.

The Company is subject to the product safety requirements of each of these regulatory authorities. These requirements pertain to the conception, production and distribution of BRP’s products.

In addition, the Company is a member of several industry and trade associations in Canada, the United States, and other countries whose mandate is to promote safety in the manufacture and use of

powersports products. Such trade associations promulgate voluntary industry product safety standards with which the Company complies.

Use Regulation

In Canada, the United States and other countries, laws, rules and regulations have been promulgated or are under consideration relating to the use of powersports vehicles and boats. Some countries, provinces, states, municipalities and local regulatory bodies have adopted, or are considering the adoption of, legislation and local ordinances that restrict the use of snowmobiles, PWCs, ATVs, SSVs, boats and outboard engines to specified hours and locations. The use of said products has been restricted in some national parks and federal lands in Canada, the United States and other countries. In some instances, this restriction has consisted of a ban on the recreational use of these vehicles in specific locations.

Emissions Regulation

The Company's products are subject to sound and gaseous emissions laws, rules and regulations promulgated by the governments and regulatory authorities of Canada (Environment and Climate Change Canada), the United States (Environmental Protection Agency), individual American states (such as the California Air Resources Board), the European Union and other jurisdictions. Such laws, rules and regulations may require the development of new engines and vehicle design, as well as the development of new energy-efficient technologies. See "Risk Factors".

Environmental Regulation Applicable to Facilities

The Company is also subject to environmental laws, rules and regulations pursuant to which, among other things, it may become liable for the costs of investigating, removing and monitoring any hazardous substances found in its manufacturing and other facilities.

Insurance

The Company carries various insurance coverage policies to protect against certain risks of loss consistent with the exposures associated with the nature and scope of its operations. The most significant insurance policies that the Company carries include:

- commercial general liability insurance for bodily injury and property damage resulting from its operations and its products;
- property insurance covering the replacement value of all real and personal property damage, including damages arising from earthquake, flood damage and business interruption;
- cargo insurance to protect against loss or damage to goods while in transit;
- workers' compensation coverage in the United States to required statutory limits;
- automobile liability insurance for all owned, non-owned and hired vehicles covering liabilities to third parties for bodily injury and property damage;
- aviation insurance for bodily injury and property damage resulting from the Company's small recreational aircraft engines;
- directors and officers insurance; and

- cyber insurance to mitigate risk exposure by offsetting recovery costs following a cyber-related security breach or similar event.

All policies are subject to certain deductibles, limits or sub-limits and policy terms and conditions.

RISK FACTORS

The risks and uncertainties described in this Annual Information Form are those the Company currently believes to be material, but they are not the only ones it faces. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that it currently considers not to be material, actually occur or become material, the Company's business, guidance, prospects, financial condition, results of operations and cash flows and consequently the price of the Subordinate Voting Shares could be materially and adversely affected.

Economic conditions that impact consumer spending may have a material adverse effect on the Company's business, results of operations or financial condition

The Company's business is cyclical in nature, and the Company's products compete with a variety of other recreational products and activities for consumers' discretionary income and leisure time. The Company's results of operations are sensitive to changes in overall economic conditions, primarily in North America and Europe, that impact consumer spending and particularly discretionary spending. Fluctuations in economic conditions that result in high levels of unemployment in the Company key markets, or market volatility, such as those experienced recently in connection with the ongoing COVID-19 health crisis, may negatively affect disposable consumer income such as personal income levels, the availability of consumer credit, employment levels, consumer confidence, business conditions, changes in housing market conditions, capital markets, tax rates, savings rates, interest rates, exchange rates, fuel and energy costs, tariffs. Natural disasters, acts of terrorism, epidemic or pandemic outbreaks, or other similar events, could also reduce consumer spending generally or discretionary spending in particular. Such reductions could materially adversely affect the Company's business, results of operations or financial condition. Changes in economic conditions could also result in a deterioration or increased volatility in the credit and lending markets, which could adversely impact the consumers who purchase the Company's products from dealers and rely upon financing for such purchases as well as the availability of financing arrangements for dealers and distributors to finance their inventory. If financing is not available to consumers or dealers and distributors on satisfactory terms, the Company's business, results of operations or financial condition could be materially adversely affected.

The continued spread of the COVID-19 around the globe and the responses of governmental authorities and corporate entities, including through mandated or voluntary shutdowns, have led to a general slow-down in the global economy and the Company's business with temporary disruptions and slowdowns to our work force and facilities, our consumers, our sales and operations and our supply chain. The situation is dynamic and changing day-to-day, such that the Company will continue to monitor it closely as it develops and will take appropriate measures to mitigate any impact on the Company.

Any decline in the social acceptability of the Company's products or any increased restrictions on the access or the use of the Company's products in certain locations could materially adversely affect its business, results of operations or financial condition

Demand for the Company's products depends in part on their social acceptability. Public concerns about the environmental impact of the Company's products or their perceived safety could result in diminished social acceptance. Circumstances outside the Company's control, such as social

action to reduce the use of fossil fuels, could also negatively impact consumers' perceptions of the Company's products. Any decline in the social acceptability of the Company's products could negatively impact their sales or lead to changes in laws, rules and regulations that prevent their access to certain locations, including trails and lakes, or restrict their use or manner of use in certain areas or during certain times. Additionally, while the Company has implemented various initiatives to address these risks, including the improvement of the environmental footprint and safety of its products, there can be no assurance that the perceptions of the Company's customers will not change. Consumers' attitudes towards the Company's products and the activities in which they are used also affect demand. Any failure by the Company to maintain the social acceptability of its products could impact its ability to retain existing customers or attract new ones which, in turn, could have a material adverse effect on its business, results of operations or financial condition.

Fluctuations in foreign currency exchange rates could result in declines in reported sales and net earnings

The Company reports its financial results in Canadian dollars and the majority of its sales and operating costs are realized in currencies other than the Canadian dollar. In Fiscal 2020, 54.9% of the Company's revenues were realized in the United States. The Company is also exposed to other currencies such as the Australian dollar, the Brazilian real, the Euro, the Mexican peso, the Norwegian krone, the Swedish krona and the Russian rubble. If the value of any currencies in which sales are realized depreciates relative to the Canadian dollar, the Company's foreign currency revenue will decrease when translated to Canadian dollars for reporting purposes. In addition, any depreciation in foreign currencies could result in higher local prices, which may negatively impact local demand and have a material adverse effect on the Company's business, results of operations or financial condition. Alternatively, if the value of any of the currencies in which operating costs are realized appreciates relative to the Canadian dollar, the Company's operating costs will increase when translated to Canadian dollars for reporting purposes. Although these risks may sometimes be naturally hedged by a match in the Company's sales and operating costs denominated in the same currency, fluctuations in foreign currency exchange rates could create discrepancies between the Company's sales and its operating costs in a given currency that could have a material adverse effect on its business, results of operations or financial condition. Fluctuations in foreign currency exchange rates could also have a material adverse effect on the relative competitive position of the Company's products in markets where they face competition from manufacturers who are less affected by such fluctuations in exchange rates.

In addition, the Company's indebtedness under the Term Credit Agreement (as defined herein) and a portion of the Revolving Credit Facilities are denominated in U.S. dollars. As a result, any strengthening of the U.S. dollar versus the Canadian dollar or any revaluation of the denomination of the Term Credit Agreement into Canadian dollars at the end of each reporting period can result in significant fluctuations of net income, which could have a material adverse effect on the Company's business, results of operations or financial condition.

While the Company actively manages its exposure to foreign-exchange rate fluctuations and enters into hedging contracts from time to time, such contracts hedge foreign-currency denominated transactions and any change in the fair value of the contracts could be offset by changes in the underlying value of the transactions being hedged. Furthermore, the Company does not have foreign-exchange hedging contracts in place with respect to all currencies in which it does business. As a result, there can be no assurance that the Company's approach to managing its exposure to foreign- exchange rate fluctuations will be effective in the future or that the Company will be able to enter into foreign-exchange hedging contracts as deemed necessary on satisfactory terms.

The Company has, and is expected to continue to have and incur, a significant amount of indebtedness and there can be no assurance that it will be able to pay its indebtedness as it becomes due

The Company has, and is expected to continue to have and incur, a significant amount of indebtedness, including obligations under the Revolving Credit Facilities (as defined herein) as well as substantial fixed obligations under the Term Facility (as defined herein). In addition, the Company may incur greater levels of indebtedness as a result of challenging economic or other conditions affecting the Company, such as the ongoing COVID-19 health crisis. For example, the Company recently announced that it drew down on its revolving credit facility in order to ensure access to liquidity as economic conditions grow more uncertain. The amount of indebtedness that the Company has from time to time may, among other things, limit the Company's ability to obtain additional financing, require the Company to dedicate a substantial portion of its cash flow generated from operations to payments on its indebtedness or fixed costs (thereby reducing the funds available for other purposes), make the Company more vulnerable to economic downturns, or limit the Company's flexibility in planning for, or reacting to, competitive pressures or changes in its business environment, any of which could, in turn, have a material adverse effect on its business, results of operations or financial condition.

The ability of the Company to make scheduled payments under its indebtedness will depend on, among other things, its future operating performance and its ability to refinance its indebtedness, if necessary. In addition, as the Company incurs indebtedness that bears interest at fluctuating interest rates and is mainly denominated in U.S. dollars, to the extent that interest rates increase or the U.S. dollar appreciates relative to the Canadian dollar, its interest expense will increase. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond the Company's control. Any failure by the Company to generate sufficient cash from its operations to pay its debt and other financial obligations could have a material adverse effect on its business, results of operations and financial condition.

The Company uses cash generated from its operating activities to fund its business and execute its growth strategy and may require additional capital that may not be available to the Company

The Company relies on net cash generated from its operating activities as its primary source of liquidity. To support the Company's business and execute its growth strategy as planned, the Company will need to continue to generate significant amounts of cash from operations, including funds to pay personnel, invest further in its infrastructure and facilities and invest in research and development. In case of decreasing capacity of the Company to generate cash from operations, the eventual recovery of the Company may be delayed due to factors such as the cyclical nature of the Company's business, the seasonality of certain of its products, and the inventory levels of the Company, and that of its distributors and dealers. If the Company's business does not generate cash flow from operating activities sufficient to fund these activities, and if sufficient funds are not otherwise available from its credit facilities, which may be the case as a result of the ongoing COVID-19 health crisis, the Company may need to seek additional capital, through debt or equity financings, to fund its business or execute its growth strategy. Conditions in the credit markets (such as availability of financing, fluctuations in interest rates and deterioration of the global economic condition, including as experienced recently in connection with the ongoing COVID-19 health crisis) may make it difficult for the Company to obtain such financing on attractive terms, or even at all. Additional debt financing that the Company may undertake may be expensive and might impose on it covenants that restrict the Company's operations and strategic initiatives, including limitations on its ability to incur liens or additional debt, pay dividends, repurchase its capital shares, make investments or engage in merger, consolidation and asset sale transactions. Any equity financing may also be on terms that are dilutive to the Company's shareholders, and the prices at which new investors would be willing to purchase equity securities may be lower than the price per share of the Company's Subordinate Voting Shares. If new sources of financing are required, but are unattractive, insufficient or unavailable, then the Company could be

required to modify its business plans or growth strategy based on available funding, if any, which, in turn, could have a material adverse effect on the Company's business, results of operations or financial condition.

Unfavourable weather conditions may reduce demand and negatively impact sales and production of certain of the Company's products

The sales of the Company's products are affected by unfavourable weather conditions. Unfavourable weather in any particular geographic region may have a material adverse effect on sales of the Company's products in that region. In particular, lack of snowfall during winter may materially adversely affect snowmobile sales, while excessive rain before and during spring and summer may materially adversely affect sales of off-road vehicles, three-wheeled vehicles, PWCs, boats and marine propulsion systems. To the extent that unfavourable weather conditions are exacerbated by global climate change or otherwise, the Company's sales may be affected to a greater degree than previously experienced. There is no assurance that unfavourable weather conditions could not affect the Company's sales for any of its products, which, in turn, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's results of operations fluctuate from quarter to quarter and from year to year as they are affected, among other things, by the seasonal nature of its business

The Company's results of operations experience substantial fluctuations from quarter to quarter and year to year. In general, retail sales of the Company's products are highest in their particular season of use and in the immediately preceding period. For example, retail sales for snowmobiles will be highest in fall and winter, retail sales for PWCs will be highest in spring and summer and retail sales for boats will be highest in winter and spring. Revenues in the first half of the fiscal year have generally been lower than those in the second half. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal and geographic demand, the introduction of new products and models and production scheduling for particular types of products. In addition, the Company's dealers and distributors may modify orders, change delivery schedules or change the mix of products ordered. The Company may also make strategic decisions to deliver and invoice products at certain dates in order to lower costs or improve supply chain efficiencies. As a result, the Company's results of operations are likely to fluctuate significantly from period to period such that any historical results should not be considered indicative of the results to be expected for any future period. In addition, the Company incurs significant additional expenses in the periods leading up to the introduction of new products which may also result in fluctuations in the Company's results of operations. The Company's annual and quarterly gross profit margins are also sensitive to a number of factors, many of which are beyond its control, including shifts in product sales mix, geographic sales trends, and currency exchange rate fluctuations, all of which the Company expects will continue. This seasonality in revenues, expenses and margins, along with other factors that are beyond the Company's control, including general economic conditions, changes in consumer preferences, weather conditions, tariffs, free-trade arrangements, the cost or availability of raw materials or labour, discretionary spending habits and currency exchange rate fluctuations, could materially adversely affect the Company's business, results of operations or financial condition.

The Company is subject to laws, rules and regulations regarding product safety, health, environmental and noise pollution and other issues that could cause the Company to incur fines or penalties or increase its capital or operating costs

The Company is subject to federal, provincial/state and local/municipal laws, rules and regulations in Canada, the United States and other countries regarding product safety, health, environmental and noise pollution and other issues that could cause the Company to incur fines or penalties or increase the Company's capital or operating costs, all of which could have a material adverse effect on the Company's business, results of operations or financial condition. A failure to

comply with, or compliance with, any such requirements or any new requirements could result in increased expenses to modify the Company's products, or harm to its reputation, which could have a material adverse effect on the Company's business, results of operations or financial condition. Certain jurisdictions require or are considering requiring a license to operate the Company's products. While such licensing requirements are not expected to be unduly restrictive, they may deter potential customers, thereby reducing the Company's sales. The Company's products are also subject to laws, rules and regulations imposing environmental, noise emission, zoning and permitting restrictions, which laws, rules and regulations are subject to change and may limit the locations where the Company's products may be sold or used or restrict their use during certain times or on certain conditions.

Climate change is receiving increasing attention worldwide. A perceived consensus among scientists, legislators and others regarding the impact of increased levels of greenhouse gases, including carbon dioxide, on climate change has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. Greenhouse gas regulations could require the Company to purchase allowances to offset the Company's own emissions or result in an overall increase in costs of raw materials or operating expenses, any of which could reduce competitiveness in a global economy or otherwise have a material adverse effect on the Company's business, results of operations or financial condition. Many of the Company's suppliers face similar circumstances. Moreover, the Company may face greater regulatory or customer pressure to develop products that generate less emissions. This may require the Company to spend additional funds on research and development and implementation and subject the Company to the risk that the Company's competitors may respond to these pressures in a manner that gives them a competitive advantage. The development of such products may also present challenges in maintaining the look, sound and feel of the Company's products. While additional regulation of emissions in the future appears likely, it is too early to predict whether this regulation could ultimately have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is also subject to environmental laws, rules and regulations pursuant to which, among other things, current or previous owners or occupants of property may become liable for the contamination of such property and, as a result, may be liable for the costs of investigating, removing and monitoring any hazardous substances found on the property. Given the nature of the Company's manufacturing activities and the fact that certain of its facilities have been in operation for many years, the Company and the prior owners or occupants of its property may have generated and disposed of materials that are or may be considered hazardous. The Company is aware of certain current environmental liabilities in relation to certain of its property and it is possible that additional environmental liabilities may arise in the future as a result of any prior or future generation or disposal of hazardous materials. The Company may therefore incur material costs and obligations related to environmental compliance and remediation matters in the future. Any failure to comply with, or the compliance with, any applicable environmental laws, rules or regulations, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company has a relatively large fixed cost base that can affect its profitability in a declining sales environment

The fixed costs involved in owning and operating the Company's facilities can reduce the Company's gross profit margins when sales and production decline, such as is the case as a result of the ongoing COVID-19 health crisis. The Company's profitability is dependent, in part, on its ability to spread fixed costs over an increasing number of products sold and shipped, and if the Company is required to reduce its rate of production, gross profit margins could be negatively affected. Consequently, decreased demand can lower the Company's ability to absorb fixed costs, which could have a material adverse effect on its business, results of operations or financial condition.

The inability of the Company's dealers and distributors to secure adequate access to capital could materially adversely affect the Company's business, results of operations or financial condition

The Company's dealers and distributors require adequate liquidity to finance their operations and to purchase the Company's products. Dealers and distributors are subject to numerous risks and uncertainties that could unfavourably affect their liquidity positions, including, among other things, continued access to adequate financing sources on a timely basis and on reasonable terms. The Company currently has agreements in place with large financing companies to provide inventory financing to its dealers and distributors to facilitate their purchase of the Company's products. These sources of financing are instrumental to the Company's ability to sell products through the Company's distribution network, as a significant percentage of the Company's sales are done under such arrangements. See "Business of the Company — Distribution, Sales and Marketing — Dealers' and Distributors' Inventory Financing Arrangements". The Company's business, results of operations or financial condition could be materially adversely affected if a decline in financing availability to the Company's dealers and distributors occurs, or if financing terms change unfavourably, which may be the case as a result of the ongoing COVID-19 health crisis. This could require the Company to find alternative sources of financing, including the Company potentially providing financing directly to dealers and distributors, which could require additional capital to fund the associated receivables. In the event of a dealer or distributor default, the Company may be required to purchase new and unused products at the total unpaid principal balance to the finance company from financing companies providing inventory financing to the Company's dealers and distributors, subject to certain caps as described under "Business of the Company – Distribution, Sales and Marketing". Any requirement of the Company to purchase the inventory of several of its dealers or distributors could result in a material adverse effect on the Company's business, results of operations or financial condition.

Supply problems, termination or interruption of supply arrangements or increases in the cost of materials could have a material adverse effect on the Company's business, results of operations or financial condition

The primary raw materials used in manufacturing the Company's products are aluminum, steel, plastic, resins, stainless steel, copper, rubber and certain rare earth metals. Certain suppliers provide the Company with certain product parts and components. In some instances, the Company also purchases systems, components, raw materials and parts that are derived from a single source and which may represent an increased risk of supply disruptions. The Company cannot be certain that it will not experience supply problems, such as the untimely delivery of, or defects or variations in, raw materials, parts or components. At present, there is a risk that production stoppages and slowdowns resulting from government regulation and prevention measures undertaken in response to the Covid-19 outbreak could lead to supply disruptions and delivery delays for the Company. Any prolonged disruption in the supply could have a material adverse effect on the Company's operations or profitability and the insolvency, bankruptcy, financial restructuring or force majeure event of any critical suppliers could result in the Company incurring unrecoverable costs related to the financial work-out or resourcing costs of such suppliers and/or increased exposure for product liability, warranty or recall costs relating to the components supplied by such suppliers to the extent such supplier is not able to assume responsibility for such amounts.

As well, the Company obtains certain of the raw materials, parts and components it uses from either sole suppliers or a limited number of suppliers. If these supply arrangements were terminated or interrupted for reasons such as supplied goods not meeting the Company's quality or safety standards or the suppliers' operations being disrupted as a result of a variety of internal or external risks, including a deterioration in general economic conditions, which may be the case as a result of the ongoing COVID-19 health crisis, the Company could have difficulty establishing substitute supply arrangements on satisfactory terms. Problems with the Company's supplies could have a material adverse effect on the Company's business, results of operations or financial condition.

Moreover, the Company's profitability is affected by significant fluctuations in the prices of the raw materials, parts and components it uses. The Company may not be able to pass along price increases in raw materials, parts or components to its customers. As a result, an increase in the cost of raw materials, parts and components used in the manufacturing of the Company's products could reduce its profitability and have a material adverse effect on its business, results of operations or financial condition.

The Company faces intense competition in all product lines and any failure to compete effectively against competitors or any failure to meet consumers' evolving expectations could materially adversely impact the Company's business, results of operations or financial condition

The powersports industry is highly competitive. Competition in such industry is based upon a number of factors, including price, quality, reliability, styling, product features, warranties and overall consumer experience. At the dealer and distributor level, factors impacting competition include sales and marketing support programs such as retail sales promotions, dealer and distributor performance bonuses, and dealer and distributor inventory financing. Some of the Company's competitors are more diversified and have financial and marketing resources that are substantially greater than the Company's, which allow these competitors to invest more heavily in intellectual property, product development, sales and marketing support and innovative consumer offers. The Company is also subject to competitive pricing. Such pricing pressure may limit the Company's ability to maintain prices or to increase prices for its products in response to raw material, component and other cost increases, and therefore negatively affect the Company's profit margins. In addition, the industries in which the Company does business may experience significant change in the coming years. Participants could disrupt the historic business model of such industries through the introduction of new technologies, products or services. The Company expects to face increased pressure in the future to develop new products and services, including products and services that could be viewed as falling outside its historical core business such as electric vehicles and digital services. The process of designing and developing new technologies, products and services is complex, costly and uncertain, requires extensive capital investment and is dependent upon the ability to recruit and retain talent. There can be no assurance that future innovation is achievable or will occur in a timely manner, or that competitors of the Company will not be able to develop new technologies, products and services before the Company does or that it will acquire technologies on an exclusive basis or at a significant price advantage. If the Company is not able to compete with new products, product features, models or product prices of its competitors, to attract new dealers and distributors, or to adapt to changing consumer habits or disruption in historical business models, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company may be unable to successfully execute its growth strategy

The Company's strategic plan established by management includes an organic growth strategy, which is focused mainly on the development of new products and features, and may involve from time to time growth through strategic acquisitions, investments, alliances, joint ventures and similar transactions.

While the Company makes significant investments in research and development and emerging product lines, there can be no assurance that it will be able to continue to successfully enhance its existing products, develop new innovative products and distinguish its products from its competitors' products through innovation and design. Product improvements and new product introductions also require significant planning, design, development and testing at the technological, product and manufacturing process levels and the Company may not be able to develop product improvements or new products in a timely manner, notably in light of temporary slowdowns or suspensions of production lines as a result of the ongoing COVID-19 health crisis. The new products of the Company's competitors may access the market more rapidly, be more effective with more features and/or less expensive than the Company's products, obtain better market acceptance, or render the Company's

products obsolete. The Company may therefore not be able to satisfy the needs and preferences of customers and compete effectively with its competitors. Product development requires significant financial, technological and other resources. The Company expended approximately $238.4 million in research and development in Fiscal 2020. There can be no assurance that the Company will be able to sustain this level of investment or that this level of investment in research and development will be sufficient to successfully maintain the Company's competitive advantages in product innovation and design in the future. Further, the sales of any new products are expected to decline over such new products' life cycle, with sales being higher early in the life cycle of the new products and sales decreasing over time as the new products age. The Company cannot predict the length of the life cycle for any new product. Any failure by the Company to continue to enhance existing products and develop and market new products that respond to customer needs and preferences and achieve market acceptance could have a material adverse effect on the Company's business, results of operations or financial condition. In addition, even if the Company is able to successfully develop improvements to existing products and develop new products, there is no guarantee that the markets for the Company's existing products and new products will evolve as anticipated. If any of the markets in which the Company's existing products compete do not develop as expected, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company has completed acquisitions in the past years and it may also consider pursuing acquisitions, investments, alliances, joint ventures or similar transactions in the future. Any such transactions would involve a number of risks, including:

- difficulties in integrating the operations of any acquired or new businesses with the Company's existing operations and the failure by management to accomplish such integration successfully;
- the necessity to raise additional capital, through debt or equity, or use cash that would otherwise have been available to support the Company's existing business operations and research and development activities to finance the transaction (see "Risk Factors — The Company uses cash generated from its operating activities to fund its business and execute its growth strategy and may require additional capital that may not be available to the Company");
- the diversion of management's attention;
- difficulties in realizing projected efficiencies, cost savings and synergies;
- the potential loss of key employees or customers of an acquired business or adverse effects on existing business relationships with suppliers and customers;
- a negative impact on overall profitability if any acquired or new businesses do not achieve the financial results projected in the Company's valuation models;
- dilution to existing shareholders if securities of the Company are issued as part of transaction consideration or to fund the transaction consideration; and
- the inability to direct the management and policies of any acquired business, joint venture, strategic alliance, or partnership, particularly in circumstances where other participants may be able to take action contrary to the Company's instructions or requests and against its policies and objectives.

The Company's ability to grow through strategic acquisitions, investments, alliances, joint ventures or other similar transactions will depend, among other things, on the availability of such strategic opportunities, their cost, their terms and conditions, the Company's ability to compete effectively for such strategic opportunities and the availability to the Company of required capital and

personnel. The Company may also be precluded from pursuing such transactions as a result of financial or other covenants in agreements to which it is a party. The Company's inability to take advantage of future strategic opportunities, or its failure to successfully address the risks associated with any strategic opportunities that is completed, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's international sales and operations subject it to additional risks, which risks may differ in each country in which the Company operates

The Company manufactures its products in Australia, Austria, Canada, Finland, Mexico and the United States. The Company maintains sales and administration facilities in approximately 20 countries. The Company's primary distribution facilities distribute the Company's products to its North American dealers and the Company relies on various other locations around the world, including in Australia, Belgium, Finland and Russia, that distribute its products to its international dealers and distributors. The Company's total sales outside Canada and the United States represented 29.4% of the Company's total sales for Fiscal 2020 and the Company intends to continue to expand its international operations by investing in developing its dealer network and promoting the Company's brands and products in international markets. International markets have been and are expected to continue generating sales growth. Several factors, including weakened international economic conditions, the introduction of new trade restrictions, increased protectionism or changed in free-trade arrangements, tariffs, negative geo-political events or an outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the COVID-19, could adversely affect such growth. The COVID-19 is spreading globally, and the World Health Organization has declared it a pandemic, causing various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions. As a result, the Company has taken temporary measures to suspend or reduce operations at its manufacturing plants and distribution facilities. While these measures are expected to be temporary, the duration of the business disruptions internationally and related financial impact will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken in each jurisdiction to contain or treat the COVID-19 outbreak.

Additionally, the expansion of the Company's existing international operations and entry into additional international markets require significant management attention and financial resources. The risks inherent in having sales or operations in foreign countries include:

- increased costs of adapting products for foreign countries' laws, rules and regulations;
- difficulties in managing and staffing international operations and increased infrastructure and operational costs;
- risk of travel advisories or travel restrictions related to the outbreak of contagious illnesses, such as the COVID-19 that is currently impacting several geographic locations, which could impact the Company's ability to operate in certain markets and/or manage our operations in those markets;
- the imposition of additional Canadian or foreign governmental controls or regulations; new or enhanced trade restrictions and restrictions on the activities of foreign agents, representatives, and distributors; the imposition of increased costs or delays, or the introduction of new import and export licensing and other compliance requirements, customs duties or tariffs, or other non-tariff barriers to trade;
- breaches or violation of any anti-corruption laws, rules or regulations by any of the Company's employees, consultants, dealers or distributors;

- the imposition of Canadian and/or international sanctions against a country, company, person, or entity with whom the Company does business which restricts or prohibits the Company's continued business with the sanctioned country, company, person, or entity;
- international pricing pressures;
- laws and business practices favouring local companies;
- governmental expropriation;
- the imposition of any travel or trade restrictions, or other similar restrictions impacting commercial activities among countries;
- adverse currency exchange rate fluctuations;
- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems; and
- difficulties and inconsistencies relating to the enforcement of laws, rules, and regulations, including rules relating to environmental, health, safety and intellectual property matters.

Some of the Company's manufacturing facilities are located in Mexico, and could be impacted by changes in economic, regulatory, social or political conditions affecting such country. In the past, Mexico has been subject to political instability, changes and uncertainties and there can be no assurance that similar events will not occur again in the future. In addition, the impact of any changes in economic, regulatory, social and political conditions affecting Mexico would be beyond the Company's control, and there can be no assurance that any mitigating actions by the Company would be effective. As a result, the Company's business, results of operations or financial condition could be materially adversely affected by any significant change in economic, regulatory, social and political conditions affecting Mexico. Moreover, goods produced in Mexico and Canada and sold to the United States benefit from the *Canada-United States-Mexico Agreement* (CUSMA). CUSMA has been signed and ratified by all three countries. While CUSMA has not yet been implemented, its implementation may cause business changes to the Company and its suppliers. For example, more stringent rules for the "Regional Value Content" calculations are expected to be applied to qualify certain products and parts. The implementation of CUSMA, including the impact of its underlying rules and principles is difficult to predict as of today and could, particularly if coupled with other changes such as changes in the global economic condition, have a material adverse effect on the Company's business, results of operations or financial condition.

The failure of the Company's information technology systems or a security breach could materially adversely affect the Company's business, results of operations or financial condition

The Company's global business operations are managed through a variety of information technology systems. These systems govern all aspects of the Company's operations around the world. The Company is dependent on these systems for all commercial transactions, financial reporting, dealership and distributorship interactions, and supply chain and inventory management. Certain of the Company's key IT systems are dated and require, or are in the process of, modernization. If one of the Company's key IT systems were to suffer a failure, no assurance can be given that the Company's backup systems or contingency plans will sustain critical aspects of the Company's operations, and the Company's business, results of operations or financial condition could be materially adversely affected. Further, the Company relies on large outsourcing contracts for IT services with a major third-party service providers, and if such service providers were to fail or the relationships with the Company were to end, and the Company were unable to find suitable replacements in a timely manner, the Company's

business, results of operations or financial condition could be materially adversely affected. The Company is continually modifying and enhancing its IT systems and technologies to increase productivity and efficiency. As new systems and technologies are implemented, the Company could experience unanticipated difficulties resulting in unexpected costs and adverse impacts to its financial reporting and manufacturing and other business processes. When implemented, the systems and technologies may not provide the benefits anticipated and could add costs and complications to ongoing operations, which may have a material adverse effect on the Company's business, results of operations or financial condition.

The Company and its dealers and distributors receive and store personal information in connection with their human resources operations, credit operations, warranty management, marketing efforts and other aspects of their businesses. Additionally, the Company maintains financial information in its IT system and exchanges electronically information with a large number of trading partners across all aspects of its commercial operations. The Company makes significant investments in research and development each year and data from such activities is maintained in the Company's IT systems. Any security breach of the Company's IT systems could result in disruptions to its operations, erroneous transactions or reporting, loss of data from research and development activities or the devaluation of intellectual property. The Company has security measures and controls in place to protect personal and business information, and on an ongoing basis, continues to make investments to reinforce secure access to our information technology network. In addition, despite the Company's preventive efforts to address cybersecurity threats, these threats are increasingly complex and can change frequently such that the Company may be unable to proactively address those threats or to implement adequate preventive measures. To the extent that a cybersecurity breach results in a loss or damage to the Company's data, or in inappropriate disclosure of confidential or personal information, it could cause significant damage to the Company's reputation, affect its relationships with its customers, lead to claims against the Company and ultimately materially adversely affect its business, results of operations or financial condition.

If the Company fails to maintain an effective system of internal control over financial reporting, the Company may not be able to produce accurate and timely financial statements

Ensuring that the Company has adequate internal financial and accounting controls and procedures in place so that it can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be evaluated frequently. In connection with the audit of the Company's consolidated financial statements for the fiscal year ended January 31, 2020, management has identified a material weakness in the Company's internal control over financial reporting. It had also found a different material weakness in the Company's internal control over financial reporting in connection with the Company's consolidated financial statements for the fiscal year ended January 31, 2019, which has been remediated. If the Company fails to correct any material weakness in its internal controls, or having corrected such material weakness, thereafter fails to maintain the adequacy of its internal controls, the Company may be unable to report its financial results accurately, which could increase operating costs and harm its business, including investors' perception of its business and the price of its Subordinate Voting Shares. The actions that the Company has taken in the past and plans to take to remediate a material weakness are subject to continued management review supported by confirmation and testing, as well as Audit Committee oversight. While management expects changes will be made including in its IT systems and infrastructures enabling it to fully remediate such material weakness, it cannot assure that it will be able to do so in a timely manner. Any continued or future failure to maintain adequate internal controls over financial reporting could materially adversely affect the Company's business, results of operations or financial condition.

If the Company loses the services of members of its management team or employees who possess specialized market knowledge and technical skills, the Company's ability to compete, to manage its operations effectively, or to develop new products could be materially adversely affected

Many members of the Company's management team have extensive experience in the Company's industry and with its business, products and customers. The loss of the technical, management and operational knowledge and expertise of one or more members of the management team could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any senior executive who leaves the Company and would need to spend time usually reserved for managing the Company's business to search for, hire and train new members of management. The loss of some or all of the members of Company's management team, particularly if combined with difficulties in finding qualified substitutes, could negatively affect the Company's ability to develop and pursue its business strategy, which could materially adversely affect the Company's business, results of operations or financial condition.

In addition, the Company's success depends to a large extent upon its ability to retain skilled employees. There is intense competition for qualified and skilled employees, and the Company's failure to recruit, train and retain such employees could have a material adverse effect on its business, results of operations or financial condition. To implement and manage the Company's business and operating strategies effectively, the Company must maintain a high level of efficiency, performance and content quality, continue to enhance its operational and management systems and continue to effectively attract, train, motivate and manage its employees. If the Company is not successful in doing so, it may have a material adverse effect on its business, results of operations or financial condition.

The risks to the Company of a pandemic, epidemic or other public health crisis, such as the ongoing COVID-19 pandemic, include risks to employee health and safety, prolonged restrictive measures put in place in order to control the outbreak and limitations on travel, which may result in temporary shortages of staff or unavailability of certain employees or consultants with key expertise or knowledge of the Company, impact on workforce productivity and increased medical costs/insurance premiums.

The Company's success depends upon the continued strength of its reputation and brands

The Company's well-established brands include *Can-Am* off-road vehicles (ATVs and SSVs) and *Can-Am* on-road vehicles (*Spyder* and *Ryker* vehicles), *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs, *Alumacraft, Manitou*, *Quintrex*, *Stacer* and *Savage* boats, *Rotax* engines, and *Evinrude* outboard engines. The Company believes that its reputation and brands are significant contributors to the success of its business. Any negative publicity about the Company's products could diminish customer trust, do significant damage to the Company's reputation and brands and negatively impact sales. As the Company expands into new geographical markets, maintaining and enhancing its brands may become increasingly difficult and expensive, as consumers in these markets may not accept its brand image. Failure to maintain and enhance the Company's brands in any of its markets may materially adversely affect the Company's business, results of operations or financial condition.

The Company's brands and branded products could also be adversely affected by incidents that reflect negatively on the Company. Moreover, the negative impact of these events may be aggravated as the perceptions of consumers and others are formed based on modern communication and social media tools over which the Company has no control. The increasing use of social media has heightened the need for reputational risk management. Any actions the Company takes that cause negative public opinion have the potential to negatively impact the Company's reputation, which may materially adversely affect its business, results of operations or financial condition.

An adverse determination in any significant product liability claim against the Company could materially adversely affect its business, results of operations or financial condition

The development, manufacturing, sale and usage of the Company's products expose the Company to significant risks associated with product liability claims. If the Company's products are defective, malfunction or are used incorrectly by its consumers, it may result in bodily injury, property damage or other injury, including death, which could give rise to product liability claims against the Company. Changes to the Company's manufacturing processes and the production of new products could result in product quality issues, thereby increasing the risk of litigation and potential liability. Any losses that the Company may suffer from any liability claims and the effect that any product liability litigation may have upon the brand image, reputation and marketability of the Company's products could have a material adverse impact on its business, results of operations or financial condition.

The Company does not believe the outcome of any pending product liability claim could have a material adverse effect on its business, results of operations or financial condition, and the Company has insurance with respect to future claims in amounts it believes to be appropriate. However, no assurance can be given that the Company's historical claims record will not change, that material product liability claims will not be made in the future against the Company, or that claims will not arise in the future in excess or outside the coverage of the Company's indemnities and insurance. The Company records provisions for known potential liabilities, but there is the possibility that actual losses may exceed these provisions and therefore negatively impact earnings. Also, the Company may not be able in the future to obtain adequate product liability insurance or the cost of doing so may be prohibitive. Adverse determinations of material product liability claims made against the Company could also harm the Company's reputation and cause it to lose customers and could have a material adverse effect on its business, results of operations or financial condition.

Significant product repair and/or replacement due to product warranty claims or product recalls could have a material adverse impact on the Company's business, results of operations or financial condition

The Company provides a limited warranty against defects for all of its products for a period generally varying from six months to five years. The Company may provide extended warranty coverage related to certain promotional programs, as well as extended warranty coverage in certain geographical markets as determined by local laws, rules or regulations and market conditions. The Company also provides a limited emissions warranty for certain emissions related parts in its products as required by the United States Environmental Protection Agency and the California Air Resources Board. Although the Company employs quality control procedures, it happens that a product manufactured by the Company needs repair or replacement or be recalled. The Company's standard warranties require that dealers repair or replace defective products during such warranty periods at no cost to the consumer. The Company records provisions based on an estimate of product warranty claims, but there is the possibility that actual claims may exceed these provisions and therefore negatively impact earnings. The Company could make major product recalls or could be held liable in the event that some of its products do not meet safety standards or statutory requirements on product safety or consumer protection. In addition, the risks associated with product recalls may be aggravated if production volumes increase significantly, supplied goods do not meet the Company's standards, the Company fails to perform its risk analysis systematically or product-related decisions are not fully documented. Historically, product recalls have been administered through the Company's dealers and distributors. The repair and replacement costs that the Company could incur in connection with a recall could have a material adverse effect on the Company's business, results of operations or financial condition. Product recalls could also harm the Company's reputation and cause it to lose customers, particularly if recalls cause consumers to question the safety or reliability of the Company's products, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company relies on a network of independent dealers and distributors to manage the retail distribution of its products

The Company depends on the capability of its independent dealers and distributors to develop and implement effective retail sales plans to create demand among retail purchasers for its products. If the Company's independent dealers and distributors are not successful in these endeavours, then the Company will be unable to maintain or grow its sales. The measures taken by governmental authorities in connection with the COVID-19, including with respect to labour stoppages, business interruptions or temporary shutdowns may impact the ability of our independent dealers and distributors to carry out their retail sales plans for a certain period of time.

Further, independent dealers and distributors may experience difficulty in funding their day-to-day cash flow needs and paying their obligations resulting from adverse business conditions, including weakened consumer spending or tightened credit. Inability to fund operations can force dealers and distributors to cease business, and the Company may not be able to obtain alternate distribution in the vacated market, which could negatively impact the Company's sales through reduced market presence or inadequate market coverage. In the event of a dealer or distributor default under any financing arrangement, the Company may also be required to repurchase such dealer's or distributor's inventory from the financing company. See "Risk Factors — The inability of the Company's dealers and distributors to secure adequate access to capital could materially adversely affect the Company's business, results of operations or financial condition". In addition to dealers or distributors ceasing business, in some cases, the Company may seek to terminate relationships with some dealers or distributors leading to a reduction in the number of its dealers or distributors. Being forced to liquidate a former dealer's or distributor's inventory of the Company's products could add downward pressure on such products' prices. Further, the unplanned loss of any of the Company's independent dealers or distributors may create negative impressions of the Company with its retail customers and have a material adverse impact on the Company's ability to collect wholesale receivables that are associated with that dealer or distributor. Also, if the Company's dealer and distributor base were to consolidate, competition for the business of fewer dealers and distributors would intensify. If the Company does not provide product offerings and pricing that meet the needs of its dealers and distributors, or if the Company loses a substantial amount of, or is not able to expand in certain key regions as North America, its dealer and distributor base, its business, results of operations or financial condition could be materially adversely affected.

The Company sells a majority of its products through dealer and distributor agreements. In general, distributors are contractually obligated to offer the Company's products on an exclusive basis. On the other hand, many of the dealers through which the Company sells its products also carry competing product offerings and most dealers who sell the Company's products exclusively are not contractually obligated to continue to do so and may choose to sell competing products at any time, which may lower the Company's sales. The Company also relies on its dealers and distributors to service and repair its products. There can be no assurance that its dealers and distributors will provide high quality repair services to the Company's customers. If dealers or distributors fail to provide quality service during either trial, delivery or after-sales service to the Company's customers, the Company's brand identity and reputation may be damaged, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company depends upon the successful management of the inventory levels, both at the Company's and the dealers' and distributors' levels, and any failure to successfully manage inventory levels could have a material adverse effect on the Company's business, results of operations or financial condition

The Company must maintain sufficient inventory levels to operate its business successfully. However, the Company must also guard against accumulating excess inventory as it seeks to minimize lost sales. The nature of the Company's product lines requires the Company to purchase supplies and

manufacture products well in advance of the time these products are offered for sale. As a result, the Company may experience difficulty in responding to a changing retail environment, such as the one currently caused by the ongoing COVID-19 health crisis, which may lead to excess inventory or to inventory shortages if supply does not meet demand.

Sales for certain product lines are managed through longer term purchase commitments, and the Company plans annual production levels and long-term product development and introduction based on anticipated demand, as determined by the Company in reliance on its own market assessment and regular communication with its dealers, distributors and other customers. If the Company does not accurately anticipate the future demand for a particular product or the time it will take to adjust inventory, its inventory levels will not be appropriate and its results of operations may be negatively impacted, including through lower gross profit margins due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels. On the other hand, the sales of certain other product lines are managed through shorter-term purchase commitments, and the Company has introduced a flexible order management system for some of its products. Any failure by the Company to maintain adequate inventory levels for such products could result in undesirable delivery delays for its customers or result in the loss of certain sales, which could, in turn, have a material adverse effect on the Company's business, results of operations or financial condition.

Additionally, the Company's dealers and distributors could decide to reduce the number of units of the Company's products they hold. Such a decision would likely require the Company to reduce its production levels, thus resulting in lower rates of absorption of fixed costs in the Company's manufacturing facilities and lower gross profit margins. If the Company's dealers and distributors then placed additional orders for the Company's products, this could impair the Company's ability to respond rapidly to these demands and adequately manage its inventory levels, which could materially adversely affect its business, results of operations or financial condition.

The Company may be unable to protect its intellectual property or it may incur substantial costs as a result of litigation or other proceedings relating to protection of its intellectual property

The Company's success depends in part on its ability to protect its patents, trademarks, copyrights and trade secrets from unauthorized use by others. If substantial unauthorized use of the Company's intellectual property rights occurs, the Company may incur significant costs in enforcing such rights by prosecuting actions for infringement of its rights, particularly taking into account that policing unauthorized use of the Company's intellectual property may be particularly difficult outside North America and Europe. Such unauthorized use could also result in the diversion of engineering and management resources to these matters at the expense of other tasks related to the business. Others may also initiate litigation to challenge the validity of the Company's patents, trademarks, copyrights and trade secrets, or allege that the Company infringes their patents, trademarks, copyrights or trade secrets. If the Company's competitors initiate litigation to challenge the validity of the Company's patents, trademarks, copyrights and trade secrets, or allege that the Company infringes theirs, the Company may incur substantial costs to defend its rights. If the outcome of any such litigation is unfavourable to the Company, its business, results of operations or financial condition could be materially adversely affected. The Company also cannot be sure that the patents it has obtained, or other protections such as confidentiality and trade secrets, will be adequate to prevent imitation of its products and technology by others. If the Company is unable to protect its technology through the enforcement of intellectual property rights, its ability to compete based on technological advantages may be harmed. If the Company fails to prevent substantial unauthorized use of its trade secrets, it risks the loss of certain competitive advantages, which could have a material adverse effect on its business, results of operations or financial condition.

Some of the Company's direct competitors and indirect competitors may have significantly more resources to direct toward developing and patenting new technologies. It is possible that the Company's competitors will develop and patent equivalent or superior engine technologies and other products that

compete with the Company's products. They may assert these patents against the Company and the Company may be required to license these patents on unfavourable terms or cease using the technology covered by these patents, either of which could harm the Company's competitive position and may materially adversely affect its business, results of operation or financial condition.

Additionally, the Company is currently a defendant in a patent proceedings relating to its snowmobiles and PWCs, and similar actions could be introduced by others. If the Company is unsuccessful in its defense of any of these actions, there could be material adverse consequences including payment of monetary damages, licensing of patents on unfavourable terms, limitations on its ability to use certain technology and removal of desirable features from the Company's products. Even if the Company is able to defeat such claims, the allegation that it is infringing on others' intellectual property rights could harm its reputation and cause it to incur significant costs in connection with its defense of these actions. Also, from time to time, third parties have challenged, and may in the future try to challenge, the Company's trademark rights and branding practices. The Company may be required to institute or defend litigation to enforce its trademark rights, which, regardless of the outcome, could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, results of operations or financial condition. If the Company loses the use of a product name, its efforts spent building that brand will be lost and it will have to rebuild a brand for that product, which it may or may not be able to do.

The Company may not be able to successfully execute its manufacturing strategy

One of the priorities of the strategic plan established by management consists of sustained efforts in the areas of cost reduction and operational efficiencies. This priority aims in part at leveraging the strength of the Company's established manufacturing centers. In addition, in order to help the Company respond to ongoing changes in the market place and reduce inventory across the supply chain, the Company's cost reduction and operational efficiencies efforts also focus on further implementing model mix production on its assembly lines, which allows the Company to produce a greater range of models on a weekly and daily basis, without expensive set-up costs or production downtime. The Company believes that flexible manufacturing is the key element to enable improvements in the Company's ability to respond to customers in a cost-effective manner. The success of the Company in implementing this priority of its strategic plan is dependent on the involvement of management, production employees and suppliers. Any failure to achieve this cost reduction and operational efficiencies priority (including the anticipated levels of productivity and operational efficiencies) in the Company's manufacturing facilities, could materially adversely impact the Company's business, results of operations or financial condition and its ability to deliver the right product at the right time to the customer.

Increased freight and shipping costs or disruptions in transportation and shipping infrastructure could adversely impact the Company's business, results of operations or financial condition

The Company uses external freight shipping and transportation services to transport and deliver products and raw materials. Adverse fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for our products and raw materials could adversely affect our business and results of operations. For example, delivery delays or increases in transportation costs (including through increased fuel costs, increased carrier rates or driver wages as a result of driver shortages, a decrease in transportation capacity for overseas shipments, or work stoppages or slowdowns) could significantly decrease our ability to make sales and earn profits. Labour shortages or work stoppages in the transportation industry or long-term disruptions to the national and international transportation infrastructure that lead to delays or interruptions of deliveries or which would necessitate our securing alternative shipping suppliers could also increase our costs or otherwise negatively affect our business, results of operations or financial condition. In recent months, the Company has experienced an increase in our freight costs and expects such increased freight costs may continue, which could have

an impact on our results of operations. Disruptions in the movement of freight caused by the global COVID-19 outbreak are also expected to impact our freight costs and ultimately our revenues.

Covenants contained in agreements to which the Company is a party affect and, in some cases, significantly limit or prohibit the manner in which the Company operates its business

Some of the financing and other major agreements to which the Company is a party, including the Term Credit Agreement and the Revolving Credit Facilities (as defined herein), contain certain covenants that affect and, in some cases, significantly limit, among other things, the activities in which the Company may engage, the ability of the Company to incur debt, grant liens over its assets, engage in lines of business different from its own, consummate asset sales, pay dividends or make other distributions, redeem or otherwise retire capital stock or make other restricted payments, make loans, advances and other investments, and merge consolidate or amalgamate with another person. Under the Revolving Credit Facilities, the Company is bound by a fixed charge coverage ratio applicable if excess availability under our Revolving Credit Facilities is less than $100.0 million for seven consecutive business days.

A failure by the Company to comply with such contractual obligations or to pay amounts due under financing and other major agreements could result in an acceleration of the debt incurred under such agreements, a termination of the commitments made thereunder, as well as an exercise of remedies provided therein by the creditors of the Company (including foreclosure over substantially all of the assets of the Company). In such a situation, the Company may not be able to repay the accelerated indebtedness, fulfill its obligations under certain contracts or otherwise cover its fixed costs, which could result in a material adverse effect on the Company's business, results of operations or financial condition.

Tax matters and changes in tax laws could materially adversely affect the Company's business, results of operations or financial condition

The Company, as a multinational company conducting operations through subsidiaries in multiple jurisdictions, is subject to income taxes in Canada, the United States and numerous other foreign jurisdictions. The Company's effective income tax rate in the future could be adversely affected as a result of a number of factors, including changes in the mix of earnings in countries with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the outcome of income tax audits in various jurisdictions around the world. The Company regularly assesses all of these matters to determine the adequacy of its tax liabilities. If any of the Company's assessments turn out to be incorrect, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company's Canadian and foreign entities undertake certain operations with other currently existing or new subsidiaries in different jurisdictions, including Canada, the United States, Mexico, Finland, Austria and Switzerland. The tax laws of these jurisdictions, including Canada, have detailed transfer pricing rules that require that all transactions with non-resident related parties be priced using arm's length pricing principles. Although the Company believes that its transfer pricing policies have been reasonably determined in accordance with arm's length principles, the taxation authorities in the jurisdictions where the Company carries on business could challenge its arm's length related party transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities were to successfully challenge the Company's transfer pricing policies, its income tax expense may be adversely affected and the Company could also be subjected to interest and penalties. Any such increase in the Company's income tax expense and related interest and penalties could have a material adverse effect on its business, results of operations or financial condition.

The Company's Canadian and foreign entities are entitled to claim certain expenses and tax credits, including research and development expenses and Scientific Research and Experimental Development tax credits. Although the Company believes that the claims or deductions have been reasonably determined, there can be no assurance that the Canadian or the relevant foreign taxation authorities will agree. If a taxation authority were to successfully challenge the correctness of such expenses or tax credits claimed, or if a taxation authority were to reduce any tax credit either by reducing the rate of the grant or the eligibility of some research and development expenses in the future, the Company's business, results of operations or financial condition could be materially adversely affected.

An impairment in the carrying value of goodwill and intangibles could negatively impact the Company's consolidated results of operations and net worth

Goodwill and intangible assets, such as the Company's trademarks, are recorded at fair value at the time of acquisition and are not amortized but are reviewed for impairment annually or more frequently if impairment indicators arise. The determination of whether goodwill impairment has occurred is based on a comparison of each of the Company's reporting units' fair market value with its carrying value. Significant and unanticipated changes in circumstances, such as significant and long-term adverse changes in business climate, unanticipated competition, and/or changes in technology or markets, could require a provision for impairment in a future period that could negatively impact the Company's business, results of operations or financial condition, and reduce the Company's consolidated net worth and shareholders' equity.

Deterioration in relationships with the Company's non-unionized and unionized employees could have a material adverse effect on the business, results of operations or financial condition

A majority of the Company's employees are non-unionized, including in all facilities in Canada and the United States. The maintenance of a productive and efficient labour environment and, in the event of unionization of these employees, the successful negotiation of a collective bargaining agreement, cannot be assured. A deterioration in relationships with employees or in the labour environment could result in work interruptions or other disruptions, or cause management to divert time and resources from other aspects of the Company's business, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is party to some national collective arrangements in Austria, Finland and Mexico that expire at various times in the future. As the Company is dependent on national unions to renew these agreements on terms that are satisfactory as they become subject to renegotiation from time to time, the outcome of these labour negotiations could have a material adverse effect on the Company's business, results of operations or financial condition. Such could be the case if current or future labour negotiations or contracts were to further restrict its ability to maximize the efficiency of its operations. In addition, its ability to make short-term adjustments to control compensation and benefit costs is limited by the terms of its national collective arrangements.

The Company cannot predict the outcome of any current or future negotiations relating to labour disputes, union representation or the renewal of its national collective arrangements, nor can the Company assure that it will not experience work stoppages, strikes, property damage or other forms of labour protests pending the outcome of any current or future negotiations. If its unionized workers engage in a strike or any other form of work stoppage, it could experience a significant disruption to its operations, damage to its property and/or interruption to its services, which could have a material adverse effect on the Company's business, results of operations or financial condition.

Pension plan liability may have a material adverse effect on the Company

Economic cycles can have a negative impact on the funding of the Company's remaining defined benefit pension obligations and related expenditures. In particular, a portion of the Company's pension plan assets are invested in equity securities, which can experience significant declines if financial markets weaken. The Company's latest actuarial funding valuation reports show that the defined benefit components of the Company's registered pension plans present a combined deficit and, as a result of such deficit combined with the application of the stabilization provisions of the law, the Company is required to make additional contributions to fund that deficit. There is no guarantee that the expenditures and contributions required to fund these defined benefit pension obligations will not increase in the future and therefore negatively impact the Company's operating results, liquidity and financial position. Risks related to the funding of defined benefit pension plans may materialize if total obligations with respect to such a pension plan exceed the total value of the plan fund's assets. Shortfalls may arise due to lower-than-expected returns on investments, changes in the discount rate used to assess the pension plan's obligations, and actuarial losses. Any of these risks could result in a material adverse effect on the Company's business, results of operations or financial condition.

Natural disasters, unusually adverse weather, epidemic or pandemic outbreaks, boycotts and geo-political events could materially adversely affect the Company's business, results of operations or financial condition

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, epidemic or pandemic outbreaks, such as the ongoing COVID-19 outbreak, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could materially adversely affect the Company's business, results of operations or financial condition. These events could result in physical damage to one or more of the Company's properties, increases in fuel or other energy prices, temporary or permanent closure of one or more of the Company's facilities, temporary lack of an adequate workforce in a market, temporary or long-term disruption in the supply of raw materials, product parts and components, temporary disruption in transport to and from overseas, disruption in the Company's distribution network and disruption to the Company's information systems. It is unknown whether and how the Company may be affected if the COVID-19 health crisis persists for an extended period of time. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results and financial condition.

Failure to carry adequate insurance coverage may have a material adverse effect on the Company

The Company maintains liability insurance, property and business interruption insurance, cargo insurance, workers' compensation coverage in the United States to the required statutory limits, automotive liability insurance, aviation insurance and directors and officers insurance, and its insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions. However, there is no guarantee that the Company's insurance coverage will be sufficient, or that insurance proceeds will be paid to it in a timely manner. In addition, there are types of losses the Company may incur but against which it cannot be insured or which it believes are not economically reasonable to insure, such as losses due to acts of war and certain natural disasters. If the Company incurs these losses and they are material, the Company's business, results of operations or financial condition could be materially adversely affected.

Volatility in the market price of the Subordinate Voting Shares

The market price of the Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. Such factors include the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of the Company's future results of operations by the Company;
- changes in forecasts, estimates or recommendations of securities research analysts regarding the Company's future results of operations or financial performance;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- changes in overall economic conditions, primarily in North America and Europe, including changes that impact consumer spending and discretionary spending;
- additions or departures of the Company's senior management team or other key employees;
- sales or perceived sales of additional Subordinate Voting Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have in the past experienced, and are currently experiencing, significant price and volume fluctuations that particularly affect market prices of equity securities of companies. Such fluctuations have also, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Company's operating results, financial condition or prospects have not changed. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Subordinate Voting Shares by those institutions, which could materially adversely affect the trading price of the Subordinate Voting Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's business, results of operations or financial condition could be materially adversely impacted and the trading price of the Subordinate Voting Shares could be materially adversely affected. Recently the spread of the COVID-19 caused a slowdown in the global economy, has caused volatility in global financial markets and may adversely affect the market price of the Subordinate Voting Shares.

BRP Inc. is a holding company and its financial performance and results are dependent on the earnings of its subsidiaries and the distribution of those earnings to BRP Inc.

BRP Inc. is a holding company and a substantial portion of its assets consists in the shares of its direct and indirect subsidiaries. As a result, BRP Inc. is subject to the risks attributable to its subsidiaries. As a holding company, BRP Inc. conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, BRP Inc.'s cash flows and

ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to BRP Inc. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations that require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to BRP Inc. As at January 31, 2020, the Shares were effectively junior to approximately $4,498.6 million of indebtedness of BRP Inc.'s subsidiaries.

Beaudier Group and Bain Capital have significant influence with respect to matters put before the shareholders, which may have a negative impact on the trading price of the Subordinate Voting Shares

As at April 8, 2020, Beaudier Group and Bain Capital owned 23,282,228 and 17,796,615 Multiple Voting Shares, respectively, which represented approximately 44.10% and 33.71%, respectively, of the combined voting power of the Company's outstanding Shares. Accordingly, Beaudier Group and Bain Capital have significant influence with respect to all matters submitted to the Company's shareholders for approval, including without limitation the election and removal of directors, amendments to the articles of incorporation and by-laws of the Company and the approval of certain business combinations. Holders of Subordinate Voting Shares have a limited role in the Company's affairs. This concentration of voting power may impact the market price of the Subordinate Voting Shares, delay or prevent any acquisition or delay or discourage take-over attempts that shareholders may consider to be favourable, or make it more difficult or impossible for a third party to acquire control of the Company or effect a change in the Company's Board of Directors and management. Any delay or prevention of a change of control transaction could deter potential acquirors or prevent the completion of a transaction in which the Company's shareholders could receive a substantial premium over the then current market price for their Subordinate Voting Shares.

In addition, Beaudier Group's and Bain Capital's interests may not in all cases be aligned with interests of the other shareholders of the Company. Beaudier Group and Bain Capital may have an interest in pursuing acquisitions, divestitures and other transactions that, in the judgment of their management, could enhance their equity investment, even though such transactions might involve risks to the shareholders of the Company and may ultimately affect the market price of the Subordinate Voting Shares.

Future sales of Subordinate Voting Shares by Beaudier Group, Bain Capital or the Company's directors and officers

As at April 8, 2020, Beaudier Group owned 23,282,228 Multiple Voting Shares, which in the aggregate represented approximately 50.73% of the issued and outstanding Multiple Voting Shares of the Company, and Bain Capital owned 17,796,615 Multiple Voting Shares, which in the aggregate represented approximately 38.78% of the issued and outstanding Multiple Voting Shares of the Company. Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share. See "Description of the Capital Structure".

Subject to compliance with applicable securities laws, Beaudier Group, Bain Capital or the Company's directors and officers may sell some or all of their Subordinate Voting Shares in the future. No prediction can be made as to the effect, if any, such future sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting Shares prevailing from time to time. However, the future sale of a substantial number of Subordinate Voting Shares by Beaudier Group, Bain Capital or the Company's directors and officers or the perception that such sales could occur, could materially adversely affect prevailing market prices for the Subordinate Voting Shares.

Pursuant to the Registration Rights Agreement, each of Beaudier Group and Bain Capital is granted certain registration rights. See "Material Contracts — Securityholders Agreements —Registration Rights Agreement".

DIVIDENDS

On May 31, 2017, the Company's Board of Directors declared a quarterly dividend of $0.08 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on July 13, 2017 to shareholders of record at the close of business on June 30, 2017.

On August 31, 2017, the Company's Board of Directors declared a quarterly dividend of $0.08 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on October 13, 2017 to shareholders of record at the close of business on September 29, 2017.

On November 30, 2017, the Company's Board of Directors declared a quarterly dividend of $0.08 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on January 12, 2018 to shareholders of record at the close of business on December 29, 2017.

On March 20, 2018, the Company's Board of Directors declared a quarterly dividend of $0.09 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on April 13, 2018 to shareholders of record at the close of business on March 30, 2018.

On May 30, 2018, the Company's Board of Directors declared a quarterly dividend of $0.09 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on July 13, 2018 to shareholders of record at the close of business on June 29, 2018.

On August 29, 2018, the Company's Board of Directors declared a quarterly dividend of $0.09 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on October 12, 2018 to shareholders of record at the close of business on September 28, 2018.

On November 29, 2018, the Company's Board of Directors declared a quarterly dividend of $0.09 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on January 11, 2019 to shareholders of record at the close of business on December 28, 2018.

On March 21, 2019, the Company's Board of Directors declared a quarterly dividend of $0.10 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on April 12, 2019 to shareholders of record at the close of business on March 29, 2019.

On May 29, 2019, the Company's Board of Directors declared a quarterly dividend of $0.10 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on July 12, 2019 to shareholders of record at the close of business on June 28, 2019.

On August 28, 2019, the Company's Board of Directors declared a quarterly dividend of $0.10 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on October 11, 2019 to shareholders of record at the close of business on September 27, 2019.

On November 26, 2019, the Company's Board of Directors declared a quarterly dividend of $0.10 per share for holders of its Multiple Voting Shares and Subordinate Voting Shares. The dividend was paid on January 10, 2020 to shareholders of record at the close of business on December 27, 2019.

On March 19, 2020, as part of the Company's measures to preserve its financial flexibility in light of the ongoing COVID-19 health crisis, the Company's Board of Directors announced that it had decided not to declare a quarterly cash dividend, and that such decision would apply until further notice. Any future determination to declare and pay quarterly dividends will be subject to the discretion of the Board of Directors and will be dependent upon the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and upon other relevant factors. At this time, no assurance can be given as to the declaration of any future dividend by the Company and, if a dividend is declared, the timing, frequency or amount of any such future dividend. See "General Development of the Business - Recent Developments and COVID-19 Update" and "Risk Factors".

DESCRIPTION OF THE CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Multiple Voting Shares and Subordinate Voting Shares and an unlimited number of preferred shares (the "Preferred Shares"), issuable in series. As at April 8, 2020, 41,407,024 Subordinate Voting Shares, 45,891,671 Multiple Voting Shares and no Preferred Shares were issued and outstanding.

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws.

Shares

Except as described herein, the Subordinate Voting Shares and the Multiple Voting Shares have the same rights, are equal in all respects and are treated by the Company as if they were shares of one class only.

Rank

The Subordinate Voting Shares and Multiple Voting Shares rank *pari passu* with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Company. In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, whether voluntarily or involuntarily, the holders of Multiple Voting Shares and the holders of Subordinate Voting Shares are entitled to participate equally, share for share, subject always to the rights of the holders of any Preferred Shares, in the remaining property and assets of the Company available for distribution to the holders of Shares, without preference or distinction among or between the Subordinate Voting Shares and the Multiple Voting Shares.

Dividends

The holders of outstanding Shares are entitled to receive, subject always to the rights of the holders of any Preferred Shares, dividends on a share for share basis out of assets legally available therefore at such times and in such amounts and form as the Board of Directors may from time to time determine, without preference or distinction among or between the Subordinate Voting Shares and the Multiple Voting Shares. In the event of a payment of a dividend in the form of Shares, holders of Subordinate Voting Shares shall receive Subordinate Voting Shares and holders of Multiple Voting Shares shall receive Multiple Voting Shares.

Voting Rights

Under the Company's articles, the Subordinate Voting Shares carry one vote per share and Multiple Voting Shares carry six votes per share. Based on the number of shares issued and outstanding as at April 8, 2020, the Subordinate Voting Shares represented 41,407,024 of the Company's total issued and outstanding Shares and 13.1% of the voting power attached to all of the Shares.

Conversion

The Subordinate Voting Shares are not convertible into any other class of shares. Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share. Upon the first date that any Multiple Voting Share shall be held other than by a Permitted Holder (as defined below), such holder, without any further action, shall automatically be deemed to have exercised his, her or its rights to convert all of the Multiple Voting Shares held by such holder into fully paid and non-assessable Subordinate Voting Shares, on a share for share basis.

In addition, all Multiple Voting Shares, regardless of the holder thereof, will convert automatically into Subordinate Voting Shares at such time as Permitted Holders that hold Multiple Voting Shares no longer hold and own, collectively, directly or indirectly, more than 15% of the beneficial ownership interests in the aggregate number of outstanding Multiple Voting Shares and Subordinate Voting Shares (it being understood that the number of Multiple Voting Shares shall be added to the number of Subordinate Voting Shares for the purposes of such calculation).

For the purposes of the foregoing:

"Affiliate" means, with respect to any specified Person (as defined below), any other Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person;

"Members of the Immediate Family" means with respect to any individual, each spouse (whether by marriage or civil union) or common law partner (as defined in the Income Tax Act (Canada) (the "Tax Act")) or child or other descendants (whether by birth or adoption) of such individual, each spouse (whether by marriage or civil union) or common law partner (as defined in the Tax Act) of any of the aforementioned Persons, each trust created solely for the benefit of such individual and/or one or more of the aforementioned Persons, and each legal representative of such individual or of any aforementioned Persons (including without limitation a tutor, curator, mandatary due to incapacity, custodian, guardian or testamentary executor), acting in such capacity under the authority of the law, an order from a competent tribunal, a will or a mandate in case of incapacity or similar instrument. For the purposes of this definition, a Person shall be considered the spouse of an individual if such Person is legally married to such individual, lives in a civil union with such individual or is the common law partner (as defined in the Tax Act as amended from time to time) of such individual. A Person who was the spouse of an individual within the meaning of this paragraph immediately before the death of such individual shall continue to be considered a spouse of such individual after the death of such individual.

"Permitted Holders" means (i) Janine Bombardier, Claire Bombardier Beaudoin, Laurent Beaudoin, Huguette Bombardier Fontaine, Jean-Louis Fontaine and J.R. André Bombardier, and the Members of the Immediate Family of each such individual; (ii) any Person controlled, directly or indirectly, by one or more of the Persons referred to in clause (i) above; (iii) Bain Capital and any of its Affiliates and; (iv) CDPQ and any of its Affiliates;

"Person" means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company; and

A Person is "controlled" by another Person or other Persons if: (i) in the case of a company or other body corporate wherever or however incorporated: (A) securities entitled to vote in the election of directors carrying in the aggregate at least 66⅔% of the votes for the election of directors and representing in the aggregate at least 66⅔% of the participating (equity) securities are held, other than by way of security only, directly or indirectly, by or solely for the benefit of the other Person or Persons; and (B) the votes carried in the aggregate by such securities are entitled, if exercised, to elect a majority of the board of directors of such company or other body corporate; or (ii) in the case of a Person that is not a company or other body corporate, at least 66⅔% of the participating (equity) and voting interests of such Person are held, directly or indirectly, by or solely for the benefit of the other Person or Persons; and "controls", "controlling" and "under common control with" shall be interpreted accordingly.

Subscription Rights

In the event of any distribution or issuance, including by way of a share dividend (a "Distribution") of voting shares of the Company (other than Multiple Voting Shares, Subordinate Voting Shares issued upon the conversion of Multiple Voting Shares or voting shares issued pursuant to the exercise of a right attached to any security of the Company issued prior to the Distribution) (the "Voting Shares") or of securities convertible or exchangeable into Voting Shares or giving the right to acquire Voting Shares (other than options or other securities issued under compensatory plans or other plans to purchase Voting Shares or any other securities in favour of the management, directors, employees or consultants of the Company) (the "Convertible Securities" and, together with the Voting Shares, the "Distributed Securities"), the Company shall issue to the holder(s) of Multiple Voting Shares rights to subscribe for that number of Multiple Voting Shares, or, as the case may be, for securities convertible or exchangeable into or giving the right to acquire, on the same terms and conditions, including subscription or exercise price, as applicable, mutatis mutandis (except for the ultimate underlying securities that shall be Multiple Voting Shares), as those stipulated in the Convertible Securities, that number of Multiple Voting Shares, respectively, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the proportion of total voting rights (on a fully diluted basis) associated with the then outstanding Multiple Voting Shares (the "Rights to Subscribe").

The Rights to Subscribe shall be issued to the holder(s) of Multiple Voting Shares in a proportion equal to their respective holdings of Multiple Voting Shares and shall be issued concurrently with the completion of the Distribution of the applicable Distributed Securities. To the extent that any such Rights to Subscribe are exercised, in whole or in part, the securities underlying such Rights to Subscribe (the "Subscription Securities") shall be issued and must be paid for concurrently with the completion of the Distribution and payment to the Company of the issue price for the Distributed Securities, at the lowest price permitted by the applicable securities and stock exchange regulations and subject (as to such price) to the prior consent of the exchanges but at a price not lower than (i) if the Distributed Securities are Subordinate Voting Shares, the price at which Subordinate Voting Shares are then being issued or distributed, (ii) if the Distributed Securities are Convertible Securities, the price at which the applicable Convertible Securities are then being issued or distributed, and (iii) if the Distributed Securities are Voting Shares other than Subordinate Voting Shares, the higher of (a) the weighted average price of the transactions on the Subordinate Voting Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be) for the 20 trading days preceding the Distribution of such Voting Shares or of (b) the weighted average price of transactions on the Subordinate Voting Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be), the trading day before the Distribution of such Voting Shares.

The privileges attached to Subscription Securities that are securities convertible or exchangeable into or giving the right to acquire Multiple Voting Shares shall only be exercisable if and whenever the same privileges attached to the Convertible Securities are exercised and shall not result in the issuance of a number of Multiple Voting Shares that increases the proportion (as in effect immediately prior to giving effect to the completion of the Distribution) of total voting rights associated

with the Multiple Voting Shares after giving effect to the exercise by the holder(s) of the privileges attached to such Convertible Securities.

The right to receive Rights to Subscribe as described above, and the legal or beneficial ownership of the Rights to Subscribe, may be assigned in whole or in part among Permitted Holders, provided that written notice of any such assignment shall be sent promptly to the other holders of Multiple Voting Shares and the Company.

Subordinate Voting Shares have no pre-emptive or subscription rights to purchase any securities of the Company. An issuance of participating (equity) securities will not be rendered invalid due to a failure by the Company to comply with the foregoing.

Subdivision or Consolidation

No subdivision or consolidation of the Subordinate Voting Shares or the Multiple Voting Shares may be carried out unless, at the same time, the Multiple Voting Shares or the Subordinate Voting Shares, as the case may be, are subdivided or consolidated in the same manner and on the same basis.

Certain Amendments

In addition to any other voting right or power to which the holders of Subordinate Voting Shares shall be entitled by law or regulation or other provisions of the Articles of the Company from time to time in effect, but subject to the provisions of Articles of the Company, holders of Subordinate Voting Shares shall be entitled to vote separately as a class, in addition to any other vote of shareholders that may be required, in respect of any alteration, repeal or amendment of the Articles of the Company that would adversely affect the powers, preferences or rights of the holders of Subordinate Voting Shares, including an amendment to the terms of the Articles of the Company that provide that any Multiple Voting Shares sold or transferred to a Person that is not a Permitted Holder shall be automatically converted into Subordinate Voting Shares.

Certain Class Votes

Without limiting other rights at law of any holders of Multiple Voting Shares or Subordinate Voting Shares to vote separately as a class or the terms of the following paragraph, neither the holders of the Multiple Voting Shares nor the holders of the Subordinate Voting Shares shall be entitled to vote separately as a class upon a proposal to amend the Articles of the Company in the case of an amendment of the kind referred to in paragraph (a) of subsection 176(1) of the *Canada Business Corporations Act* and, as regards the creation of additional classes of preferred shares that are non-voting, paragraph (e) of subsection 176(1) of the *Canada Business Corporations Act*.

The holders of the Subordinate Voting Shares shall be entitled to vote separately as a class (but will not have any dissent rights) in respect of any amalgamation, arrangement, business combination or sale, lease, exchange or transfer of all or substantially all the property of the Company (as such expressions are interpreted for the purposes of the *Canada Business Corporations Act*) in connection with which or following which any holder of Multiple Voting Shares would, directly or indirectly, receive or be entitled to receive consideration, money, property or securities of greater value per share or different in kind than the consideration or distribution available to holders of Subordinate Voting Shares, unless the holders of Subordinate Voting Shares are otherwise already entitled to vote separately as a class in respect of such transaction under any applicable law (including, without limitation, securities laws in any jurisdiction, together with the rules, regulations, orders and notices made thereunder and the local, uniform and national published instruments and policies adopted by the securities regulatory authority in such jurisdiction, as applied and interpreted by such securities

regulatory authority) or the rules, notices, policies and procedures or any decision of any applicable stock exchange.

Issuance of Additional Multiple Voting Shares

Subject to the provisions of the Articles of the Company, the Company may not issue Multiple Voting Shares without the approval of at least 66⅔% of the votes cast at a meeting of the holders of Subordinate Voting Shares duly held for that purpose. However, approval is not required in connection with a subdivision or conversion on a pro rata basis as between the Subordinate Voting Shares and the Multiple Voting Shares or the issuance of Multiple Voting Shares upon the exercise of the Rights to Subscribe.

Take-Over Bid Protection

Under applicable Canadian law, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules of the TSX designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, the Beaudier Group, Bain Capital and CDPQ, as the owners of all the outstanding Multiple Voting Shares, entered into a coattail agreement dated May 29, 2013 with the Company and Computershare Trust Company of Canada (the "Coattail Agreement"). The Coattail Agreement contains provisions customary for dual class, TSX-listed companies designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coattail Agreement do not apply to prevent a sale of Multiple Voting Shares by any of Beaudier Group, Bain Capital or CDPQ if concurrently an offer is made to purchase Subordinate Voting Shares that:

- offers a price per Subordinate Voting Share at least as high as the highest price per share paid pursuant to the take-over bid for the Multiple Voting Shares;
- provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Multiple Voting Shares to be sold (exclusive of Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; and
- is in all other material respects identical to the offer for Multiple Voting Shares.

In addition, the Coattail Agreement does not prevent the transfer of Multiple Voting Shares by Beaudier Group, Bain Capital or CDPQ to a Permitted Holder, provided such transfer is not or would not have been subject to the requirements to make a take-over bid (if the vendor or transferee were in Canada) or constitutes or would constitute an exempt take-over bid (as defined in applicable securities legislation). The conversion of Multiple Voting Shares into Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, would not constitute a disposition of Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Multiple Voting Shares (including a transfer to a pledgee as security) by a holder of Multiple Voting Shares party to the agreement is conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Multiple Voting Shares are not automatically converted into Subordinate Voting Shares in accordance with the Articles of the Company.

The Coattail Agreement contains provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the trustee to take such action is conditional on the Company or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares and reasonable funds and indemnity have been provided to the trustee. The Company agreed to pay the reasonable costs of any action that may be taken in good faith by holders of Subordinate Voting Shares pursuant to the Coattail Agreement.

The Coattail Agreement provides that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of the TSX and any other applicable securities regulatory authority in Canada and (b) the approval of at least 66⅔% of the votes cast by holders of Subordinate Voting Shares excluding votes attached to Subordinate Voting Shares held by Beaudier Group, Bain Capital, CDPQ, their affiliates and any persons who have an agreement to purchase Multiple Voting Shares on terms that would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement limits the rights of any holders of Subordinate Voting Shares under applicable law.

Preferred Shares

The Company is authorized to issue an unlimited number of Preferred Shares, issuable in series. Each series of Preferred Shares shall consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Board of Directors prior to the issuance thereof. Holders of Preferred Shares, except as otherwise provided in the terms specific to a series of Preferred Shares or as required by law, will not be entitled to vote at meetings of holders of Shares. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the Preferred Shares are entitled to preference over the Shares and any other shares ranking junior to the Preferred Shares from time to time and may also be given such other preferences over Shares and any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of such series.

Advance Notice Requirements for Director Nominations

The Company's by-laws provide that shareholders seeking to nominate candidates for election as directors must provide timely written notice to the Company's secretary at its principal executive offices. To be timely, a shareholder's notice must be received (i) in the case of an annual meeting of shareholders, not less than 30 days nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the shareholder may be received not later than the close of business on the 10th day following the date of such public announcement; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors, not

later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. The Company's by-laws also prescribe the proper written form for a shareholder's notice. The Board of Directors may, in its sole discretion, waive any requirement under these provisions. These provisions shall be automatically repealed and cease to have effect upon the termination of the Nomination Rights Agreement entered into between the Company and the Beaudier Group, Bain Capital and CDPQ. See "Material Contracts —Securityholders Agreement — Nomination Rights Agreement".

MARKET FOR SECURITIES AND TRADING PRICE AND VOLUME

The Subordinate Voting Shares are listed for trading on the TSX and Nasdaq under the symbols "DOO" and "DOOO", respectively.

The following table sets forth, for the periods indicated, the monthly range of highs and lows trading closing prices of the Subordinate Voting Shares, as well as total monthly volumes and average daily volumes of the Subordinate Voting Shares traded on the TSX:

Month	Price per Subordinate Voting Share ($) Monthly Low	Price per Subordinate Voting Share ($) Monthly High	Subordinate Voting Shares Total Monthly Volume	Subordinate Voting Shares Average Daily Volume
February 2019	35.81	41.20	4,208,867	221,519
March 2019	35.15	41.67	6,116,225	291,249
April 2019	37.02	43.27	7,360,834	350,516
May 2019	35.94	42.03	5,389,180	244,963
June 2019	39.70	48.30	7,956,092	397,805
July 2019	43.68	49.32	10,116,949	459,861
August 2019	37.66	49.75	4,954,429	235,925
September 2019	46.00	53.19	5,315,454	265,773
October 2019	48.76	60.60	6,778,944	308,134
November 2019	58.38	67.00	5,895,745	280,750
December 2019	58.58	65.32	6,573,116	328,656
January 2020	57.80	67.98	5,869,024	266,774

The following table sets forth, for the periods indicated, the monthly range of highs and lows trading closing prices of the Subordinate Voting Shares, as well as total monthly volumes and average daily volumes of the Subordinate Voting Shares traded on Nasdaq:

Month	Price per Subordinate Voting Share (US$) Monthly Low	Price per Subordinate Voting Share (US$) Monthly High	Subordinate Voting Shares Total Monthly Volume	Subordinate Voting Shares Average Daily Volume
February 2019	26.94	31.10	510,136	26,849
March 2019	26.34	31.07	714,064	34,003
April 2019	27.68	32.16	534,052	25,431
May 2019	26.57	31.08	434,704	19,759
June 2019	29.41	36.62	490,394	24,520
July 2019	33.35	37.83	414,815	18,855

August 2019	28.36	37.33	380,427	17,292
September 2019	34.45	40.10	454,773	22,739
October 2019	36.5	46.10	1,847,055	80,307
November 2019	44.03	51.46	1,365,234	68,262
December 2019	44.56	49.39	1,968,350	93,731
January 2020	44.34	51.48	1,598,467	76,117

The Multiple Voting Shares are not listed for trading on any stock exchange.

DIRECTORS AND OFFICERS

The following tables set out for each of the Company's directors and executive officers as of the date hereof, the person's name, province or state, and country of residence, position with the Company, principal occupation during the five preceding years and, if a director, the date on which the person became a director. The Company's directors are expected to hold office until the Company's next annual general meeting of shareholders. The Company's directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of shareholders. As a group, the directors and executive officers beneficially owned, or controlled or directed, directly or indirectly, a total of 1,291,611 Subordinate Voting Shares, representing in the aggregate 3.1% of all of the Company's issued and outstanding Subordinate Voting Shares, 1.5% of all of the Company's issued and outstanding Shares and 0.4% of the total voting power attached to all of the Company's issued and outstanding Shares as at April 8, 2020. Mr. J. R. André Bombardier, through his indirect ownership of 4338618 Canada Inc., was deemed to beneficially own or control a total of 3,104,169 Multiple Voting Shares, representing in the aggregate 6.76% of all of the Company's issued and outstanding Multiple Voting Shares, 3.56% of the Company's issued and outstanding Shares and 5.88% of the total voting power attached to all of the Company's issued and outstanding Shares as at April 8, 2020.

Directors

Name and Province or State and Country of Residence	Age	Position(s)/Title	Director Since	Principal Occupation
PIERRE BEAUDOIN(1)(2) Québec, Canada	57	Director	2019	Corporate Director
JOSHUA BEKENSTEIN(3)(4) Massachusetts, U.S.	61	Director	2003	Managing Director at Bain Capital Investors, LLC (a private equity fund)
JOSÉ BOISJOLI(5) Québec, Canada	62	Director(6), President and Chief Executive Officer	2011	President and Chief Executive Officer of the Company
J.R. ANDRÉ BOMBARDIER Québec, Canada	77	Director	2003	Corporate Director(7)
MICHAEL HANLEY(8)(9) Québec, Canada	54	Director	2012	Corporate Director
LOUIS LAPORTE(10) Québec, Canada	59	Director	2013	President of GL Capital Inc. (a private investment company)
ESTELLE MÉTAYER(11) Québec, Canada	49	Director	2014	President of EM Strategy Inc. (a strategy consulting firm) and adjunct professor at McGill University
NICHOLAS G. NOMICOS(12)(13)(14) Massachusetts, U.S.	57	Director	2016	Managing Director of Nonantum Capital Partners, LLC (a middle market private equity firm)
DANIEL J. O'NEILL(15)(16) Ontario, Canada	68	Director	2004	Corporate Director
EDWARD PHILIP(17)(18) Florida, U.S.	54	Director	2005	Corporate Director
JOSEPH ROBBINS Massachusetts, U.S.	40	Director	2013	Managing Director at Bain Capital Partners, LLC (a private equity fund)
BARBARA J. SAMARDZICH(19)(20)(21) Michigan, U.S.	61	Director	2017	Corporate Director

(1) Member of the Human Resources & Compensation Committee.
(2) Member of the Nominating Governance and Social Responsibility Committee.
(3) Member the Human Resources & Compensation Committee.
(4) Member of the Nominating, Governance and Social Responsibility Committee.
(5) Member of the Investment and Risk Committee.
(6) Chair of the Board of Directors of the Company.
(7) Mr. Bombardier retired from the position of Vice-Chairman of Bombardier Inc. in May 2019.
(8) Lead Director.
(9) Chair of the Audit Committee.
(10) Member of the Investment and Risk Committee.
(11) Member of the Audit Committee.
(12) Member of the Human Resources & Compensation Committee.
(13) Member of the Nominating, Governance and Social Responsibility Committee.
(14) Member of the Investment and Risk Committee.
(15) Member of the Audit Committee.
(16) Member of the Investment and Risk Committee.
(17) Chair of the Human Resources & Compensation Committee.

(18) Chair of the Nominating, Governance and Social Responsibility Committee.
(19) Chair of the Investment and Risk Committee.
(20) Member of the Human Resources & Compensation Committee.
(21) Member of the Nominating, Governance and Social Responsibility Committee.

Executive Officers

Name and Province or State and Country of Residence	Age	Position(s)/Title
JOSÉ BOISJOLI Québec, Canada	62	President and Chief Executive Officer
KARIM DONNEZ(1) Illinois, U.S.	43	Senior Vice President, Marine Group, IS&T and Global Transformation
BERNARD GUY Québec, Canada	55	Senior Vice-President, Global Product Strategy
ANNE-MARIE LABERGE Québec, Canada	54	Senior-Vice President, Global Brands, Marketing and Communication
MARTIN LANGELIER Québec, Canada	49	Senior Vice-President, General Counsel and Public Affairs
DENYS LAPOINTE Québec, Canada	58	Senior Vice-President, Design, Innovation and Creative Services
ANNE LE BRETON Québec, Canada	48	Senior Vice-President, Human Resources
SÉBASTIEN MARTEL Québec, Canada	48	Chief Financial Officer
JOSÉE PERREAULT Québec, Canada	57	Senior Vice-President, Can-Am On-Road
SANDY SCULLION Québec, Canada	52	Senior Vice-President, Global Retail & Services – Powersports
THOMAS UHR Québec, Canada	55	Senior Vice-President, Product Engineering and Manufacturing Operations – Powersports

(1) Karim Donnez holds the position of Senior Vice President, Marine Group, IS&T and Global Transformation since March 30, 2020, following the departure of Tracy Crocker, former President, BRP Marine Group from the Company on March 30, 2020.

Biographies

The following are brief profiles of the directors and executive officers of the Company, including a description of each individual's principal occupation within the past five years.

Non-Executive Directors

Pierre Beaudoin, Director

Mr. Beaudoin is a corporate director. Mr. Beaudoin joined the Marine Products division of Bombardier Inc. in 1985. In October 1990, he was appointed Vice President, Product Development of the Sea-Doo/Ski-Doo division. In 1992, he was appointed Executive Vice President of the Sea-Doo/Ski-Doo division of Bombardier of which he became its President in January 1994. In April 1996, he was promoted to President and Chief Operating Officer of Bombardier Recreational Products. In February 2001, he was appointed President of Bombardier Aerospace, Business Aircraft and he became President and Chief Operating Officer of Bombardier Aerospace in October of the same year. On December 13, 2004, in addition to his duties as President and Chief Operating Officer of Bombardier Aerospace, he was appointed Executive Vice President of Bombardier Inc. and he also then became a

member of the board of directors of Bombardier Inc. On June 4, 2008, he was appointed President and Chief Executive Officer of Bombardier Inc. He became Executive Chairman of the board of directors in February 2015 of Bombardier Inc. and Chairman of the board of directors in July 2017 of Bombardier Inc. He is a member of the board of directors of Power Corporation of Canada.

Joshua Bekenstein, Director

Mr. Bekenstein is a Managing Director at Bain Capital. Prior to joining Bain Capital in 1984, Mr. Bekenstein spent several years at Bain & Company, Inc., where he was involved with companies in a variety of industries. Mr. Bekenstein is a member of the board of directors and a member of the Nominating and Governance Committee of Dollarama Inc. and Canada Goose Holdings Inc. He is also the Chair of, and a member of the Human Resources and Compensation Committee of Canada Goose Holdings Inc. and Dollarama Inc. respectively. He also serves as a director of several other corporations, including Bright Horizons Family Solutions Inc. for which he is a member of the Compensation Committee and The Michaels Companies, Inc. He previously served as a member of the board of directors of The Gymboree Corporation, Burlington Stores, Inc. and Waters Corporation. Mr. Bekenstein received a Bachelor of Arts from Yale University and a Master of Business Administration (MBA) from Harvard Business School.

J.R. André Bombardier, Director

Mr. Bombardier was the Vice-Chairman of Bombardier Inc. until last year's annual meeting of shareholders, a position he held since 1978. He joined Bombardier Inc. in 1969 as Vice President, Industrial Division, and then successively held the positions of Vice-President, Research and Development, Ski-Doo Division; Assistant to the President in charge of new products, Vice President of Marketing, Marine Products Division, and President of the Roski Ltd. subsidiary, before taking the position he now holds. Mr. Bombardier is also President of 4338618, a holder of Multiple Voting Share. Mr. Bombardier holds a Bachelor of Arts from the *Séminaire de Sherbrooke* as well as a Bachelor of Commerce with a major in Finance from the *Université de Sherbrooke*. He is also a graduate of the Harvard International Senior Managers Program.

Michael Hanley, Director

Mr. Hanley is a Corporate Director with 25 years of experience in senior management roles and corporate governance. He sits on the board of directors and chairs the Audit Committee of ShawCor Ltd. and LyondellBasell Industries N.V. and is a member of LyondellBasell's Health, Safety, Environment and Operations Committee. He was on the board of directors, the Audit Committee and the Human Resources and Compensation Committee of Industrial Alliance Insurance and Financial Services Inc. from 2015 to 2019. He was also on the board of directors and the Audit Committee of Le Groupe Jean Coutu (PJC) Inc. from 2016 until the company was acquired by Metro Inc. in 2018. Prior to that, Mr. Hanley held senior management positions for several years. He was Senior Vice-President, Operations and Strategic Initiatives at National Bank of Canada. He also held a number of positions at Alcan Inc., including Executive Vice-President and Chief Financial Officer, and President and CEO of the Global Bauxite and Alumina business group. He was also Chief Financial Officer of two Canadian public companies, namely Gaz Métro (now Énergir) and St-Laurent Paperboard Inc. Mr. Hanley is a chartered professional accountant and has been a member of the *Ordre des comptables professionnels agréés du Québec* (CPA) since 1987.

Louis Laporte, Director

Mr. Laporte is President of GL Capital Inc. since 2019. Mr. Laporte was the Executive Vice-President of Beaudier Inc., a private holding company and a holder of Multiple Voting Shares, from 2004 to 2019. Mr. Laporte managed for Beaudier Group the acquisition of the recreational products business of Bombardier Inc. in 2003. Prior to 2003, Mr. Laporte was the owner and operator of a

number of privately held companies, such as Dudley Inc., one of Canada's leading lock manufacturers and distributors, and AMT Marine Inc., a manufacturer, subcontractor and supplier of *Sea-Doo* jet boats, where he contributed to the production and participated in the initial design and engineering of the *Sea-Doo* jet boat for BRP. Mr. Laporte is and has been a director of several privately-owned companies. Mr. Laporte holds a Bachelor of Accounting Sciences from the *Université du Québec à Montréal* (UQAM) and a Bachelor of Commerce from McGill University. Mr. Laporte is a chartered professional accountant.

Estelle Métayer, Director

Ms. Métayer is the president of EM Strategy Inc. and an adjunct professor at McGill University. She currently serves on the board of directors, the HR and Compensation Committee, the Strategy Committee and chairs the Investment Committee of Audemars Piguet Holding S.A. (Switzerland). She serves on the advisory boards of Ricardo Media Inc. (Canada), Groupe Sélection (Canada) and LifeScore Limited (UK). She sits on the board of directors of Agropur Cooperative. Prior to that, she served on the board of directors of Blockstream Corporation (Montreal/Silicon Valley) between 2016 and 2018, Zag Bank (Calgary, Canada) between 2015 and 2017 and Ubisoft Entertainment SA between 2012 and 2016 where she chaired the compensation committee. Prior thereto, Ms. Métayer worked at the ING Bank (Netherlands), Bouygues (France), and in Canada at McKinsey & Company, CAE Inc., and Competia Inc. which she founded and sold in 2004. Ms. Métayer is a certified director of the *Institut des Administrateurs Français* and attended the High Performing Boards Program at Harvard Business School. She was trained in the Netherlands, where she obtained her MBA and Drs. from the University of Nijenrode.

Nicholas G. Nomicos, Director

Mr. Nomicos is a Managing Director of Nonantum Capital Partners, LLC, a middle market private equity firm that he founded with other executives in 2018. Prior to that, Mr. Nomicos was at Bain Capital where he worked from 1999 to 2016 as an Operating Partner focused on investments in the manufacturing and consumer product sectors and as a Managing Director of Bain Capital Credit, LP, the credit arm of Bain Capital. Previously, Mr. Nomicos was a senior corporate development and manufacturing executive at Oak Industries Inc., and he spent several years at Bain & Company, Inc. where he was an engagement manager. Mr. Nomicos serves as director, chairs the Human Resources and Compensation Committee, and is a member of the Audit Committee of Dollarama Inc. He received a Master of Business Administration (MBA) from Harvard Business School and a Bachelor of Science in Engineering from Princeton University.

Daniel J. O'Neill, Director

Mr. O'Neill is a Corporate Director. In August 2019, he became the Executive Chairman and Chief Executive Officer of High Profile Holdings Corp., a cannabis company. He served as a director of CannaRoyalty Corp. (doing business as Origin House) from 2018 to January 2020 and was also Chairman of its Audit Committee. He was previously Executive Chairman of Electronic Cigarettes International Group (ECIG) from 2014 to 2017. Prior to that, he was the President and Chief Executive Officer of WinSport Canada, a not-for-profit organization that owns and operates the Canada Olympic Park in Calgary (Alberta). In 2005, Mr. O'Neill served as Vice-Chairman, Synergies & Integration of Molson Coors Brewing Company. He was President and Chief Executive Officer of Molson Inc. from 2000 to 2005, prior to its merger with Adolph Coors Company. Before that, he was Executive Vice-President of H.J. Heinz Company and President and Chief Executive Officer of Star-Kist Foods. He also worked at S.C. Johnson, a consumer products company. He was a director of H.J. Heinz Company from 1998 to 1999. Mr. O'Neill holds a Bachelor of Arts from Carleton University and a Master of Business Administration (MBA) from Queen's University. He also attended the Program for Management Development at Harvard Business School.

Edward Philip, Director

Edward Philip served as the Chief Operating Officer of Partners in Health (a non-profit health care organization) from January 2013 until March 2017. In addition, Mr. Philip was a Special Partner at Highland Consumer Fund (consumer-oriented private equity fund), serving in this role from 2013 until 2017. He served as Managing General Partner at Highland Consumer Fund from 2006 to 2013. Prior thereto, Mr. Philip served as President and Chief Executive Officer of Decision Matrix Group, Inc. (research and consulting firm) from May 2004 to November 2005. Prior thereto, he was Senior Vice-President of Terra Networks, S.A. (global Internet company) from October 2000 to January 2004. In 1995, Mr. Philip joined Lycos, Inc. (an Internet service provider and search company) as one of its founding members. During his time with Lycos, Inc., Mr. Philip held the positions of President, Chief Operating Officer and Chief Financial Officer at different times. Prior to joining Lycos, Inc., Mr. Philip was the Vice-President of Finance for The Walt Disney Company, and prior thereto Mr. Philip spent a number of years in investment banking. Mr. Philip holds a Master of Business Administration from Harvard Business School. He is the Lead Director of Hasbro, Inc. and sits on its Compensation Committee, Executive Committee as well as on its Nominating, Governance and Social Responsibility Committee. Mr. Philip also serves as a director of United Airlines Holdings, Inc. and sits on its Audit Committee, its Executive Committee, and is also Chairman of its Nominating and Governance Committee. In addition, he is on the board of directors of Experience Investment Corp., a special purpose acquisition company.

Joseph Robbins, Director

Mr. Robbins joined Bain Capital Private Equity in 2007. He is a Managing Director in the Industrial & Energy Vertical and a member of the North American Private Equity team. Mr. Robbins focuses on investments in the capital goods, industrial technology, industrial services, aerospace, transportation, and energy sectors. He currently serves on the board of directors for Apex Tools, Inc., where he is the Chair of the Audit Committee. Prior to joining Bain Capital Private Equity, Mr. Robbins served in a variety of sales and operational management roles at Sentient Jet, a venture-backed provider of private aviation services. He was also a consultant at Boston Consulting Group, where he spent substantial time in the industrial and pharmaceutical industries. Mr. Robbins received an MBA from the Harvard Business School, where he was a Baker Scholar and Ford Scholar. He graduated magna cum laude with an AB in Social Studies from Harvard College.

Barbara J. Samardzich, Director

Ms. Samardzich is a Corporate Director. Ms Samardzich previously held various senior leadership positions across her 26-year career with Ford Motor Company. Before retiring in 2016, she was the Vice-President and Chief Operating Officer of Ford Europe leading a team of over 30,000 employees. In previous years, she served as Vice-President, Product Development; Vice-President, Global Powertrain Engineering and held various roles in powertrain and vehicle engineering within Ford. She has also worked in various engineering roles at Westinghouse Electric Corporation. Ms. Samardzich sits on the board of directors of several companies including Adient plc where she is a member of the Audit Committee and is Chair of the Compensation Committee, Aktiebolaget SKF, and Velodyne LiDAR. Ms. Samardzich holds a Bachelor and Masters degree in Mechanical Engineering as well as a Masters degree in Engineering Management. She has won many awards including CBTNews “Leading Women in Automotive in 2019” and 2016 Automotive News Europe “25 Leading Women in the European Auto Industry”.

Executive Officer Who Also Serves as Director

José Boisjoli, President and Chief Executive Officer

Mr. Boisjoli is Chairman of the Board of Directors of BRP since 2019 and President and Chief Executive Officer of BRP since December 2003, when BRP became a standalone company. In October 1998, Mr. Boisjoli was named President of the Snowmobile and Watercraft division, the largest division of Bombardier Recreational Products Inc. In April 2001, he was given the added responsibility of managing the ATV division. Mr. Boisjoli joined Bombardier Recreational Products Inc. in 1989, after eight years in the pharmaceutical and road safety equipment industries. Mr. Boisjoli serves on the board of directors of McCain Foods Group Inc. since January 2019. Mr. Boisjoli received a Bachelor of Engineering from the *Université de Sherbrooke*. In April 2005, Mr. Boisjoli received the prestigious title of Executive of the Year by Powersports Magazine, the most important powersports magazine in the United States. Mr. Boisjoli was also named CEO of the year 2017 by the Canadian business newspaper *Les Affaires*.

Executive Officers Who Do Not Serve as Directors

Karim Donnez, Senior Vice President, Marine Group, IS&T and Global Transformation

Mr. Donnez is Senior Vice President, Marine Group, IS&T and Global Transformation since March 30, 2020. Between 2015 and March 30, 2020, he was Senior Vice-President, Strategy, Business Development and Transformation at BRP. Prior to joining BRP, Mr. Donnez was General Manager Operations – Refinery & Energy and member of the Rio Tinto Kennecott Executive Committee (Exco) and the Rio Tinto America Savings Plans Investment Committee. He was also General Manager Strategy and Commercial Investments for Rio Tinto Kennecott in Salt Lake City (U.S.A.) while being a member of the Investment Committee. Prior to this, Mr. Donnez was responsible for various business transformation initiatives as part of the corporate global functions at Rio Tinto, headquartered in London (U.K.). Mr. Donnez also worked several years at Accenture as a senior manager in the Management Consulting practice, focusing on strategy, post-merger integrations and change management mandates. Mr. Donnez holds a Master of Science degree in Engineering, from Arts & Métiers Paris Tech in Paris (France) and a Master in Business Administration (international strategy and finance) from HEC in Montréal (Canada). Mr. Donnez currently serves as a board member of Parasports Quebec (Canada), an organization dedicated to the promotion and development of health and active living for people with physical limitations and is part of the advisory board of Logient IP Inc. (Canada), a custom software development company.

Bernard Guy, Senior Vice-President, Global Product Strategy

Bernard Guy is Senior Vice-President, Global Product Strategy since 2017. Prior to his current position, Mr. Guy was vice-president, regional general manager, North America at BRP since 2014. He also held the positions of Vice-President, Sales and Network Development, North America from 2012 to 2014, Vice-President, Sales and Marketing, *Can-Am* from to 2009 to 2012 and Director, *Can-Am* Marketing from 2006 to 2009. Mr. Guy joined BRP as a Project Engineer for *Ski-Doo* snowmobile R&D in 1987. Over the course of his career, Mr. Guy held several roles of increasing responsibilities in many sectors of the business, such as engineering, process reengineering, procurement, business development, strategy and product planning. Mr. Guy holds a Bachelor in Mechanical Engineering (1986) and a Master of Business Administration (1992) from the *Université de Sherbrooke*.

Anne-Marie LaBerge, Senior-Vice President, Global Brands and Communication

Ms. LaBerge is Senior-Vice President, Global Brands and Communication since October 2016. Ms. LaBerge is a business executive with more than 20 years of brand and marketing experience in the

telecommunications industry. Ms. LaBerge began her career in 1996 at TELUS, the second largest telecommunications company in Canada where she held various management positions including Vice-President, Brand and Marketing Communications until May 2016. In 2018, she was named one of the five "marketing visionaries" of the year in Québec as chosen by the editorial team of the Infopresse magazine. Ms. LaBerge won the CMO Club Marketing Innovation Award in 2017. She also received the 2011 Strategy Magazine's Marketer of the Year award and the 2011 Québec Women in Business – Large Corporations award. She served on the board of directors of Imvescor, a Canadian public company in the restaurant industry from 2016 to 2018. She currently serves on the board of directors of District M Inc., a programmatic advertising company.

Martin Langelier, Senior Vice-President, General Counsel and Public Affairs

Mr. Langelier is Senior Vice-President, General Counsel and Public Affairs of BRP since 2014. In addition to his responsibilities relating to traditional legal services, he also oversees the management of intellectual property, product safety, product compliance, internal audit, global trade services and public affairs at BRP. Mr. Langelier joined the company in 2000 and has since then held various roles within the legal department with increasing responsibilities, leading to his appointment as Vice-President, General Counsel and Secretary in 2008. Before joining the powersports industry, he worked in private practice for the legal firm DeGrandpré Chait LLP in Montreal, Canada. Mr. Langelier holds a Bachelor of Laws from the *Université de Sherbrooke* and a Master of Business Administration (MBA) in International Business from the Birmingham Business School, England. He is a member of the Barreau du Québec (Québec's bar association) and also acts as a director on the board of directors of *Manufacturiers et Exportateurs du Québec*.

Denys Lapointe, Senior Vice-President, Design, Innovation and Creative Services

Mr. Lapointe is Senior Vice-President of Design, Innovation and Creative Services at BRP. Prior to his current position, Mr. Lapointe was Executive Vice-President of Design & Innovation (2008-2012), Vice-President Design & Innovation (2001-2008) and Vice-President Design Sea-Doo/Ski-Doo from 1995 to 2001. He joined the Company as a junior product designer for Sea-Doo watercraft in 1985. Mr. Lapointe holds a Bachelor of Arts in Design from the Université du Québec à Montréal. Mr. Lapointe is a board member of the *Centre de technologies avancées BRP – Université de Sherbrooke* (CTA) and a board member of "La Factry", a school of creativity sciences in Montreal. He is a member of the following design associations: the World Design Organization (WDO), the Industrial Designers Society of America, the Association of Canadian Industrial Designers and the *Association des designers industriels du Québec*. Mr. Lapointe was inducted into the National Marine Manufacturers Association Canada (NMMA Canada) Hall of Fame in 2017 for his contributions to the marine industry.

Anne Le Breton, Senior Vice-President, Human Resources

Ms. Le Breton has been with BRP since 2002. Up until January 2016, she was Vice-President, Human Resources for the Global Sales & Consumer Experience and Product Engineering & Manufacturing Operations divisions. Ms. Le Breton previously headed human resources for BRP's International division operations from the Company's offices in Lausanne. Prior to joining BRP, Ms. Le Breton worked in the aerospace division of Bombardier Inc. as human resources manager in Canada and the United States. Ms. Le Breton has a bachelor's degree in industrial relations from *Université de Montréal*.

Sébastien Martel, Chief Financial Officer

Mr. Martel is Chief Financial Officer since May 2014. Before his appointment, Mr. Martel was Vice-President, Strategic Planning and Business Development. Mr. Martel has been with BRP since 2004 and has assumed different roles in the finance function of increasing responsibilities, such as: Director, Financial Information, and Vice-President, Finance & Controls. Prior to joining BRP, Mr. Martel worked at Deloitte & Touche LLP as well as at Arthur Anderson LLP as a senior manager in the audit practice on public companies, where he was involved in various initiatives dealing with Canadian and US GAAP, public offerings, derivatives instruments, venture capital financing, etc. Mr. Martel has an undergraduate degree and a diploma in Chartered Accountancy from McGill University.

Josée Perreault, Senior Vice-President, Can-Am On-Road

Ms. Perreault is Senior Vice-President, *Can-Am On-Road* since October 2016. Ms. Perreault has over 23 years of experience in the international wholesale and retail business within the consumer goods industry. She served as the Senior Vice-President of World Business of Oakley from 2010 to 2015. She joined Oakley in 1994 as General Manager of the Montréal subsidiary. Ms. Perreault subsequently held numerous positions worldwide within Oakley in Paris and Zurich as the Regional Vice-President of Europe, Middle-East and Africa region. Prior to joining Oakley, Ms. Perreault held many positions in Canadian companies related to business and brand management. In the past, she also served as independent director on the board of directors of two public companies, namely Lumenpulse Inc. and of WSP Global Inc.

Sandy Scullion, Senior Vice-President, Global Retail & Services - Powersports

Mr. Scullion is Senior Vice-President, Global Retail & Services—Powersports since 2018. Mr. Scullion joined the company in 1994 as a District Sales Manager and gradually worked his way up the ranks. From 2016 to 2018, he was Senior Vice-President and General Manager, Global Retail and Services and from 2014 to 2016, he was Vice-President and Regional Manager of BRP's Western Europe, Middle East and Africa (WEMEA) region. Previously, he worked with the North American Parts, Accessories and Clothing (PAC) (now referred to as PA&A) team for nearly ten years, six of those as Vice-President of PAC and Global Distribution. Under his leadership, the image of "accessorization and lifestyle" associated with BRP's brands was transformed and BRP saw major growth in PA&A revenues. Mr. Scullion has a Bachelor in Business Administration from *Université Laval* in Canada with a specialization in Finance.

Thomas Uhr, Senior Vice-President, Product Engineering and Manufacturing Operations—Powersports

Thomas Uhr is Senior Vice-President, Product Engineering and Manufacturing Operations—Powersports since 2018. Mr. Uhr was General Manager of BRP-Rotax GmbH & Co. KG and Vice-President, Powertrain BRP and R&D/Operations of Lynx snowmobiles from 2014 to 2018. Mr. Uhr has worked in the automotive industry for more than 20 years. He holds a degree in Production Technology

Engineering from the University of Aachen, Germany.

Corporate Cease Trade Orders

None of the Company's directors or executive officers is, as at the date of this Annual Information Form, or has been, within the 10 years prior to the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity), was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case, for a period of more than 30 consecutive days.

Bankruptcies

None of the Company's directors or executive officers is, as at the date of this Annual Information Form, or has been, within the 10 years prior to the date of this Annual Information Form, a director or executive officer of any company (including the Company), 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 comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for (i) Louis Laporte who was a board member up until July 2018 of Canest Transit Inc., which had a receiver manager appointed to hold its assets in June 2019, (ii) Daniel J. O'Neill who was from 2014 to 2017 the Executive Chairman of Electronic Cigarettes International Group (ECIG), which filed for bankruptcy in March 2017, and (iii) Joshua Bekenstein who was a director of Toys "R" Us, Inc. from 2005 to 2019, which filed for bankruptcy in September 2017, and who was from 2010 to 2017 a director of The Gymboree Corporation, which filed for bankruptcy in June 2017.

None of the Company's directors or executive officers has, within the 10 years prior to the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or comprise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Shareholder Bankruptcies

No shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) 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.

No shareholder holding a sufficient number of securities to affect materially the control of the Company, nor any personal holding company of any such person, has, within the 10 years before the date of this Annual Information Form, 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 shareholder.

Securities Penalties or Sanctions

No director or executive officer of the Company or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person, has:

- been subject to 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
- been subject to 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.

Conflicts of Interest

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and its directors, officers or other members of management as a result of their outside business interests except that certain of the Company's directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. See "Directors and Officers" and "Interest of Management and Others in Material Transactions".

Indemnification and Insurance

The Company has implemented a director and officer insurance program and has entered into indemnification agreements with each of its directors and executive officers. The indemnification agreements generally require that the Company indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as directors and executive officers, provided that the indemnitees acted honestly and in good faith and in a manner the indemnitees reasonably believed to be in or not opposed to the Company's best interests and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, the indemnitees had no reasonable grounds to believe that his or her conduct was unlawful. The indemnification agreements also provide for the advancement of defense expenses to the indemnitees by the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is involved from time to time in legal proceedings and regulatory actions of a nature considered normal to its business and operations. As at April 8, 2020, the Company had approximately 116 pending litigation cases. The Company is currently a defendant in patent proceedings relating to its PWCs, and similar actions could be introduced by others. If the Company is unsuccessful in its defense of any of these actions, there could be material adverse consequences, including payment of monetary damages, licensing of patents on unfavourable terms, limitations on its ability to use certain technology and removal of desirable features from the Company's products. The Company intends to vigorously defend its position in such proceedings, as well as any other action in which it is involved from time to time. See "Risk Factors – The Company may be unable to protect its intellectual property or it may incur substantial costs as a result of litigation or other proceedings relating to protection of its intellectual property".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set out below or as described elsewhere in this Annual Information Form, none of (i) the directors or executive officers of the Company, (ii) the shareholders who beneficially own or control or direct, directly or indirectly, more than 10% of the voting shares of the Company, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has 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 the Company.

Reimbursement to Bombardier Inc., a company related to Beaudier Group

Pursuant to the purchase agreement entered into in 2003 in connection with the acquisition of the recreational products business of Bombardier Inc., the Company is required to reimburse to Bombardier Inc. income taxes that amounted to $22.3 million as of January 31, 2020. The reimbursement will begin when Bombardier Inc. starts making any income tax payments in Canada and/or the United States.

In addition, in connection with the above-mentioned transaction, the Company entered into a trademark license agreement whereby it has the right to continue to use certain trademarks of Bombardier Inc. that were not otherwise assigned to the Company in connection with such transaction, subject to certain conditions. The license allows the Company to use “Bombardier” in the corporate name of certain subsidiaries of the Company as long as, among other things, Beaudier Group maintains at least a 10% voting or equity interest in the Company.

INDEPENDENT AUDITOR, TRANSFER AGENT AND REGISTRAR

The independent auditor of the Company is Deloitte LLP, 1190 avenue des Canadiens-de-Montréal, Suite 500, Montreal, Québec, H3B 0M7.

The transfer agent and registrar for the Subordinate Voting Shares and Multiple Voting Shares is Computershare Investor Services Inc. at their offices in Montreal and Toronto.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Company has entered into since the beginning of the last financial year ended January 31, 2020, or entered into prior to such date, but which are still in effect and that are required to be filed with Canadian securities regulatory authorization in accordance with Section 12.2 of *National Instrument – 51-102 Continuous Disclosure Obligations*. Each of the summaries below describes certain material provisions of the relevant material contract and is subject to, and qualified in its entirety by reference to, the relevant material contract, a copy of which is available on the SEDAR website at www.sedar.com.

Underwriting Agreements

On October 2, 2017, Beaudier Inc., 4338618 Canada Inc., Bain Capital, CDPQ and other selling shareholders entered into an underwriting agreement with a syndicate of underwriters and the Company pursuant to which they sold, on a bought deal basis, 10,000,000 Subordinate Voting Shares of the Company at a price of $43.35 per Subordinate Voting Share for aggregate gross proceeds of $433,500,000. The Company did not receive any proceeds from the bought deal secondary offering.

On September 13, 2018, Beaudier Inc., 4338618 Canada Inc., Bain Capital and other selling shareholders entered into an underwriting agreement with a syndicate of underwriters and the Company pursuant to which they sold 8,700,000 Subordinate Voting Shares of the Company at a price of $47.00 per Subordinate Voting Share for aggregate gross proceeds of $408,900,000. The Company did not receive any of the proceeds from the bought deal secondary offering.

On December 16, 2019, Beaudier Group, Bain Capital and other selling shareholders entered into an underwriting agreement with a syndicate of underwriters and the Company pursuant to which they sold 5,000,000 Subordinate Voting Shares of the Company at a price of $61.17 per Subordinate Voting Share for aggregate gross proceeds of $305,850,000. The Company did not receive any of the proceeds from the bought deal secondary offering.

Term Credit Agreement

Pursuant to a fourth amended and restated credit agreement entered into between a syndicate of lenders and subsidiaries of the Company on May 23, 2018, term facilities in the aggregate principal amount of US$900.0 million maturing on May 23, 2025 were made available to Bombardier Recreational Products Inc. in U.S. dollars.

Pursuant to a first amendment to the fourth amended and restated credit agreement entered into between a syndicate of lenders and subsidiaries of the Company on July 23, 2019, a new US$335.0 million tranche of term loans was established, resulting in term facilities in the aggregate principal amount of US$1,235.0 million having been made available to Bombardier Recreational Products Inc. in U.S. dollars.

Pursuant to a second amendment to the fourth amended and restated credit agreement entered into between a syndicate of lenders and subsidiaries of the Company on February 4, 2020 (the “Term Credit Agreement”), the facility was consolidated into a single tranche in the aggregate principal amount of US$1,235.0 million and its maturity was extended by two years to May 23, 2027 (the “Term Facility”). As of April 8, 2020, US$1,219.8 million of indebtedness was outstanding under the Term Facility.

Securityholders Agreements

In connection with the IPO on May 29, 2013, the Beaudier Group, Bain Capital, CDPQ and the Company entered into a nomination rights agreement (the “Nomination Rights Agreement”), an amended and restated registration rights agreement (the “Registration Rights Agreement”) and the Coattail Agreement.

Nomination Rights Agreement

The Nomination Rights Agreement provides that Beaudier Group, Bain Capital and CDPQ shall cast all votes to which they are entitled to fix the size of the Board of Directors at 13 members and to elect members of the Board in accordance with the provisions thereof. The Beaudier Group, Bain Capital and CDPQ have certain rights to designate members of the Board of Directors. As of the date of this Annual Information Form, Bain Capital, Beaudier Group and CDPQ are entitled to designate three, three and one member(s) of the Board of Directors, respectively, under the terms of the Nomination Rights Agreement.

Registration Rights Agreement

The Registration Rights Agreement provides for demand registration rights in favour of the parties to the Registration Rights Agreement that enable them to require the Company to qualify by prospectus in Canada or, following the one-year anniversary of the closing of the IPO and subject to certain conditions, the United States, all or any portion of the Shares held by them for a distribution to the public, provided such demand will result in a minimum offering size of $50,000,000.

The Registration Rights Agreement also provides for incidental registration rights allowing the parties to the Registration Rights Agreement to include their Subordinate Voting Shares in certain public offerings of Subordinate Voting Shares, subject to certain underwriters' cutback rights.

Coattail Agreement

See "Description of the Capital Structure – Shares – Take-Over Bid Protection" for a description of the Coattail Agreement.

INTEREST OF EXPERTS

The current independent auditor of the Company, Deloitte LLP, who has issued an auditor's report dated April 9, 2020 in respect of the Company's consolidated financial statements, which comprise the consolidated statements of financial position as at January 31, 2020 and January 31, 2019 and the consolidated statements of net income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, has informed the Company that it is independent with respect to the Company within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

AUDIT COMMITTEE

Charter of the Audit Committee

The Board has adopted a written charter (the "Charter of the Audit Committee") describing the mandate of the audit committee of the Company (the "Audit Committee"). The Charter of the Audit Committee reflects the purpose of the Audit Committee, which is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to ensuring that adequate procedures are in place for the review of the Company's public disclosure documents that contain financial information, ensuring that an effective internal audit process has been implemented, ensuring that an effective risk management and financial control framework has been implemented and tested by the Company's management, providing better communication between directors, management, internal auditors and external auditors, overseeing the work and reviewing the independence of the external auditors and reporting to the Board of Directors on any outstanding issue. The text of the Charter of the Audit Committee is attached to this Annual Information Form as Appendix A.

Composition of the Audit Committee

As set forth in the Charter of the Audit Committee, the Audit Committee must be composed of a minimum of three directors, each of whom needs to be independent and to meet the criteria for financial literacy established by applicable laws, including National Instrument 52-110 – *Audit Committees*. As of the date hereof, the Audit Committee is composed of Ms. Métayer and Messrs. Hanley and O'Neill, all of whom are independent and meet the criteria for financial literacy established by applicable laws, including National Instrument 52-110 – *Audit Committees*. Mr. Hanley is the Chair of the Audit Committee.

Relevant Education and Experience of the Audit Committee Members

Each of the Audit Committee members has an understanding of the accounting principles used by the Company to prepare its financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

Mr. Michael Hanley (Chair). Mr. Hanley is a Corporate Director with 25 years of experience in senior management roles and corporate governance. He sits on the board of directors and chairs the Audit Committee of ShawCor Ltd. and LyondellBasell Industries N.V. and is a member of LyondellBasell's Health, Safety, Environment an Operations Committee. He was on the board of directors, the Audit Committee and the Human Resources and Compensation Committee of Industrial Alliance Insurance and Financial Services Inc. from 2015 to 2019. He was also on the board of directors and the Audit Committee of Le Groupe Jean Coutu (PJC) Inc. from 2016 until the company was acquired by Metro Inc. in 2018. Prior to that, Mr. Hanley held senior management positions for several years. He was Senior Vice-President, Operations and Strategic Initiatives at National Bank of Canada. He also held a number of positions at Alcan Inc., including Executive Vice-President and Chief Financial Officer, and President and CEO of the Global Bauxite and Alumina business group. He was also Chief Financial Officer of two Canadian public companies, namely Gaz Métro (now Énergir) and St-Laurent Paperboard Inc. Mr. Hanley is a chartered professional accountant and has been a member of the *Ordre des comptables professionnels agréés du Québec* (CPA) since 1987.

Ms. Estelle Métayer. Ms. Métayer is the president of EM Strategy Inc. and an adjunct professor at McGill University. She currently serves on the board of directors, the HR and Compensation Committee, the Strategy Committee and chairs the Investment Committee of Audemars Piguet Holding S.A. (Switzerland). She serves on the advisory boards of Ricardo Media Inc. (Canada), Groupe Sélection (Canada) and LifeScore Limited (UK). She sits on the board of directors of Agropur Cooperative Prior to that, she served on the board of directors of Blockstream Corporation (Montreal/Silicon Valley) between 2016 and 2018, Zag Bank (Calgary, Canada) between 2015 and 2017 and Ubisoft Entertainment SA between 2012 and 2016 where she chaired the compensation committee. Prior thereto, Ms. Métayer worked at the ING Bank (Netherlands), Bouygues (France), and in Canada at McKinsey & Company, CAE Inc., and Competia Inc. which she founded and sold in 2004. Ms. Métayer is a certified director of the *Institut des Administrateurs Français* and attended the High Performing Boards Program at Harvard Business School. She was trained in the Netherlands, where she obtained her MBA and Drs. from the University of Nijenrode.

Mr. Daniel J. O'Neill. Mr. O'Neill is a Corporate Director. In August 2019, he became the Executive Chairman and Chief Executive Officer of High Profile Holdings Corp., a cannabis company. He served as a director of CannaRoyalty Corp. (doing business as Origin House) from 2018 to January 2020 and was also Chairman of its Audit Committee. He was previously Executive Chairman of Electronic Cigarettes International Group (ECIG) from 2014 to 2017. Prior to that, he was the President and Chief Executive Officer of WinSport Canada, a not-for-profit organization that owns and operates the Canada Olympic Park in Calgary (Alberta). In 2005, Mr. O'Neill served as Vice-Chairman, Synergies & Integration of Molson Coors Brewing Company. He was President and Chief Executive Officer of Molson Inc. from 2000 to 2005, prior to its merger with Adolph Coors Company. Before that, he was Executive Vice-President of H.J. Heinz Company and President and Chief Executive Officer of Star-Kist Foods. He also worked at S.C. Johnson, a consumer products company. He was a director of H.J. Heinz Company from 1998 to 1999. Mr. O'Neill holds a Bachelor of Arts from Carleton University and a Master of Business Administration (MBA) from Queen's University. He also attended the Program for Management Development at Harvard Business School.

Independent Auditor Fees

In Fiscal 2020 and Fiscal 2019, the Company was invoiced the following fees by its independent auditor, Deloitte LLP:

	Fiscal 2020	Fiscal 2019
Audit Fees(1)	**$3,418,539**	$1,702,980
Audit Related Fees(2)	**901,024**	706,399
Tax Fees(3)	**156,065**	148,020
All Other Fees(4)	**229,311**	207,920
Total Fees Paid	**4,704,939**	**2,765,319**

(1) "Audit Fees" include fees necessary to perform the annual audit or reviews of the consolidated financial statements.

(2) "Audit Related Fees" include fees for assurance and related services by the independent auditor that are reasonably related to the performance of the audit or review of the Company's financial statements other than those included in "Audit Fees", such as advisory on accounting and reporting matters.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax advice and tax planning.

(4) "Other Fees" include fees for products and services provided by the independent auditor other than those included above, including consulting services.

The Audit Committee is responsible for the pre-approval of all and any non-audit services to be provided to the Company or its subsidiary entities by the independent auditor. At least annually, the Audit Committee shall review and confirm the independence of the independent auditor.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information, including, without limitation, directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, will be contained in the Company's information circular for its annual meeting of shareholders.

Additional information is provided in the audited consolidated financial statements and management's discussion and analysis of the Company for the Fiscal 2020.

GLOSSARY OF TERMS

"**3WV**" means three-wheeled vehicle.

"**Annual Information Form**" means this annual information form of the Company dated April 9, 2020.

"**ATV**" means all-terrain vehicle.

"**Audit Committee**" means the audit committee of the Company.

"**Bain Capital**" means Bain Capital Luxembourg Investments S.à r.l.

"**Beaudier Group**" means, collectively, Beaudier Inc. and 4338618 Canada Inc.

"**Board**" or "**Board of Directors**" means the board of directors of the Company.

"**CDPQ**" means the Caisse de dépôt et placement du Québec, and includes any of its affiliates.

"**Charter of the Audit Committee**" means the written charter describing the mandate of the Audit Committee, as adopted and amended by the Board of Directors upon the recommendation of the Audit Committee.

"**Coattail Agreement**" means the coattail agreement entered into by the Beaudier Group, Bain Capital and CDPQ, as the owners of all the outstanding Multiple Voting Shares, the Company and a trustee on May 29, 2013.

"**Company**" means BRP Inc. and its direct and indirect subsidiaries and predecessors or other entities controlled by them, unless otherwise noted or the context otherwise requires.

"**Convertible Securities**" has the meaning set out under the heading "Description of the Capital Structure – Shares –Subscription Rights".

"**CPSC**" means the Consumer Product Safety Commission.

"**Distributed Securities**" has the meaning set out under the heading "Description of the Capital Structure – Shares –Subscription Rights".

"**Distribution**" has the meaning set out under the heading "Description of the Capital Structure –Shares – Subscription Rights".

"**Fiscal 2018**" means the Company's fiscal year ending January 31, 2018.

"**Fiscal 2019**" means the Company's fiscal year ending January 31, 2019.

"**Fiscal 2020**" means the Company's fiscal year ending January 31, 2020.

"**Fiscal 2021**" means the Company's fiscal year ending January 31, 2021.

"**hp**" means horsepower.

"**IFRS**" means the International Financing Reporting Standards.

"**international**" means all jurisdictions other than Canada and the United States.

"**Investment and Risk Committee**" means the investment and risk committee of the Company.

"**IPO**" means the initial public offering of the Company which closed on May 29, 2013.

"**IT**" means information technology.

"**Multiple Voting Shares**" means multiple voting shares in the capital of the Company.

"**Nomination Rights Agreement**" means the nomination rights agreement entered into by the Company and the Beaudier Group, Bain Capital and CDPQ on May 29, 2013.

"**North America**" means Canada and the United States, and excludes Mexico.

"**OEM**" means original equipment manufacturer.

"**PA&A**" means parts, accessories and apparel and other services sold to third parties.

"**Person**" means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company.

"**Preferred Shares**" means preferred shares in the capital of the Company.

"**Propulsion Systems**" means *Evinrude* outboard engines and *Rotax* engines.

"**PWC**" means personal watercraft.

"**Registration Rights Agreement**" means the amended and restated registration rights agreement entered into by the Company and the Beaudier Group, Bain Capital and CDPQ on May 29, 2013.

"**Revolving Credit Facilities**" means the third amended and restated credit agreement entered into by subsidiaries of the Company on May 23, 2018 (as amended on March 14, 2019) pursuant to which credit facilities in the aggregate principal amount of $700.0 million are made available to Bombardier Recreational Products Inc.

"**Rights to Subscribe**" has the meaning set out under the heading "Description of the Capital Structure – Shares – Subscription Rights".

"**Seasonal Products**" means *Ski-Doo* and *Lynx* snowmobiles and *Sea-Doo* PWCs.

"**Second Amended and Restated Management Agreement**" means the management agreement entered into by the Company and the Beaudier Group, Bain Capital and CDPQ on December 18, 2003, as same was amended and restated effective as of May 29, 2013.

"**Shares**" means, collectively, the Subordinate Voting Shares and the Multiple Voting Shares.

"**SSV**" means side-by-side vehicle.

"**Subordinate Voting Shares**" means subordinate voting shares in the capital of the Company.

"**Subscription Securities**" has the meaning set out under the heading "Description of the Capital Structure – Shares – Subscription Rights".

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

"**Term Credit Agreement**" has the meaning set out under the heading "Material contracts – Term Credit Agreement".

"**Term Facility**" has the meaning set out under the heading "Material contracts – Term Credit Agreement".

"**TSX**" means the Toronto Stock Exchange.

"**Voting Shares**" has the meaning set out under the heading "Description of the Capital Structure – Shares –Subscription Rights".

"**Year-Round Products**" means *Can-Am* ATVs, SSVs and 3WVs.

"**2017 Secondary Offering**" has the meaning set out under the heading "General Development of the Business".

"**2018 Secondary Offering**" has the meaning set out under the heading "General Development of the Business".

"**2019 Secondary Offering**" has the meaning set out under the heading "General Development of the Business".

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE

1.0 Introduction

This charter (the "Charter") sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of BRP Inc. (the "Company").

2.0 Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- Financial reporting and disclosure requirements;
- Ensuring that an effective risk management and financial control framework has been implemented and tested by management of the Company;
- External and internal audit processes;
- Helping directors meet their responsibilities;
- Providing better communication between directors and the external auditor as well as between directors and the internal audit function;
- Ensuring the independence of the external auditor and the internal audit function;
- Increasing the credibility and objectivity of financial reports; and
- Strengthening the role of directors by facilitating in-depth discussions among directors, management, the external auditor and the internal audit function regarding significant issues involving judgment and impacting quality controls and reporting.

3.0 Composition and Membership

(a) The Board will appoint the members ("Members") of the Committee. The Members will be appointed at the first meeting of the Board following the election of directors by the shareholders of the Company to hold office until the next annual meeting of shareholders of the Company or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director.

(b) The Committee will consist of at least three directors. Each Member will meet the criteria for independence established by applicable laws, including sections 1.4 and 1.5 of National Instrument 52-110 – Audit Committees. All members shall be financially literate or shall become financially literate within a reasonable period of time after their appointment to the Committee; a member of the Committee is financially literate if he or she has 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 the issues that can reasonably be expected to be raised by the Company's financial statements.

(c) The Board will appoint one of the Members to act as the chair of the Committee (the "Chair"). The secretary of the Company (the "Secretary") will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. If the Secretary is not in attendance at any meeting,

the Committee will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.

4.0 Meetings

(a) Meetings of the Committee will be held at such times and places as the Chair may determine, but in any event not less than four (4) times per year. The Committee should meet within the 45 days following the end of the first three fiscal quarters of the Company and within 90 days following the end of the fiscal year of the Company. Members may attend all meetings either in person, by videoconference or by telephone. The Committee shall keep minutes of each meeting.

(b) At the request of the external auditor of the Company, the Chief Executive Officer, the Chief Financial Officer, the Chief Audit Executive, the General Counsel, the Chair of the Investment and Risk Committee or any Member, the Chair will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.

(c) The Chair, if present, will act as the chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee the Members in attendance may select one of their members to act as chair of the meeting.

(d) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolutions signed by all Members.

(e) The Chief Financial Officer and the Chief Audit Executive shall have direct access to the Committee and shall attend all meetings of the Committee, and the Chief Executive Officer and the Chair of the Board shall receive notice of and have the right to attend all meetings of the Committee, except in each case such part of the meeting, if any, which is a private session not involving all or some of these officers as determined by the Committee. The external auditor shall receive notice of and have the right to attend any meetings of the Committee, at the Company's expense, except such part of the meeting, if any, which is a private session not involving the external auditor.

(f) The Committee shall maintain a free and open line of communication with management, the Chief Financial Officer, the Chief Audit Executive and the external auditor. The Committee may invite directors, officers, consultants and employees of the Company or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. The Committee shall meet in camera without members of management in attendance or with the Chief Financial Officer or the Chief Audit Executive on a regular basis and as appropriate or required.

(g) In advance of every meeting of the Committee, the Chair, with the assistance of the Secretary, the Chief Financial Officer and the Chief Audit Executive, should prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials.

5.0 Duties and Responsibilities

The Committee will carry out, among other things, the following responsibilities:

5.1 Financial Statements and Reporting

- Assist the Board in the discharge of its oversight responsibilities to the shareholders, potential shareholders, the investment community, and others relating to the Company's financial statements and its financial reporting practices and system of internal accounting and financial controls, the corporate audit and risk assessment function, the management information systems, the annual external audit of

the Company's financial statements and the compliance by the Company with laws and regulations and its own Code of Ethics.

- Review significant accounting and reporting issues, including complex or unusual material transactions and highly judgmental areas, unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks and changes in provisions, estimates or provisions included in any financial statements, and recent professional and regulatory pronouncements, and understand their impact on and presentation in the financial statements.

- Review and discuss with management and the external auditor the results of the audit, including any difficulties encountered and follow-up in that context and ensure that the external auditor is satisfied that the accounting estimates and judgments made by management's selection of accounting principles reflect an appropriate application of generally accepted accounting principles.

- Review the financial statements, and consider whether they are complete, adequate, consistent with information known to the Members, and reflect appropriate accounting principles and, if appropriate, recommend to the Board their approval and disclosure.

- Review the Company's management discussion and analysis, and other financial information provided by the Company to any governmental body or the public and, if appropriate, recommend to the Board their approval and disclosure.

- Review the Company's annual information form and related regulatory filings before release to the extent that same include financial information, and consider the accuracy and completeness of the financial information contained therein and, if appropriate, recommend to the Board their approval and disclosure.

- Review the Company's press releases containing financial information before the Company publicly discloses this information and, if appropriate, recommend to the Board their approval and disclosure.

- Review and discuss with management any litigation matters which could significantly affect the financial statements, and review the manner in which these matters are disclosed in the financial statements.

- Review and discuss any regulatory compliance issues which could significantly affect the financial statements.

- Review and discuss any corporate governance issues which could significantly affect the financial statements.

- Review with management and the external auditor all matters required to be communicated to the Committee under generally accepted auditing standards.

- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.

- Review interim financial reports with management and the external auditor before disclosure and filing with regulators, and consider whether they are complete and consistent with the information known to the Members and reflect appropriate accounting principles and, if appropriate, recommend to the Board their approval and disclosure.

- To the extent not previously reviewed by the Committee, review and, if appropriate, recommend to the Board the approval of all financial statements included in any prospectus or other offering

memoranda and all other financial reports required by regulatory authorities and requiring approval by the Board.

- Review the statement of management's responsibility for the financial statements as signed by the management of the Company and included in any published document.

- Obtain explanations for communication to the Board for all significant variances between comparable reporting periods.

- Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.

- Monitor the application and update, as necessary, of the Company's Disclosure Policy.

5.2 Internal Control

- With the assistance of the external auditor, the Chief Financial Officer and the Chief Audit Executive, consider the effectiveness and the adequacy of the Company's internal control systems, including information technology security and control.

- Take all reasonable measures to ensure that the Board and management comply with all of the Company's policies or practices relating to business ethics and integrity (including the Authorities and Limits Policy and the Segregation of Duties Policy).

- Understand the scope of internal and external auditor's review of internal control over financial reporting, and obtain reports on any identified weaknesses, deficiencies or significant findings and recommendations, together with management's responses and actions taken to remedy the issues identified.

- Review and discuss with the Chief Executive Officer and Chief Financial Officer the process for the certifications to be provided in the Company's public disclosure documents.

- Review, monitor, report, and, where appropriate, provide recommendations to the Board of Directors on the Company's disclosure controls and procedures.

5.3 External Audit

- Manage the relationship between the Company and the external auditor.

- Recommend to the Board the appointment or discharge and compensation of the Company's external auditor.

- Fill the role as the direct contact for the external auditor.

- Oversee the work of the external auditor, including the resolution of disagreements between the external auditor and management.

- Review any suggestions made by the external auditor for improvement of the Company's operations or internal control.

- Pre-approve all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Company or its subsidiary entities by the Company's external auditor.

- At least annually, review and approve the terms of the external auditor's (i) annual audit services engagement letter and (ii) the quarterly review services engagement letter; each of these letters shall be signed by the Chair of the Committee.

- At least annually, review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit function.

- To the extent practicable, at least annually, review the performance of the external auditor.

- At least annually, review and confirm the independence of the external auditor by obtaining statements from the auditor on relationships between the auditor and the Company, including non-audit services, discussing the relationships with the auditor and discussing any restrictions placed on them or other difficulties encountered in the course of the audit.

- At least annually, meet separately with the external auditor to discuss the access to requested information and level of cooperation from management during the performance of their work.

- On a regular basis, the Chief Executive Officer, the Chief Financial Officer, the Chief Audit Executive, the Chair of the Investment and Risk Committee or any other representative of management whose presence is requested by the Chair of the Committee or any of the Members, and the external auditor shall meet separately with the Committee, in a private session held during the course of a meeting.

- On a regular basis, review and approve the Company's hiring policies regarding partners, employees and former employees of the present and former external auditor of the Company.

- Periodically rotate the lead partner for the external auditor.

5.4 Internal Audit Function

- Review and approve the charter, nature, scope of work and organizational structure of the internal audit function as well as the annual audit plan and any major changes thereon.

- Ensure that the internal audit function has the necessary resources to fulfill its mandate and responsibilities.

- Approve the appointment and dismissal of the Chief Audit Executive, as well as approve his/her performance evaluation and compensation. The Chief Audit Executive shall report directly to the Committee.

- Periodically review the audit plan status, including a progress report on the internal audit mandates and a follow-up on past due recommendations.

- Review internal audit reports, including management responses, and ensure that the necessary steps are taken to follow up on important report recommendations.

- Review with the assistance of the Chief Audit Executive the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.

- Ensure the independence and effectiveness of the internal audit function, including by requiring that the function be free of any influence that could adversely affect its ability to objectively assume its responsibilities, by ensuring that it reports to the Committee, and by meeting regularly with the Chief Audit Executive without management being present in order to discuss, among others, the questions he/she raises regarding the relationship between the internal audit function and management and access to the information required.

5.5 Compliance

- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters (the “Complaints of Illegal or Unethical Conduct Policy”).

- Review the effectiveness of the Complaints of Illegal or Unethical Conduct Policy and follow-up (including disciplinary action) of any instances of non-compliance.

- Review the findings of any examinations by regulatory agencies, and any auditor observations.

- Obtain regular updates from management and the Company’s legal counsel regarding compliance matters in respect of the Complaints of Illegal or Unethical Conduct Policy.

5.6 Other Responsibilities

- Perform other activities related to this Charter as requested by the Board.

- Investigate and assess any issue that raises significant concern to the Committee, with the assistance, if so required by the Committee, of the Chief Financial Officer, the Chief Audit Executive and/or the external auditor.

- Evaluate the Committee’s and individual members’ performance on a regular basis.

- Communicate and collaborate with other committees of the Board of Directors to ensure coordination in the fulfillment of any responsibilities of the Committee which may overlap with the responsibilities of other committees.

6.0 Oversight Function

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate or comply with applicable accounting standards, as applicable, and other applicable requirements. These are the responsibilities of management and the external auditor.

7.0 Limitation on Committee’s Duties

Notwithstanding the foregoing and subject to applicable law, nothing contained in this Charter is intended to require the Committee to ensure the Company’s compliance with applicable laws or regulations.

In contributing to the Committee’s discharge of its duties under this Charter, each Member shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any Member a standard of care or diligence that is in any way more onerous or extensive than the standard to which the member of the Board are subject.

The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Company’s shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively. The terms contained herein are not intended to give rise to civil liability on the part of the Company or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

8.0 Reporting

The Chair should report to the Board at each Board meeting on the Committee's activities since the last Board meeting. As required by applicable rules and regulations, the Committee should report annually to shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by law. The Committee should also review any other report the Company issues that relates to the Committee's responsibilities. The Secretary should circulate the minutes of each meeting of the Committee to the members of the Board.

9.0 Access to Information and Authority

The Committee will be granted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at the Company's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve and pay any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with the external auditor, the Chief Financial Officer, the Chief Audit Executive as well as any other employee of the Company as it deems necessary.

10.0 Review of Charter

The Committee will, from time to time, review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration. The Board may, amend this Charter (as required).



Consolidated Financial Statements

BRP Inc.

For the years ended January 31, 2020 and 2019

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of BRP Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of BRP Inc. and subsidiaries (the "Company") as at January 31, 2020 and 2019, the related consolidated statements of net income, comprehensive income, changes in equity, and cash flows, for each of the two years in the period ended January 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2020 and 2019, and its financial performance and its cash flows for each of the two years in the period ended January 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of
January 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 9, 2020, expressed an adverse opinion on the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective February 1, 2019, the Company has changed its method of accounting for leases due to adoption of IFRS 16 – Leases.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue – Refer to Note 2n and 22 to the Financial Statements

Critical Audit Matter Description

The Company's revenue consists of transactions sourced from multiple order entry systems and databases. The Company's information technology (IT) environment is complex and includes multiple IT systems that are used to process revenue-related data and the Company relies on the output of these systems to process and record its revenue transactions.

Given the Company's systems to process and record revenue are highly automated, there are potential risks arising from the capture, processing and transfer of data accurately and completely between the various IT systems. There was an impact due to the material weakness identified by management as described in the "Opinions on the Financial Statements and Internal Control over Financial Reporting" section and as such, auditing revenue resulted in an increased extent of audit effort and the nature of audit procedures are designed to include information outside of the IT systems.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the Company's IT systems, software applications and automated controls used to process revenue transactions included the following, among others:

- With the assistance of IT specialists,
    - Assessed the general computer and automated controls for relevant IT systems used to process revenue transactions;
    - Assessed the interface outputs between relevant IT systems to determine that information transferred is accurate and complete;
    - Evaluated the service auditor reports on which the Company relies.
- Selected a sample of revenue transactions and performed the following:
    - Compared revenue from the IT system to the customer confirmation and cash receipts;
    - Matched revenues from the IT system to the approved pricing outside of the IT system;
    - Compared revenue selections to the third party bill of lading and;
    - Evaluated the reasonableness of manual journal entries posted to revenues in the general ledger.

Intangibles – Goodwill and Indefinite Useful Life Intangible Assets – Marine Group – Refer to Notes 2 and 10 to the Financial Statements

Critical Audit Matter Description

The Company tests for impairment as at January 31 for goodwill and indefinite useful life intangible assets for the Marine Group of cash generating units ("Marine Group"). In determining the recoverable amount during the annual assessment of impairment of goodwill and indefinite useful life intangible assets for the Marine Group, management has determined that there is no impairment of goodwill and there is no impairment for indefinite useful life intangible assets.

While there are several assumptions that management is required to make to determine the recoverable amount of goodwill and indefinite useful life intangible assets for the Marine Group, the assumptions with the highest degree of subjectivity and impact on the recoverable amount are cash flow projections, discount rates, and market-based comparable transaction multiples and royalty rates. Changes in these assumptions could have a significant impact on the recoverable amount of goodwill and indefinite useful life intangible assets for the Marine Group, resulting in an impairment charge as required. Auditing these assumptions required a high degree of auditor judgment, and resulted in an increased extent of audit effort, which included the need to involve fair value specialists.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the cash flow projections, discount rates, and market-based comparable transaction multiples and royalty rates used by management to determine the recoverable amount for goodwill and indefinite useful life intangible assets for the Marine Group included the following, among others:

- Evaluated the effectiveness of controls over the determination of the cash flow projections and the selection of appropriate discount rates, and market-based comparable transaction multiples and royalty rates used in the recoverable amount calculation for goodwill and indefinite useful life intangible assets.
- Evaluated management's ability to accurately forecast the cash flow projections by comparing actual results to cash flow projections used in the valuation models.
- Evaluated the reasonableness of the cash flow projections in the valuation models by comparing the projections to:
    - Analyst and industry reports for the Company and certain of its peer companies, and other relevant publicly available information;
    - Known changes in the Marine Group's operations or the industry in which they operate, which are expected to impact the cash flow projections;
    - Internal communications to management and the Board of Directors.
- With the assistance of fair value specialists, evaluated the reasonableness of the (1) discount rates and (2) market-based comparable transaction multiples and royalty rates by:
    - Testing the source information underlying the determination of these assumptions.
    - Examining relevant internal and external information, including analyst and industry reports, to assess the reasonability of the selected values for these assumptions.
    - Developing a range of independent estimates and comparing those values to the ones determined and used by management in their modelling.

/s/ Deloitte LLP[i]

Chartered Professional Accountants
Montréal, Canada
April 9, 2020

We have served as the Company's auditor since 2006.

[i] CPA auditor, CA, public accountancy permit No. A124391

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of BRP Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of BRP Inc. and subsidiaries (the "Company") as of January 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weakness identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of January 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as at and for the year ended January 31, 2020, of the Company and our report dated April 9, 2020, expressed an unqualified opinion on those financial statements, and included an explanatory paragraph regarding the Company's change in the method of accounting for leases due to the adoption of IFRS 16 – Leases.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment:

A material weakness was identified over the design and maintenance of effective programs over certain information technology general controls (ITGCs) in the areas of access security, system change management and job processing for certain information technology (IT) systems that support the Company's financial reporting processes. The control deficiencies, either individually or in the aggregate, constitute a material weakness relating to: (i) selecting and developing general control activities over technology to support the achievement of objectives, (ii) deploying control activities through policies that establish what is expected and procedures that put policies into action and (iii) obtaining or generating and using relevant, quality information to support the functioning of internal control. As a result of these deficiencies, the related process-level manual and automated application controls that rely on information generated from the affected information technology systems were also deemed ineffective because they could have been adversely impacted. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended January 31, 2020 of the Company, and this report does not affect our report on such financial statements.

/s/ Deloitte LLP[i]

Chartered Professional Accountants
Montréal, Canada
April 9, 2020

[i] CPA auditor, CA, public accountancy permit No. A124391

CONSOLIDATED STATEMENTS OF NET INCOME

[in millions of Canadian dollars, except per share data]

	Notes	Years ended January 31, 2020	Years ended January 31, 2019
Revenues	22	**$6,052.7**	$5,243.8
Cost of sales	23	**4,598.7**	3,990.4
Gross profit		**1,454.0**	1,253.4
Operating expenses			
Selling and marketing		**382.5**	336.9
Research and development		**238.4**	221.7
General and administrative		**256.9**	214.7
Other operating expenses (income)	25	**(28.1)**	7.5
Total operating expenses		**849.7**	780.8
Operating income		**604.3**	472.6
Financing costs	26	**90.9**	76.9
Financing income	26	**(2.2)**	(3.0)
Foreign exchange loss on long-term debt		**9.9**	69.8
Income before income taxes		**505.7**	328.9
Income tax expense	27	**135.1**	101.6
Net income		**$370.6**	$227.3
Attributable to shareholders		**$371.4**	$227.0
Attributable to non-controlling interest		**$(0.8)**	$0.3
Basic earnings per share	21	**$4.00**	$2.31
Diluted earnings per share	21	**$3.96**	$2.28

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[in millions of Canadian dollars]

	Notes	Years ended January 31, 2020	Years ended January 31, 2019
Net income		**$370.6**	$227.3
Other comprehensive loss			
Items that will be reclassified subsequently to net income			
Net changes in fair value of derivatives designated as cash flow hedges		**6.6**	(6.0)
Net changes in unrealized loss on translation of foreign operations		**(12.3)**	(10.8)
Income tax (expense) recovery		**(1.5)**	1.1
		(7.2)	(15.7)
Items that will not be reclassified subsequently to net income			
Actuarial losses on defined benefit pension plans	17	**(70.9)**	(17.2)
Gain (loss) on fair value of restricted investments		**1.0**	(0.4)
Income tax recovery		**18.2**	4.4
		(51.7)	(13.2)
Total other comprehensive loss		**(58.9)**	(28.9)
Total comprehensive income		**$311.7**	$198.4
Attributable to shareholders		**$312.7**	$198.2
Attributable to non-controlling interest		**$(1.0)**	$0.2

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[in millions of Canadian dollars]
As at

	Notes	January 31, 2020	January 31, 2019
Cash		**$42.5**	$100.0
Trade and other receivables	6	**399.1**	388.3
Income taxes and investment tax credits receivable		**18.4**	13.6
Other financial assets	7	**19.1**	12.8
Inventories	8	**1,166.3**	946.2
Other current assets		**26.8**	24.9
Total current assets		**1,672.2**	1,485.8
Investment tax credits receivable		**12.1**	14.5
Other financial assets	7	**20.2**	20.0
Property, plant and equipment	9	**1,027.4**	905.1
Intangible assets	10	**610.1**	478.7
Right-of-use assets	11	**214.7**	—
Deferred income taxes	27	**206.6**	169.6
Other non-current assets		**3.8**	3.5
Total non-current assets		**2,094.9**	1,591.4
Total assets		**$3,767.1**	$3,077.2
Trade payables and accruals	13	**$1,085.8**	$1,003.5
Provisions	14	**426.7**	408.6
Other financial liabilities	15	**182.9**	108.3
Income tax payable		**67.4**	68.3
Deferred revenues		**71.8**	71.3
Current portion of long-term debt	16	**17.9**	18.4
Current portion of lease liabilities	11	**31.6**	—
Total current liabilities		**1,884.1**	1,678.4
Long-term debt	16	**1,627.5**	1,197.1
Lease liabilities	11	**209.3**	—
Provisions	14	**112.8**	111.6
Other financial liabilities	15	**47.0**	28.4
Deferred revenues		**140.3**	129.7
Employee future benefit liabilities	17	**301.2**	237.1
Deferred income taxes	27	**14.3**	0.9
Other non-current liabilities		**20.3**	16.8
Total non-current liabilities		**2,472.7**	1,721.6
Total liabilities		**4,356.8**	3,400.0
Deficit		**(589.7)**	(322.8)
Total liabilities and deficit		**$3,767.1**	$3,077.2

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[in millions of Canadian dollars]

For the year ended January 31, 2020

	Attributed to shareholders							
	Capital Stock (Note 18)	Contributed surplus	Retained losses	Translation of foreign operations	Cash-flow hedges	Total	Non-controlling interests	Total deficit
Balance as at January 31, 2019, as previously reported	**$217.8**	**$38.3**	**$(596.3)**	**$17.0**	**$(4.8)**	**$(328.0)**	**$5.2**	**$(322.8)**
Adjustment for IFRS 16 (net of tax) (Note 11)	**—**	**—**	**(16.7)**	**—**	**—**	**(16.7)**	**(0.1)**	**(16.8)**
Balance as at February 1, 2019	**217.8**	**38.3**	**(613.0)**	**17.0**	**(4.8)**	**(344.7)**	**5.1**	**(339.6)**
Net income (loss)	**—**	**—**	**371.4**	**—**	**—**	**371.4**	**(0.8)**	**370.6**
Other comprehensive income (loss)	**—**	**—**	**(51.7)**	**(12.1)**	**5.1**	**(58.7)**	**(0.2)**	**(58.9)**
Total comprehensive income (loss)	**—**	**—**	**319.7**	**(12.1)**	**5.1**	**312.7**	**(1.0)**	**311.7**
Dividends (Note 18)	**—**	**—**	**(37.2)**	**—**	**—**	**(37.2)**	**—**	**(37.2)**
Issuance of subordinate shares	**17.2**	**(5.2)**	**—**	**—**	**—**	**12.0**	**—**	**12.0**
Repurchase of subordinate shares (Note 18)	**(44.4)**	**—**	**(408.1)**	**—**	**—**	**(452.5)**	**—**	**(452.5)**
Subordinate shares subject to repurchase (Note 18)	**—**	**(70.3)**	**—**	**—**	**—**	**(70.3)**	**—**	**(70.3)**
Stock-based compensation	**—**	**14.2 [a]**	**—**	**—**	**—**	**14.2**	**—**	**14.2**
Repurchase of stock options (Note 19)	**—**	**(9.6)**	**(18.4)**	**—**	**—**	**(28.0)**	**—**	**(28.0)**
Non-controlling interest arising on business combination (Note 5)	**—**	**—**	**—**	**—**	**—**	**—**	**19.4**	**19.4**
Obligation to repurchase a non-controlling interest (Note 5)	**—**	**—**	**—**	**—**	**—**	**—**	**(19.4)**	**(19.4)**
Balance as at January 31, 2020	**$190.6**	**$(32.6)**	**$(757.0)**	**$4.9**	**$0.3**	**$(593.8)**	**$4.1**	**$(589.7)**

[a] Includes $1.2 million of income tax recovery.

For the year ended January 31, 2019

	Attributed to shareholders							
	Capital Stock (Note 18)	Contributed surplus	Retained losses	Translation of foreign operations	Cash-flow hedges	Total	Non-controlling interests	Total deficit
Balance as at January 31, 2018	$234.8	$(7.8)	$(551.8)	$27.7	$0.1	$(297.0)	$5.0	$(292.0)
Net income	—	—	227.0	—	—	227.0	0.3	227.3
Other comprehensive loss	—	—	(13.2)	(10.7)	(4.9)	(28.8)	(0.1)	(28.9)
Total comprehensive income (loss)	—	—	213.8	(10.7)	(4.9)	198.2	0.2	198.4
Dividends	—	—	(35.3)	—	—	(35.3)	—	(35.3)
Issuance of subordinate shares	9.4	(3.2)	—	—	—	6.2	—	6.2
Repurchase of subordinate shares	(26.4)	38.6	(223.0)	—	—	(210.8)	—	(210.8)
Stock-based compensation	—	10.7 [a]	—	—	—	10.7	—	10.7
Balance as at January 31, 2019	$217.8	$38.3	$(596.3)	$17.0	$(4.8)	$(328.0)	$5.2	$(322.8)

[a] Includes $0.4 million of income tax expense.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

[in millions of Canadian dollars]

	Notes	Years ended January 31, 2020	Years ended January 31, 2019
OPERATING ACTIVITIES			
Net income		**$370.6**	$227.3
Non-cash and non-operating items:			
Depreciation expense		**234.1**	177.3
Income tax expense	27	**135.1**	101.6
Foreign exchange loss on long-term debt		**9.9**	69.8
Interest expense and transaction costs	26	**78.5**	65.0
Other		**9.6**	6.7
Cash flows generated from operations before changes in working capital		**837.8**	647.7
Changes in working capital:			
Increase in trade and other receivables		**(17.1)**	(50.2)
Increase in inventories		**(225.6)**	(178.2)
Increase in other assets		**(18.7)**	(29.2)
Increase in trade payables and accruals		**84.5**	180.7
Increase in other financial liabilities		**2.3**	10.5
Increase in provisions		**16.1**	39.6
Increase in other liabilities		**10.8**	9.6
Cash flows generated from operations		**690.1**	630.5
Income taxes paid, net of refunds		**(134.6)**	(69.3)
Net cash flows generated from operating activities		**555.5**	561.2
INVESTING ACTIVITIES			
Business combinations, net of acquired cash	5	**(113.2)**	(173.0)
Additions to property, plant and equipment	9	**(280.7)**	(278.1)
Additions to intangible assets	10	**(50.0)**	(20.5)
Other		**0.6**	1.1
Net cash flows used in investing activities		**(443.3)**	(470.5)
FINANCING ACTIVITIES			
Issuance of long-term debt	16	**457.3**	146.6
Long-term debt amendment fees	16	**(6.5)**	(8.9)
Repayment of long-term debt	16	**(19.0)**	(16.8)
Repayment of lease liabilities	11	**(30.5)**	—
Interest paid		**(75.5)**	(52.9)
Issuance of subordinate voting shares		**12.0**	6.2
Repurchase of subordinate voting shares	18	**(447.5)**	(248.6)
Repurchase of stock options	19	**(28.0)**	—
Dividends paid	18	**(37.2)**	(35.3)
Other		**(2.8)**	(3.5)
Net cash flows used in financing activities		**(177.7)**	(213.2)
Effect of exchange rate changes on cash		**8.0**	(3.5)
Net decrease in cash		**(57.5)**	(126.0)
Cash at the beginning of year		**100.0**	226.0
Cash at the end of year		**$42.5**	$100.0

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

BRP Inc. ("BRP") is incorporated under the laws of Canada. BRP's multiple voting shares are owned by Beaudier Inc. and 4338618 Canada Inc. (collectively, "Beaudier Group"), Bain Capital Luxembourg Investments S.à r.l. ("Bain Capital") and La Caisse de dépôt et placement du Québec ("CDPQ"), (collectively, the "Principal Shareholders") whereas BRP's subordinate voting shares are listed in Canada on the Toronto Stock Exchange under the symbol DOO and in the United States on the Nasdaq Global Select Market under the symbol DOOO.

BRP and its subsidiaries (the "Company") design, develop, manufacture and sell powersports vehicles and marine products. The Company's Powersports segment comprises "Year-Round Products" which consist of all-terrain vehicles, side-by-side vehicles and three-wheeled vehicles; "Seasonal Products" which consist of snowmobiles and personal watercraft; and "Powersports PA&A and OEM Engines" which consist of parts, accessories and apparel ("PA&A"), engines for karts, motorcycles and recreational aircraft and other services. Additionally, the Company's "Marine" segment consist of outboard and jet boat engines, boats and related PA&A and other services. The Company's products are sold mainly through a network of independent dealers, independent distributors and to original equipment manufacturers (the "Customers"). The Company distributes its products worldwide and manufactures them in Mexico, Canada, Austria, the United States, Finland and Australia.

The Company's headquarters is located at 726 Saint-Joseph Street, Valcourt, Québec, J0E 2L0.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These consolidated financial statements for the years ended January 31, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). On February 1, 2019, the Company adopted *IFRS 16 "Leases"* ("IFRS 16") as described in note 11.

These consolidated financial statements have been prepared on a historical cost basis except for certain transactions that are measured using a different basis as explained below in this significant accounting policies section.

On April 9, 2020, the Board of Directors of the Company approved these consolidated financial statements for the years ended January 31, 2020 and 2019.

b) Basis of consolidation

These consolidated financial statements include the financial statements of BRP and its subsidiaries. BRP controls all of its subsidiaries that are wholly owned through voting equity interests, except for Regionales Innovations Centrum GmbH in Austria for which a non-controlling interest of 25% is recorded upon consolidation, BRP Commerce & Trade Co. Ltd in China for which a non-controlling interest of 20% is recorded upon consolidation and Telwater Pty Ltd in Australia for which there is a non-controlling interest of 20%. BRP is also part of joint ventures located in Austria.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

b) Basis of consolidation [continued]

The most significant subsidiaries of BRP included in these consolidated financial statements are as follows:

- Bombardier Recreational Products Inc., located in Canada;
- BRP US Inc., located in the United States;
- BRP-Rotax GmbH & Co. KG, located in Austria;
- BRP European Distribution SA, located in Switzerland, and
- BRP Finland Oy, located in Finland.

All inter-company transactions and balances have been eliminated upon consolidation.

c) Foreign currencies

The consolidated financial statements of the Company are presented in Canadian dollars, the currency of the primary economic environment ("functional currency") in which it operates. The functional currency of foreign operations is their local currency, corresponding to the currency in which the majority of their third-party transactions are denominated.

Transactions in foreign currency

For the purpose of preparing consolidated financial statements, the Company applies the following procedures on transactions and balances in currencies other than their functional currency. Monetary items are translated using exchange rates in effect at the consolidated statement of financial position date and non-monetary items are translated using exchange rates prevailing at the transaction date. Revenues and expenses (other than depreciation, which is translated at the same exchange rates as the related assets) are translated using exchange rates in effect on the transaction dates or at the average exchange rates of the period. Translation gains or losses are recorded in the consolidated statement of net income.

Consolidation of foreign operations

All assets and liabilities of foreign operations are translated into Canadian dollars at exchange rates in effect at the consolidated statement of financial position date. Revenues and expenses are translated at the average exchange rates for the period. The Company's gains and losses on translation of foreign operations are recognized in other comprehensive income and accumulated in equity until the Company no longer controls the foreign operation. At that time, gains or losses on translation accumulated in equity are entirely reclassified to net income.

d) Inventory valuation

Materials and work in progress, finished products and parts, accessories and apparel are valued at the lower of weighted average cost or net realizable value. The cost of work in progress and finished products manufactured by the Company includes the cost of materials, direct labour and directly attributable manufacturing overhead. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to complete the sale.

Inventories are written down to net realizable value when the cost of inventories is determined to be not fully recoverable. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of write-down is reversed.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

e) Property, plant and equipment

Property, plant and equipment includes land, building, equipment and tooling held for use in the development, production and distribution activities or for administrative purposes. They are stated at cost less accumulated depreciation and accumulated impairment charges.

The cost of an item of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating, which also includes the borrowing costs incurred during the construction.

Property, plant and equipment is depreciated, with the exception of land, using the straight-line method over their estimated useful lives. If an item of property, plant and equipment is composed of significant components having different estimated useful lives, depreciation is calculated on a component basis using the straight-line method over their respective useful lives. The Company's estimated useful lives per category are the following:

Tooling	3 to 7 years
Equipment	3 to 20 years
Building	10 to 60 years

Depreciation of assets under development begins when they are ready for their intended use.

The estimated useful lives, residual values and depreciation methods are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

Fully depreciated building, equipment and tooling are retained in the cost and accumulated depreciation accounts until such assets are removed from service. In the case of disposals, cost and related accumulated depreciation amounts are removed from the consolidated statement of financial position, and the net amounts, less proceeds from disposal, is recorded in the consolidated statement of net income.

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment in order to determine if there is any indication that those assets may be impaired. If any such indication exists, an impairment test is performed as described below in paragraph h).

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

f) Intangible assets

Goodwill represents the excess of the purchase price of businesses acquired over the fair value of the net assets acquired. Goodwill is systematically tested for impairment as at January 31 or more frequently if events or circumstances indicate that it might be impaired. Goodwill is tested for impairment at the cash generating unit ("CGU") level representing the lowest level at which management monitors it.

Trademarks are carried at cost and are not depreciated due to their indefinite expected useful lives for the Company. The assessment of indefinite expected useful lives is reviewed at each year-end. Trademarks are systematically tested for impairment as at January 31 or more frequently if events or circumstances indicate that they might be impaired. Trademarks are tested for impairment with the CGU to which they relate.

Software and licences, patents, dealer networks and customer relationships are carried at cost and are depreciated on a straight-line basis over their estimated useful lives, which are as follows:

Software and licences	3 to 5 years
Patents	10 years
Dealer networks	5 to 20 years
Customer relationships	10 to 15 years

At the end of each reporting period, the Company reviews the carrying amounts of its software and licences, dealer networks and customer relationships in order to determine if there is any indication that those assets may be impaired. If any such indication exists, an impairment test is performed as described below in paragraph h).

Expenditures related to research and development activities are recognized as expense in the period in which they are incurred, except for development activities if specific criteria for capitalization as intangible assets are met.

g) Leases

Policy applicable from February 1, 2019

At inception, the Company assesses whether the contract is or contains a lease. Leases are recognized as right-of-use assets and lease liabilities at the lease commencement date. Payments associated with short-term leases and leases of low-value assets are recognized as an expense.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liabilities include the net present value of the following lease payments (when applicable):

- Fixed payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable under residual value guarantees;
- Exercise price of purchase options if the Company is reasonably certain to exercise that option; and
- Penalties for early termination of a lease, except if the Company is reasonably certain not to terminate early.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

g) Leases [continued]

Policy applicable from February 1, 2019 [continued]

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The lease liability is remeasured, and a corresponding adjustment is made to the carrying amount of the right-of-use assets, when there is a change in future lease payments arising from a change in an index or rate, from a change in the estimation of a residual value guarantee or from a change in the assumption of purchase, extension or termination option. The lease liability is also remeasured when the underlying lease contract is amended.

The Company accounts for each lease component and any associated non-lease components as a single lease component.

The right-of-use asset is initially measured at cost, which includes the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less any incentives received. The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. In addition, the right-of-use asset is reduced by impairment losses resulting from impairment tests as described below in paragraph h), if any, and adjusted for certain remeasurements of the lease liability.

Policy applicable before February 1, 2019

The determination of whether an arrangement was or contained a lease was based on the substance of the arrangement and required an assessment by the Company of whether the arrangement conveyed a right to use the asset. Leases were classified as finance leases if the terms of the lease transferred substantially all the risks and rewards of ownership to the Company. Otherwise, leases were classified as operating leases.

Operating lease expense were recognized on a straight-line basis over the lease term.

Finance lease payments were recorded at the present value at the inception of the lease and apportioned at each disbursement date between financing costs and the lease liability using the implicit interest rate of the lease. They were presented in property, plant and equipment, intangible assets and long-term debt in the consolidated statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

h) Impairment of property, plant and equipment, intangible assets and right-of-use assets

An asset is impaired when its carrying amount is above its recoverable amount. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In that case, the asset is assessed for impairment within a CGU, representing the lowest level of assets for which there are separately identifiable cash inflows. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. Value in use is determined using a discounted future net cash flows approach. Fair value less costs to sell reflects the amount the Company could obtain from the asset's disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. If there is no active market for the asset, the fair value is assessed by using appropriate valuations models dependent on the nature of the asset or CGU, such as discounted cash flow models. The impairment charge recorded in the consolidated statement of net income is the difference between the carrying amount and the recoverable amount.

At the end of each reporting period, the Company reviews the carrying amount of assets (excluding goodwill) or CGU impaired in previous periods in order to determine if there is any indication that its recoverable amount has increased. If any such indication exists, an impairment test is performed and the impairment recovery is recorded in the consolidated statement of net income up to the carrying amount that would have existed had the impairment charge never been recorded in prior years.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one party and a financial liability or equity for another party. Financial instruments are initially recorded at fair value when the Company becomes a party to the transaction and are subsequently revalued at fair value or amortized cost at the end of each reporting period depending on their classification.

When the Company acquires or issues a financial instrument that is not recorded at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance are incorporated in the carrying amount and amortized in the consolidated statement of net income using the effective interest rate method. When the Company acquires or issues a financial instrument measured at fair value through profit or loss, all transaction costs are expensed as incurred.

A modification of financial liabilities that includes a prepayment option at par with no break costs is equivalent to an extinguishment. When a modification is accounted for as an extinguishment, the original financial instrument is derecognized, including any unamortized transaction costs and any costs or fees incurred related to the modification, and the new instrument arising from the modification is recognized at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

i) Financial instruments [continued]

Financial assets and financial liabilities other than derivatives

At the end of each reporting period, financial assets and financial liabilities that are not derivatives are measured at fair value or amortized cost using the effective interest method depending on the following classification:

- Restricted investments are measured at fair value through other comprehensive income at the end of each reporting period.
- Cash and trade and other receivables are measured at amortized cost at the end of each reporting period.
- Non-controlling interest liability is measured at fair value through net income at the end of each reporting period.
- Revolving credit facilities, trade payables and accruals, other financial liabilities, long-term debt and lease liabilities are measured at amortized cost at the end of each reporting period.

Derivative financial instruments

Derivative financial instruments are financial assets or financial liabilities recorded at fair value through profit or loss. They are measured at fair value at the end of each reporting period including those derivatives that are embedded in financial and non-financial contracts that are not closely related to the host contract.

In the consolidated statement of net income, changes in fair value of derivatives used to manage foreign exchange exposure on working capital elements are recorded in other operating expenses (income).

Derivative financial instruments under cash flow hedge accounting

The Company applies cash flow hedge accounting when forecasted cash flows are highly probable to occur and all other cash flow hedge criteria are met. The effective portion of the change of fair value of derivative financial instruments designated as hedging items under the cash flow hedge model is recorded in other comprehensive income and accumulated in equity until the hedged transaction is recognized in the consolidated statement of net income. The ineffective portion is recognized in the consolidated statement of net income at each period end. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be effective in offsetting the cash flows of the respective hedged items during the period for which the hedge is designated.

If a derivative financial instrument accounted for using the cash flow hedge model has been settled prior to maturity or the hedge relationship is no longer meeting cash flow hedge criteria, accumulated gains or losses associated with the derivative financial instrument remain in equity as long as the underlying hedged transaction is expected to occur and are recognized in the consolidated statement of net income in the period in which the underlying hedged transaction is recognized in the consolidated statement of net income. In the event that the underlying hedged transaction is settled prior to maturity or is not expected to occur anymore, gains or losses accumulated in equity at this date are immediately reclassified in the consolidated statement of net income. Gains or losses related to derivative financial instruments accounted for using the cash flow hedge model are recorded in the same category as the hedged item in the consolidated statement of net income.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

j) Derecognition of receivables

Receivables are derecognized from the consolidated statement of financial position only when the Company's contractual rights to the cash flows expire or when the Company has transferred to a third party substantially all the risks and rewards on receivables sold.

k) Dealer holdback programs

The Company provides dealer incentive programs whereby at the time of shipment, the Company invoices an amount to the dealer that is reimbursable upon ultimate sale and warranty registration of the product. The Company presents the amounts due to dealers in other current financial liabilities in the consolidated statement of financial position.

l) Provisions

Provisions represent liabilities for which the amount or timing of payment is uncertain. Provisions are recorded in the consolidated statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. Additionally, provisions are recorded for contracts under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received.

Provisions are measured at each period end at the best estimate of the expenditure required to settle the obligation. To account for the effect of the time value of money, provisions are measured at the present value of the outflows required to settle the obligation using a risk free rate adjusted to the specific risk of the obligation. They are re-measured at each consolidated statement of financial position date using interest rates prevailing at this date and an interest expense is recorded to reflect the passage of time.

The main provisions of the Company are described in more detail below:

Products related provisions

When the products are sold, the Company records a provision related to limited product warranties covering periods from six months to five years.

The Company records a provision for product liability claims or possible claims incurred but not reported at the end of each reporting period.

The Company provides for estimated sales promotions at time of revenue recognition. Examples of these costs include product rebates given to clients, volume discounts and retail financing programs. In the consolidated statement of net income, cash sales promotions are recorded as a reduction of revenues whereas non-cash sales promotions, such as delivery of free products, are included in cost of sales.

Restructuring provision

The Company provides for estimated direct restructuring costs to be incurred in a restructuring plan in the period the Company has a detailed formal plan describing the restructuring activity and has communicated the main features of the plan to those affected by it.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

m) Employee benefits

Current benefits

The Company records an expense in the consolidated statement of net income for wages, salaries, bonuses, share based compensations and social security contributions of employees in the period the services are rendered. Current benefit associated with manufacturing employees is included in the cost of inventory produced as described above in paragraph d).

Future benefits

The Company sponsors several Canadian and foreign funded and unfunded defined benefit and defined contribution pension plans covering most of its employees. The Company also provides other post-retirement benefit plans to certain employees.

Defined benefit plans and other post-retirement benefit plans

Annual costs of defined benefit pension plans and other post-retirement benefit plans, which include current service costs, net interest costs and past service costs, is actuarially determined using the projected unit credit method based on management's best estimate of discount rates, salary escalation, retirement ages of employees, life expectancy, inflation and health care costs.

Current service costs are recorded in the consolidated statement of net income when employees are rendering the services to the Company. For manufacturing employees, current service costs are included in the cost of inventory produced as described above in paragraph d).

Net interest costs are recorded in the consolidated statement of net income at each period following the passage of time.

Past service costs (gains) arising from the change in the present value of the defined benefit obligation resulting from a plan amendment or a curtailment are recorded in the consolidated statement of net income when the plan amendment or the curtailment occurs. A curtailment arises from a transaction that significantly reduces the number of employees covered by a plan.

In the consolidated statement of net income, costs related to defined benefit pension plans and other post-retirement benefit plans are classified separately depending on their nature. Current service costs and past service costs (gains) are presented within operating income whereas the net interest expense on the employee future benefit liability is presented in financing costs.

The liability recognized in the consolidated statement of financial position is the present value of the plan obligations less the fair value of the plan assets at that date. Plan obligations are determined based on expected future benefit payments discounted using market interest rates prevailing as at January 31 and plan assets are stated at their fair value at that date. Actuarial gains and losses that arise in calculating the present value of plan obligations and the fair value of plan assets are recorded in other comprehensive income and accumulated directly in retained earnings (losses).

Defined contribution plans

Defined contribution plan expenses are recorded in the consolidated statement of net income when employees are rendering the services to the Company. Expenses associated with manufacturing employees are included in the cost of inventory produced as described above in paragraph d). Defined contribution plan expenses are entirely presented within operating income.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

n) Revenue recognition

The Company's revenues are derived primarily from the sale of products and related parts and accessories. Each sale is considered as a single performance obligation and revenues are recognized when products are shipped, which correspond to the point in time when the Customers have obtained control of the asset and the Company has satisfied its performance obligation. Revenues are measured at an amount equal to the consideration to which the Company expects to be entitled, which takes into account sales promotions and expected returns to occur after the shipment date. When, in addition to the regular warranty coverage, an extended warranty coverage is given with the purchase of the product, a portion of the revenue representing the value of the extended warranty is deferred. The value deferred is based on the stand-alone selling price of both the unit sold and the extended warranty given. The deferred revenue is then recognized over the extended warranty coverage period.

o) Government assistance

Government assistance, including research and development tax credits, is recorded when the Company is complying with the assistance program requirements and the recovery is reasonably assured. Government assistance received but contingently repayable is recorded in the consolidated statement of net income as long as it is probable that the conditions for repayment will not be met. Government assistance granted to compensate expenses are presented in the consolidated statement of net income as a reduction of the expense they relate to, whereas assistance granted for the acquisition of property, plant and equipment is deducted from the cost of the related asset.

p) Stock-based compensation

The Company grants stock options to officers and employees that are settled by the issuance of common shares. The Company establishes compensation expense for those grants based on the fair value of each tranche of option at the grant date. The compensation expense is recognized in the consolidated statement of net income over the vesting period of each tranche based on the number of options that are ultimately expected to vest. The Company estimates stock option forfeitures at time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. The corresponding amount is recorded in contributed surplus within equity.

q) Income taxes

The Company's income tax expense represents the sum of the taxes currently payable based on taxable income of the year and deferred taxes. Deferred income tax assets and liabilities are determined based on the differences between the carrying amounts and tax bases of assets and liabilities using enacted or substantively enacted tax rates and laws expected to be in effect when the differences reverse. Current and deferred income taxes are recognized in the consolidated statement of net income except to the extent it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or in equity.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

r) Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares from stock option plans. For the stock options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding stock options.

s) Business combinations

Business combinations are recorded by using the acquisition method. Under this method, the purchase consideration is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities ("Net assets") based on the fair value at the acquisition date, with the excess of the purchase consideration amount allocated to goodwill. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, which period shall not exceed twelve months from the acquisition date and are adjusted to reflect the transaction as of the acquisition date.

The results of the acquired businesses are included in the consolidated financial statements from the date of the acquisition. Acquisition costs are expensed as incurred.

Intangible assets and goodwill arising from business combinations are accounted for by applying the acquisition method of accounting to these transactions. In measuring the fair value of the assets acquired and the liabilities assumed and estimating their useful lives, the Company uses significant estimates and assumptions regarding cash flow projections, economic risk, and weighted average cost of capital. These estimates and assumptions determine the amount allocated to intangible assets and goodwill, as well as the amortization period for intangible assets with finite lives.

t) Segmented information

Operating segments are components of an entity that engage in business activities from which they earn revenues and incur expenses (including revenues and expenses related to transactions with the other components of the entity). The related operations can be clearly distinguished and the revenues and gross profit are regularly reviewed by a chief operating decision-maker to make resource allocation decisions and to assess performance.

The Company has two operating and reportable segments: Powersports and Marine. The Powersports segment includes Year-Round Products, Seasonal Products and Powersports PA&A and OEM Engines. The Marine segment includes outboard and jet boat engines, boats and related PA&A and other services.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements in accordance with the Company's accounting policies requires management to make estimates and judgments that can affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, other comprehensive income and disclosures made.

a) Significant estimates in applying the Company's accounting policies

The Company's best estimates are based on the information, facts and circumstances available at the time estimates are made. Management uses historical experience and information, general economic conditions and trends, as well as assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically and the effects of any changes are recognized immediately. Actual results could differ from the estimates used and such differences could be significant.

The Company's annual operating budget and operating budget revisions performed during the year (collectively "Budget") and the Company's strategic plan comprise fundamental information used as a basis for some significant estimates necessary to prepare these consolidated financial statements. Management prepares the annual operating budget and strategic plan each year using a process whereby a detailed one-year budget and three-year strategic plan are prepared by each entity and then consolidated.

Cash flows and profitability included in the Budget are based on the existing and future expected sales orders, general market conditions, current cost structures, anticipated cost variations and current agreements with third parties. Management uses the annual operating budget information as well as additional projections or assumptions to derive the expected results for the strategic plan and periods thereafter.

The Budget and the strategic plan are approved by management and the Board of Directors. Management then tracks performance as compared to the Budget. Significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

Management needs to rely on estimates in order to apply the Company's accounting policies and considers that the most critical ones are the following:

Estimating the net realizable value of inventory

The net realizable value of materials and work in progress is determined by comparing inventory components and value with production needs, current and future product features, expected production costs to be incurred and the expected profitability of finished products. The net realizable value of finished products and parts, accessories and apparel is determined by comparing inventory components and value with expected sales prices, sales programs and new product features.

Estimating the useful life of tooling

Tooling useful life is estimated by product line based on their expected physical life and on the expected life of the product platform to which they are related.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS [CONTINUED]

a) Significant estimates in applying Company's accounting policies [continued]

Estimating the fair value of Net assets acquired in business combinations

The acquisition method, which requires significant estimates and judgments, is used to record business combinations. As part of the allocation process, estimated fair values are assigned to the Net assets acquired, including trademark and dealer network. The estimation is based on the Company's expectations with respect to future cash flows, economic conditions and discount rate. The excess of the purchase consideration over the estimated fair value of the Net assets acquired is then assigned to goodwill.

Estimating impairment on property, plant and equipment, intangible assets and right-of-use assets

Management assesses the value in use of property, plant and equipment, intangible assets and right-of-use assets mainly at groups of CGU level using a discounted cash flow approach by product line based on annual budget and strategic plan process. When the Company acquired the recreational products business from Bombardier Inc. in 2003, trademarks and goodwill were recorded as part of the business acquisition. Trademarks of $136.0 million and goodwill of $114.7 million were related to this transaction as at January 31, 2020 and 2019 respectively. In addition, trademarks of $83.2 million and goodwill of $115.5 million were recorded following various business combinations that occurred after 2003.

Trademarks and goodwill impairment test

For the purpose of impairment testing, trademarks are allocated to their respective CGU. As at January 31, 2020, the carrying amount of trademarks amounting to $219.2 million is related to *Ski-Doo*, *Sea-Doo*, *Evinrude*, *Alumacraft*, *Manitou, Quintrex, Stacer* and *Savage* for $63.5 million, $59.1 million, $13.4 million, $25.7 million, $38.5 million, $13.9 million, $4.4 million and $0.7 million respectively. As at January 31, 2019, the carrying amount of trademarks amounting to $199.8 million was related to *Ski-Doo*, *Sea-Doo*, *Evinrude, Alumacraft* and *Manitou* for $63.5 million, $59.1 million, $13.4 million, $25.6 million and $38.2 million respectively.

Following the creation of the Powersports and Marine segments during the year ended January 31, 2019, the Company has fully allocated the goodwill of $114.7 million created in 2003 to the Powersports segment while goodwill of $21.0 million related to Alumacraft Boat Co. acquisition and $33.3 million related to Triton Industries, Inc. acquisition was allocated to their respective CGU. Goodwill of $60.0 million related to the Telwater acquisition was allocated to its respective CGU as at January 31, 2020.

Recoverable amount

The recoverable amount for the group of CGU is based on a value-in-use calculation using cash flow projections, which takes into account the Company's one-year budget and three-year strategic plan, with a terminal value calculated by discounting the final year in perpetuity. The figures used as the basis for the key assumptions in the value-in-use calculation includes sales volume, sales price, production costs, distribution costs and operating expenses as well as discount rates. This information represents the best available information as at the date of impairment testing. The estimated future cash flows are discounted to their present value using a pre-tax discount rate of 10.9% to 14.0%. These discount rates were calculated by adding to the Company's weighted average cost of capital the risk factor associated with the product line tested. In assessing value in use, growth rates between 0.0% and 1.5% were used to calculate the terminal value. In addition, a market approach was performed to assess the reasonability of the conclusions reached.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS [CONTINUED]

a) Significant estimates in applying Company's accounting policies [continued]

Estimating impairment on property, plant and equipment and intangible assets [continued]

Sensitivity analysis

The Company performs sensitivity analysis on the cash flows and discount rates in order to confirm that the trademarks and goodwill are not impaired. The analyses are presented in isolation from one another and all the other estimates are unchanged. The result is that a 5% decrease in the estimated future cash flows or an increase of 100 basis points in the discount rates used would not have resulted in an impairment during the year ended January 31, 2020.

Estimating recoverability of deferred tax assets

Deferred tax assets are recognized only if management believes it is probable that they will be realized based on annual budget, strategic plan and additional projections to derive the expected results for the periods thereafter.

Estimating provisions for product regular warranty, product liability, sales program and restructuring

The regular warranty cost is established by product line and recorded at the time of sale based on management's best estimate, using historical cost rates and trends. Adjustments to the regular warranty provision are made when the Company identifies a significant and recurring issue on products sold or when costs and trend differences are identified in the analysis of warranty claims.

The product liability provision at period end is based on management's best estimate of the amounts necessary to resolve existing claims. In addition, the product liability provision at the end of the reporting period includes incurred, but not reported claims based on average historical cost information.

Sales program provision is estimated based on current program features, historical data and expected retail sales for each product line.

Estimating the discount rates used in assessing defined benefit plan expenses and liability

In order to select the discount rates used to determine defined benefit plan expenses and liabilities, management consults with external actuarial firms to provide commonly used and applicable discount rates that are based on the yield of high quality corporate fixed income investments with cash flows that match expected benefit payments for each defined benefit plan. Management uses its knowledge and comprehension of general economic factors in order to conclude on the accuracy of the discount rates used.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS [CONTINUED]

a) Significant estimates in applying Company's accounting policies [continued]

Estimating the incremental borrowing rate used in measuring lease liability

Management makes estimates in the determination of the incremental borrowing rate used to measure the lease liability for each lease contract when the interest rate implicit in the lease is not readily available. The incremental borrowing rate should reflect the interest rate the Company would have to pay to borrow the same asset at a similar term and with a similar security.

Estimating the lease term

On commencement date, when determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options or periods subject to termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. This assessment is reviewed if a significant change in circumstances occurs within the Company's control.

b) Significant judgments in applying the Company's accounting policies

Management needs to make certain judgments in order to apply the Company's accounting policies and the most significant ones are the following:

Impairment of property, plant and equipment, intangible assets and right-of-use assets

The Company operates using a high level of integration and interdependency between design, development, manufacturing and distribution operations. The cash inflows generated by each product line require the use of various assets of the Company, limiting the impairment testing to be done for a single asset. Therefore, management performs impairment testing by grouping assets into CGUs.

Functional currency

The Company operates worldwide, but its design, development, manufacturing and distribution operations are highly integrated, which require significant judgements from management in order to determine the functional currency of each entity using factors provided by *IAS 21 "The Effects of Changes in Foreign Exchange Rates"*. Management established the functional currency of each entity as its local currency unless the assessment of the criteria established by IAS 21 to assess the functional currency leads to the determination of another currency. IAS 21 criteria are reviewed annually for each entity and are based on transactions with third-parties only.

4. FUTURE ACCOUNTING CHANGES

Amendments to IFRS 3 Business combinations

In October 2018, the IASB issued amendments to *IFRS 3 "Business combinations"*. The amendments clarify the definition of a business, with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for the Company to transactions for which the acquisition date is on or after February 1, 2020. The Company will apply these amendments to applicable future acquisition transactions.

Other standards or amendments

The IASB has issued other standards or amendments to existing standards that are not expected to have a significant impact on the Company's consolidated financial statements.

5. BUSINESS COMBINATIONS

Transactionfor the year ended January 31, 2020

On August 1, 2019, the Company acquired 80% of the outstanding shares of Telwater Pty Ltd ("Telwater") for a purchase consideration of Australian $120.8 million ($113.2 million), paid in cash. Telwater is located in Coomera, Queensland (Australia) and is a manufacturer of boats under brands such as *Quintrex*, *Stacer* and *Savage*.

The acquisition allows the Company to pursue its growth strategy in the marine market, and to create synergies with the existing operations of the Company.

The value of the assets acquired, liabilities assumed and non-controlling interest were as follows, as at the acquisition date:

	Total
Assets acquired	
Current assets	**$14.4**
Non-current assets	**1.7**
Property, plant and equipment	**35.0**
Trademarks	**19.5**
Dealer network	**28.2**
Goodwill [a] [b]	**60.0**
Total assets acquired	**158.8**
Liabilities assumed	
Current liabilities	**(10.5)**
Non-current liabilities	**(15.7)**
Total liabilities assumed	**(26.2)**
Non-controlling interest [c]	**(19.4)**
Total consideration paid in cash	**$113.2**

[a] Goodwill arises principally from expected synergies and future growth.

[b] Goodwill is not deductible for tax purposes.

[c] Non-controlling interest is measured at fair value as at the acquisition date.

The Company's consolidated statement of net income includes the operating results of Telwater since the acquisition date. For the year ended January 31, 2020, it represents revenues of $39.6 million. Net income for the year ended January 31, 2020 was not significant.

If the Company had acquired Telwater at the beginning of the year ended January 31, 2020, it would have increased revenues by approximately $28 million.

The Company incurred acquisition-related costs of $0.9 million, which have been recorded in general and administrative expenses.

As part of the acquisition, the Company and the non-controlling interest shareholders in Telwater (the "Parties") entered into put and call options, exercisable by the Parties at any time after the second anniversary of the acquisition, allowing or requiring the Company to acquire all the remaining shares for cash consideration according to a predetermined purchase price formula based on Telwater's performance. At the acquisition date, the Company recorded a financial liability and reduced the non-controlling interests by $19.4 million, representing the estimated present value of the redemption amount. As a result, no profit is attributed to the non-controlling interest. Subsequent remeasurement adjustments of the financial liability will be recorded in the consolidated statements of net income.

5. BUSINESS COMBINATIONS [CONTINUED]

Transactionsfor the year ended January 31, 2019

On June 28, 2018, the Company acquired 100% of Alumacraft Holdings, LLC and its wholly-owned subsidiary Alumacraft Boat Co. ("Alumacraft") for a purchase consideration of U.S. $61.0 million ($80.9 million), paid in cash. Alumacraft is a recreational boat manufacturer with two manufacturing facilities located in St. Peter, Minnesota (United States) and in Arkadelphia, Arkansas (United States).

On August 28, 2018, the Company acquired 100% of Triton Industries, Inc. ("Triton") for a purchase consideration of U.S. $75.0 million ($97.4 million), paid in cash. Triton is a pontoon boat manufacturer under the *Manitou* brand with a manufacturing facility located in Lansing, Michigan (United States).

The two acquisitions allowed the Company to pursue its growth strategy in the marine market, and to create synergies with the existing operations of the Company.

The value of the assets acquired and liabilities assumed were as follows, as at their respective acquisition dates:

	Alumacraft		Triton	Total
Assets acquired				
Current assets	**$23.5**	[b]	**$14.1**	**$37.6**
Property, plant and equipment	**5.7**		**9.7**	**15.4**
Trademark	**25.8**		**37.7**	**63.5**
Dealer network	**19.1**		**27.5**	**46.6**
Goodwill [a]	**21.0**	[c]	**32.5**	**53.5**
Total assets acquired	**95.1**		**121.5**	**216.6**
Liabilities assumed				
Current liabilities	**(10.6)**		**(7.4)**	**(18.0)**
Deferred income taxes	**(3.6)**		**(16.7)**	**(20.3)**
Total liabilities assumed	**(14.2)**		**(24.1)**	**(38.3)**
Net assets acquired and total consideration paid in cash [d]	**$80.9**		**$97.4**	**$178.3**

[a] Goodwill arises principally from expected synergies and future growth.
[b] Including cash of $5.3 million.
[c] Only $2.8 million of goodwill is deductible for tax purposes.
[d] Repayment of Alumacraft and Triton debt is included in the purchase consideration.

The Company's consolidated statement of net income includes the operating results of Alumacraft and Triton since their respective acquisition dates. For the year ended January 31, 2019, they represent revenues of $94.9 million. Net income for the year ended January 31, 2019 was not significant.

If the Company had acquired Alumacraft and Triton at the beginning of the year ended January 31, 2019, it would have increased revenues by approximately $104 million.

The Company incurred acquisition-related costs of $2.7 million, which have been recorded in general and administrative expenses.

6. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables were as follows, as at:

	January 31, 2020	January 31, 2019
Trade receivables	**$332.3**	$326.0
Allowance for doubtful accounts	**(3.5)**	(3.7)
	328.8	322.3
Sales tax and other government receivables	**65.6**	54.3
Other	**4.7**	11.7
Total trade and other receivables	**$399.1**	$388.3

7. OTHER FINANCIAL ASSETS

The Company's other financial assets were as follows, as at:

	January 31, 2020	January 31, 2019
Restricted investments [a]	**$14.6**	$15.7
Derivative financial instruments	**8.9**	3.4
Other	**15.8**	13.7
Total other financial assets	**$39.3**	$32.8
Current	**19.1**	12.8
Non-current	**20.2**	20.0
Total other financial assets	**$39.3**	$32.8

[a] The restricted investments are publicly traded bonds that can only be used for severance payments and pension costs associated with Austrian pension plans, and are not available for general corporate use.

The non-current portion is mainly attributable to the restricted investments.

8. INVENTORIES

The Company's inventories were as follows, as at:

	January 31, 2020	January 31, 2019
Materials and work in progress	**$429.5**	$396.6
Finished products	**492.0**	339.5
Parts, accessories and apparel	**244.8**	210.1
Total inventories	**$1,166.3**	$946.2

The Company recognized in the consolidated statements of net income during the year ended January 31, 2020, a write-down on inventories of $21.1 million ($18.5 million for the year ended January 31, 2019) and reversed previously recorded write-downs of $7.3 million ($4.4 million for the year ended January 31, 2019).

Additionally, during the year ended January 31, 2020, the Company recorded $4,122.1 million of inventories in cost of sales ($3,543.2 million for the year ended January 31, 2019).

9. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment were as follows, as at:

	January 31, 2020			January 31, 2019		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Tooling	**$936.2**	**$622.7**	**$313.5**	$844.8	$552.4	$292.4
Equipment	**854.0**	**450.4**	**403.6**	757.9	409.8	348.1
Building	**399.2**	**151.8**	**247.4**	353.0	136.4	216.6
Land	**62.9**	**—**	**62.9**	48.0	—	48.0
Total	**$2,252.3**	**$1,224.9**	**$1,027.4**	$2,003.7	$1,098.6	$905.1

As at January 31, 2020 and 2019, assets under development amounted to $102.0 million and $81.7 million respectively and were included in the cost of property, plant and equipment.

The following table explains the changes in property, plant and equipment during the year ended January 31, 2020:

	Carrying amount as at January 31, 2019	Additions [a]	Business combinations	Transfer to right-of-use assets (Note 11)	Disposals	Depreciation	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2020
Tooling	**$292.4**	**$111.8**	**$2.0**	**$—**	**$—**	**$(90.4)**	**$(2.3)**	**$313.5**
Equipment	**348.1**	**133.6**	**—**	**(4.7)**	**(1.0)**	**(69.6)**	**(2.8)**	**403.6**
Building	**216.6**	**32.1**	**19.7**	**(2.6)**	**(0.4)**	**(17.3)**	**(0.7)**	**247.4**
Land	**48.0**	**2.1**	**13.3**	**—**	**—**	**—**	**(0.5)**	**62.9**
Total	**$905.1**	**$279.6**	**$35.0**	**$(7.3)**	**$(1.4)**	**$(177.3)**	**$(6.3)**	**$1,027.4**

[a] Government assistance of $1.1 million has been recorded against the additions.

The following table explains the changes in property, plant and equipment during the year ended January 31, 2019:

	Carrying amount as at January 31, 2018	Additions [a]	Business combinations	Disposals	Depreciation	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2019 [b]
Tooling	$255.4	$119.4	$0.4	$(0.1)	$(83.2)	$0.5	$292.4
Equipment	273.9	127.6	4.9	(0.3)	(57.7)	(0.3)	348.1
Building	192.0	29.1	9.5	—	(15.1)	1.1	216.6
Land	45.5	0.8	0.6	—	—	1.1	48.0
Total	$766.8	$276.9	$15.4	$(0.4)	$(156.0)	$2.4	$905.1

[a] Government assistance of $1.2 million has been recorded against the additions.
[b] Leased equipment of $4.7 million and leased building of $2.6 million are included in the carrying amount.

10. INTANGIBLE ASSETS

The Company's intangible assets were as follows, as at:

	January 31, 2020			January 31, 2019		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Goodwill	**$230.2**	**$—**	**$230.2**	$169.4	$—	$169.4
Trademarks	**219.2**	**—**	**219.2**	199.8	—	199.8
Software and licences	**172.1**	**95.5**	**76.6**	131.5	84.3	47.2
Patents	**5.3**	**0.9**	**4.4**	—	—	—
Dealer networks	**137.3**	**61.1**	**76.2**	109.3	52.3	57.0
Customer relationships	**23.6**	**20.1**	**3.5**	24.2	18.9	5.3
Total	**$787.7**	**$177.6**	**$610.1**	$634.2	$155.5	$478.7

The Company completed the required annual impairment test of goodwill and indefinite useful life trademarks as at the consolidated statement of financial position dates and concluded that no impairment had occurred during the years ended January 31, 2020 and 2019.

The following table explains the changes in Company's intangible assets during the year ended January 31, 2020:

	Carrying amount as at January 31, 2019	Additions	Business combinations	Transfer to right-of-use assets (Note 11)	Depreciation	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2020
Goodwill	**$169.4**	**$—**	**$60.8** [a]	**$—**	**$—**	**$—**	**$230.2**
Trademarks	**199.8**	**—**	**19.5**	**—**	**—**	**(0.1)**	**219.2**
Software and licences	**47.2**	**44.3**	**—**	**(0.7)**	**(13.7)**	**(0.5)**	**76.6**
Patents	**—**	**4.9**	**—**	**—**	**(0.5)**	**—**	**4.4**
Dealer networks	**57.0**	**—**	**28.2**	**—**	**(8.6)**	**(0.4)**	**76.2**
Customer relationships	**5.3**	**—**	**—**	**—**	**(1.7)**	**(0.1)**	**3.5**
Total	**$478.7**	**$49.2**	**$108.5**	**$(0.7)**	**$(24.5)**	**$(1.1)**	**$610.1**

[a] Includes $0.8 million of post-closing adjustments related to a previous business combination.

The following table explains the changes in Company's intangible assets during the year ended January 31, 2019:

	Carrying amount as at January 31, 2018	Additions	Business combinations	Depreciation	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2019 [a]
Goodwill	$116.0	$—	$53.5	$—	$(0.1)	$169.4
Trademarks	136.0	—	63.5	—	0.3	199.8
Software and licences	40.9	20.5	—	(14.2)	—	47.2
Dealer networks	14.6	—	46.6	(5.3)	1.1	57.0
Customer relationships	7.1	—	—	(1.8)	—	5.3
Total	$314.6	$20.5	$163.6	$(21.3)	$1.3	$478.7

[a] Leased software and licences of $0.7 million are included in the carrying amount.

11. LEASES

In January 2016, the International Accounting Standards Board issued IFRS 16 that sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessee and lessor. IFRS 16 introduces a single lessee accounting model and requires lessees to recognize a right-of-use asset and a lease liability measured at the present value of the future lease payments on the statements of financial position for a majority of its leases that were considered operating leases under *IAS 17 "Leases"* ("IAS 17"). A depreciation expense on the right-of-use asset and an interest expense on the lease liability replace the operating lease expense. IFRS 16 changes the presentation of cash flows relating to leases in the statements of cash flows but does not cause a difference in the amount of cash transferred between the parties of a lease.

The Company decided to apply the standard retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings as at February 1, 2019, the date of initial application, in accordance with the transition rules of IFRS 16. Therefore, the Company has not restated comparative information. The methodology consisted of measuring the right-of-use asset at the date of transition as if IFRS 16 had been applied since the commencement date of the lease but discounted using the incremental borrowing rate at the date of initial application. The lease liability was initially measured at the present value of the lease payments that were not paid at the date of transition, discounted using the incremental borrowing rate at the date of initial application.

The Company applied the standard to contracts that were previously identified as leases applying IAS 17 and *IFRIC 4 "Determining Whether an Arrangement Contains a Lease"* ("IFRIC 4") at the date of initial application and maintained the lease assessments made under IAS 17 and IFRIC 4. Therefore, the definition of a lease under IFRS 16 was applied only to contracts signed or changed after February 1, 2019.

On initial application, the Company also applied the practical expedients to use hindsight in determining the lease term when the contract contains options to extend or terminate the lease, to rely on its assessment of whether leases are onerous immediately before the date of initial application instead of performing an impairment review and to exclude initial direct costs from the measurement of the right-of-use asset.

11. LEASES [CONTINUED]

The effect of adoption of IFRS 16 on the consolidated statements of financial position as at February 1, 2019 was as follows:

	As reported as at January 31, 2019	Effect of IFRS 16 transition	Subsequent to transition as at February 1, 2019
Cash	$100.0	$—	$100.0
Trade and other receivables	388.3	—	388.3
Income taxes and investment tax credits receivable	13.6	—	13.6
Other financial assets	12.8	—	12.8
Inventories	946.2	—	946.2
Other current assets	24.9	(0.9)	24.0
Total current assets	1,485.8	(0.9)	1,484.9
Investment tax credits receivable	14.5	—	14.5
Other financial assets	20.0	—	20.0
Property, plant and equipment	905.1	(7.3) [a]	897.8
Intangible assets	478.7	(0.7) [b]	478.0
Right-of-use assets	—	192.4	192.4
Deferred income taxes	169.6	6.6	176.2
Other non-current assets	3.5	—	3.5
Total non-current assets	1,591.4	191.0	1,782.4
Total assets	$3,077.2	$190.1	$3,267.3
Trade payables and accruals	$1,003.5	$—	$1,003.5
Provisions	408.6	—	408.6
Other financial liabilities	108.3	(0.1)	108.2
Income tax payable	68.3	—	68.3
Deferred revenues	71.3	—	71.3
Current portion of long-term debt	18.4	(1.6) [c]	16.8
Current portion of lease liabilities	—	29.9	29.9
Total current liabilities	1,678.4	28.2	1,706.6
Long-term debt	1,197.1	(7.5) [c]	1,189.6
Lease liabilities	—	187.2	187.2
Provisions	111.6	—	111.6
Other financial liabilities	28.4	(1.0)	27.4
Deferred revenues	129.7	—	129.7
Employee future benefit liabilities	237.1	—	237.1
Deferred income taxes	0.9	—	0.9
Other non-current liabilities	16.8	—	16.8
Total non-current liabilities	1,721.6	178.7	1,900.3
Total liabilities	3,400.0	206.9	3,606.9
Deficit	(322.8)	(16.8)	(339.6)
Total liabilities and deficit	$3,077.2	$190.1	$3,267.3

[a] Leased equipment of $4.7 million and leased building of $2.6 million under IAS 17 reclassified within right-of-use assets under IFRS 16.

[b] Leased software and licences of $0.7 million under IAS 17 reclassified within right-of-use assets under IFRS 16.

[c] Finance lease liabilities of $9.1 million under IAS 17 reclassified within lease liabilities under IFRS 16.

11. LEASES [CONTINUED]

The weighted average incremental borrowing rate applied to the lease liabilities as at February 1, 2019 was 4.12%. Prior to adopting IFRS 16, the Company's minimum commitments under operating lease agreements as at January 31, 2019 were $249.5 million. The difference between that amount and the lease liabilities of $217.1 million as at February 1, 2019 was mainly attributable to the effect of discounting on the minimum lease payments.

The main leasing activities of the Company are attributable to the Company's manufacturing facilities located in Finland and in Mexico, to offices located in Canada and to warehouses used for the distribution of parts, accessories and apparel.

The following table explains the changes in right-of-use assets during the year ended January 31, 2020:

	Carrying amount as at February 1, 2019	Additions	Depreciation	Effect of foreign currency exchange rate changes	Other	Carrying amount as at January 31, 2020
Building & land	$171.4	$38.8	$(24.4)	$(0.9)	$13.3	$198.2
Equipment	20.0	7.7	(7.7)	—	(3.7)	16.3
Other	1.0	—	(0.2)	—	(0.6)	0.2
Total	$192.4	$46.5	$(32.3)	$(0.9)	$9.0	$214.7

The following table explains the changes in lease liabilities during the year ended January 31, 2020:

	Carrying amount as at February 1, 2019	Issuance	Interest	Repayment [a]	Effect of foreign currency exchange rate changes	Other	Carrying amount as at January 31, 2020
Lease liabilities	$217.1	$46.5	$9.0	$(39.5)	$(0.6)	$8.4	$240.9

[a] Includes $(9.0) million of interest paid.

12. REVOLVING CREDIT FACILITIES

On March 14, 2019, the Company amended its $575.0 million revolving credit facilities to increase the availability by $125.0 million for a total availability of $700.0 million, to extend the maturity from May 2023 to May 2024 and to improve the pricing grid (the "Revolving Credit Facilities"). The Company incurred transaction fees of $1.5 million related to this amendment, which are amortized over the expected life of the Revolving Credit Facilities.

On May 23, 2018, the Company refinanced its $475.0 million revolving credit facilities to increase the availability by $100.0 million for a total availability of $575.0 million, to extend the maturity from June 2021 to May 2023 and to reduce the cost of borrowing by 0.25%. The Company incurred transaction fees of $2.6 million related to this refinancing.

The applicable interest rates vary depending on a leverage ratio. The leverage ratio is defined in the Revolving Credit Facilities agreement by the ratio of net debt to consolidated cash flows of the Company (the "Leverage ratio"). The applicable interest rates are as follows:

(i) U.S. dollars at either
  (a) LIBOR plus 1.45% to 3.00% per annum; or
  (b) U.S. Base Rate plus 0.45% to 2.00% per annum; or
  (c) U.S. Prime Rate plus 0.45% to 2.00% per annum;

(ii) Canadian dollars at either
  (a) Bankers' Acceptance plus 1.45% to 3.00% per annum; or
  (b) Canadian Prime Rate plus 0.45% to 2.00% per annum

(iii) Euros at Euro LIBOR plus 1.45% to 3.00% per annum.

In addition, the Company incurs commitment fees of 0.25% to 0.40% per annum on the undrawn amount of the Revolving Credit Facilities.

As at January 31, 2020, the cost of borrowing under the Revolving Credit Facilities was as follows:

(i) U.S. dollars at either
  (a) LIBOR plus 1.70% per annum; or
  (b) U.S. Base Rate plus 0.70% per annum; or
  (c) U.S. Prime Rate plus 0.70% per annum;

(ii) Canadian dollars at either
  (a) Bankers' Acceptance plus 1.70% per annum; or
  (b) Canadian Prime Rate plus 0.70% per annum

(iii) Euros at Euro LIBOR plus 1.70% per annum.

As at January 31, 2020, the commitment fees on the undrawn amount of the Revolving Credit Facilities were 0.25% per annum.

The Company is required to maintain, under certain conditions, a minimum fixed charge coverage ratio. Additionally, the total available borrowing under the Revolving Credit Facilities is subject to a borrowing base calculation representing 75% of the carrying amount of trade and other receivables plus 50% of the carrying amount of inventories.

12. REVOLVING CREDIT FACILITIES [CONTINUED]

As at January 31, 2020 and 2019, the Company had no outstanding indebtedness under the Revolving Credit Facilities. The Company had issued letters of credit for an amount of $3.3 million as at January 31, 2020 ($2.5 million as at January 31, 2019) and, in addition, $5.0 million of letters of credit were outstanding under other bank agreements as at January 31, 2020 ($4.7 million as at January 31, 2019).

13. TRADE PAYABLES AND ACCRUALS

The Company's trade payables and accruals were as follows, as at:

	January 31, 2020	January 31, 2019
Trade payables	**$754.8**	$687.4
Wages and related employee accruals	**138.8**	145.3
Other accruals	**192.2**	170.8
Total trade payables and accruals	**$1,085.8**	$1,003.5

14. PROVISIONS

The Company's provisions were as follows, as at:

	January 31, 2020	January 31, 2019
Product-related	**$519.4**	$462.1
Restructuring	**1.7**	0.6
Other	**18.4**	57.5
Total provisions	**$539.5**	$520.2
Current	**426.7**	408.6
Non-current	**112.8**	111.6
Total provisions	**$539.5**	$520.2

Product-related provisions include provisions for regular warranty coverage on products sold, product liability provisions and provisions related to sales programs offered by the Company to its Customers in order to support the retail activity.

The non-current portion of provisions is mainly attributable to product-related provisions. As at January 31, 2020, the Company estimates that cash outflows related to those non-current provisions could occur from February 1, 2021 to January 31, 2025.

The changes in provisions were as follows:

	Product-related	Restructuring	Other	Total
Balance as at January 31, 2019	**$462.1**	**$0.6**	**$57.5**	**$520.2**
Expensed during the year	**672.2**	**2.4**	**18.3**	**692.9**
Additions through business combinations	**3.2**	**—**	**—**	**3.2**
Paid during the year	**(620.7)**	**(1.4)**	**(16.8)**	**(638.9)**
Reversed during the year	**(0.1)**	**—**	**(40.8)[a]**	**(40.9)**
Effect of foreign currency exchange rate changes	**0.2**	**0.1**	**0.2**	**0.5**
Unwinding of discount and effect of changes in discounting estimates	**2.5**	**—**	**—**	**2.5**
Balance as at January 31, 2020	**$519.4**	**$1.7**	**$18.4**	**$539.5**

[a] Reversal of $40.5 million related to the patent infringement litigation cases with one of the Company's competitors (Note 25).

15. OTHER FINANCIAL LIABILITIES

The Company's other financial liabilities were as follows, as at:

	January 31, 2020	January 31, 2019
Dealer holdback programs and customer deposits	**$100.2**	$96.9
Due to Bombardier Inc. (Note 28)	**22.3**	22.3
Derivative financial instruments	**5.2**	8.9
Due to a pension management company (Note 17)	**1.0**	2.3
Financial liability related to NCIB (Note 18)	**70.3**	—
Non-controlling interest liability (Note 5)	**19.0**	—
Other	**11.9**	6.3
Total other financial liabilities	**$229.9**	$136.7
Current	**182.9**	108.3
Non-current	**47.0**	28.4
Total other financial liabilities	**$229.9**	$136.7

The non-current portion is mainly comprised of the amount due to Bombardier Inc. in connection with indemnification related to income taxes and the amount of the non-controlling interest liability.

16. LONG-TERM DEBT

As at January 31, 2020 and 2019, the maturity dates, interest rates, outstanding nominal amounts and carrying amounts of long-term debt were as follows:

				January 31, 2020	
	Maturity date	Contractual interest rate	Effective interest rate	Outstanding nominal amount	Carrying amount
Term Facility	May 2025	3.65%	3.65%	U.S. $886.5	**$1,172.0** [a]
	May 2025	4.15%	4.44%	U.S. $333.3	**$434.7** [b]
Term Loans	June 2020 to Dec. 2030	0.75% to 1.65%	1.00% to 4.67%	Euro 29.7	**38.7**
Total long-term debt					**$1,645.4**
Current					**17.9**
Non-current					**1,627.5**
Total long-term debt					**$1,645.4**

[a] Maturity was extended from May 2025 to May 2027 after the year ended January 31, 2020 (Note 32).
[b] Net of unamortized transaction costs of $6.0 million.

				January 31, 2019	
	Maturity date	Contractual interest rate	Effective interest rate	Outstanding nominal amount	Carrying amount
Term Facility	May 2025	4.50%	4.50%	U.S. $895.5	**$1,176.9**
Term Loans	Dec. 2019 to Dec. 2028	0.75% to 1.75%	1.00% to 4.67%	Euro 21.6	**29.5**
Finance lease liabilities	Jan. 2021 to Dec. 2030	8.00%	8.00%	$11.7	**9.1**
Total long-term debt					**$1,215.5**
Current					**18.4**
Non-current					**1,197.1**
Total long-term debt					**$1,215.5**

16. LONG-TERM DEBT [CONTINUED]

The following table explains the changes in long-term debt during the year ended January 31, 2020:

		Statements of cash flows		Non-cash changes		
	Carrying amount as at January 31, 2019	Issuance	Repayment	Effect of foreign currency exchange rate changes	Other	Carrying amount as at January 31, 2020
Term Facility	$1,176.9	$440.0	$(14.1)	$9.9	$(6.0)	$1,606.7
Term Loans	29.5	17.3	(4.9)	(1.1)	(2.1)	38.7
Finance lease liabilities	9.1	—	—	—	(9.1) [a]	—
Total	$1,215.5	$457.3	$(19.0)	$8.8	$(17.2)	$1,645.4

[a] Finance lease liabilities were included in lease liabilities as part of the adoption of IFRS 16 (Note 11).

The following table explains the changes in long-term debt during the year ended January 31, 2019:

		Statements of cash flows		Non-cash changes		
	Carrying amount as at January 31, 2018	Issuance	Repayment	Effect of foreign currency exchange rate changes	Other	Carrying amount as at January 31, 2019
Term Facility	$969.9	$143.0	$(5.9)	$69.8	$0.1	$1,176.9
Term Loans	34.3	3.6	(8.5)	(0.4)	0.5	29.5
Finance lease liabilities	10.6	—	(2.4)	—	0.9	9.1
Total	$1,014.8	$146.6	$(16.8)	$69.4	$1.5	$1,215.5

Under security arrangements, amounts borrowed under the Revolving Credit Facilities and the term facility (the “Credit Facilities”) are secured by substantially all the assets of the Company.

a) Term Facility

On July 23, 2019, the Company amended its term facility to add a new U.S. $335.0 million tranche for a total principal of U.S. $1,235.0 million (the “Term Facility”). The Term Facility agreement contains customary representations and warranties but includes no financial covenants. The Company incurred transaction costs of $6.5 million, which have been incorporated in the carrying amount of the Term Facility and are amortized over its expected life using the effective interest rate method.

On May 23, 2018, the Company refinanced its term facility to increase the principal amount by U.S. $111.0 million for a total principal of U.S. $900.0 million, to extend the maturity from June 2023 to May 2025 and to reduce the cost of borrowing by 0.50%. The Company incurred transaction costs of $8.9 million.

16. LONG-TERM DEBT [CONTINUED]

a) Term Facility [continued]

As at January 31, 2020, the cost of borrowing under the initial tranche of the Term Facility was as follows:

(i) LIBOR plus 2.00% per annum, with a LIBOR floor of 0.00%; or
(ii) U.S. Base Rate plus 1.00%; or
(iii) U.S. Prime Rate plus 1.00%

As at January 31, 2020, the cost of borrowing under the new tranche of the Term Facility was as follows:

(i) LIBOR plus 2.50% per annum, with a LIBOR floor of 0.00%; or
(ii) U.S. Base Rate plus 1.50%; or
(iii) U.S. Prime Rate plus 1.50%

Under the Term Facility, the cost of borrowing in U.S. Base Rate or U.S. Prime Rate cannot be lower than the cost of borrowing in LIBOR.

The Company is required to repay a minimum of 0.25% of the original nominal amount of U.S. $1,235.0 million each quarter. Consequently, the Company repaid an amount of U.S. $10.7 million ($14.1 million) during the year ended January 31, 2020. Also, the Company may be required to repay a portion of the Term Facility in the event that it has an excess cash position at the end of the fiscal year and its leverage ratio is above a certain threshold level. As at January 31, 2020 and 2019, the Company was not required to repay any portion of the Term Facility under this requirement.

b) Term Loans

During the year ended January 31, 2020, the Company entered into term loan agreements at favourable interest rates under Austrian government programs. These programs support research and development projects based on the Company's incurred expenses in Austria. The term loans have a total nominal amount of euro 11.5 million ($17.2 million), interest rates at 0.95% (1.12% starting in July 2024) or at Euribor three-months plus 0.99% with a floor at 1.00% and maturities between March 2024 and December 2030. The Company recognized a grant of euro 1.9 million ($2.9 million) as a reduction of research and development expenses representing the difference between the fair value of the term loans at inception and the cash received.

During the year ended January 31, 2019, the Company entered into term loan agreements at favourable interest rates under Austrian government programs. These programs support research and development projects based on the Company's incurred expenses in Austria. The term loans have a total nominal amount of euro 2.4 million ($3.6 million), interest rates at Euribor three-months plus 1.00% and maturities between December 2022 and December 2023.

17. EMPLOYEE BENEFITS

Employee benefits expenses, which represent the expenses related to all forms of consideration provided by the Company in exchange for services rendered by its employees, were as follows:

	Years ended	
	January 31, 2020	**January 31, 2019**
Current remuneration	**$845.0**	$756.0
Post-employment defined benefit plans	**11.7**	10.9
Post-employment defined contribution plans	**34.8**	32.1
Termination benefits	**4.0**	2.3
Stock-based compensation (Note 19)	**13.0**	11.1
Other long-term benefits	**3.6**	2.9
Total	**$912.1**	$815.3

a) Post-employment benefits

The Company sponsors defined contribution retirement plans and non-contributory defined benefit plans that provide for pensions and other post-retirement benefits to a majority of its employees.

Canadian employees

The Company sponsors defined benefit pension plans and other post-retirement benefit plans for its Canadian executive employees and defined contribution plans for executive and non-executive employees. Additionally, the Company retained defined benefit obligations with certain active and former employees for services rendered prior to 2005.

The Company's other post-retirement benefit plans provide during retirement non-contributory life insurance benefits and healthcare benefits to eligible employees that are funded on a pay-as-you-go basis. The healthcare benefits are payable from retirement to age 65.

The defined benefit plans are registered with the governments and follow their applicable laws. The plans are governed by a retirement committee composed of representatives from the employer and the employees. The retirement committee delegated its responsibilities to the investment committee, which is responsible for the investment policy with regard to the assets of the fund. This committee is composed of representatives from the employer. The plans have a strategy to decrease the risk level by increasing progressively, when the solvency of the plans will improve, the part of the plan assets in long-term fixed income securities. The Company contributes to the plans the minimum funding obligations required under the current regulations. The weighted average duration of the defined benefit obligations is approximately 16 years. As at January 31, 2020, the Company expects that 50% of the future payments associated with its Canadian defined benefit obligations will be paid in the next 17 years.

In addition, the Company sponsors a defined benefit retirement plan to provide supplemental pension benefits to its executives ("SERP").

United States employees

In the United States, the Company offers a defined contribution plan to its employees as well as a defined benefit final average earnings non-registered supplementary executive retirement plan for its executive employees ("SERP").

17. EMPLOYEE BENEFITS [CONTINUED]

a) Post employment benefits [continued]

European employees

The Company's sponsors defined contribution plans to its employees in most of its European entities. In addition, the Company maintains an unfunded defined benefit plan and sponsors a lump sum retirement indemnity plan in Austria. Under the defined benefit plan, the benefits are based on such employees' length of service, applicable pension accrual rates and compensation at retirement. Under the lump sum retirement indemnity plan, the benefits are based on the length of service and compensation at retirement. These plans are regulated by the applicable Austrian laws. The weighted average duration of the defined benefit obligation is approximately 15 years. As at January 31, 2020, the Company expects that 50% of the future payments associated with its Austrian defined benefit obligations will be paid in the next 15 years.

As at January 31, 2020, the remaining liabilities of $1.0 million related to the termination of the defined benefit plan coverage for some of the Austrian employees and presented in other financial liabilities (Note 15) will be settled over the next three fiscal years.

b) Defined benefit plans

Actuarial risks

The significant actuarial risks to which the plans expose the Company are as follows:

Market related risks

Investment risk

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to high quality corporate fixed income investments. If the return on plan assets is below this rate, it will increase the plan liability. Currently, the funded plans have investments in equity securities and fixed income securities. Due to the long-term nature of the plan liabilities, the Company considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and income securities to leverage the return generated by the fund.

Interest risk

A decrease in the fixed income investments interest rate will increase the plans' liabilities. However, for funded plans, this will be partially offset by an increase in the fair value of the plans' fixed income securities.

Employee related risks

Longevity risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plans' liabilities.

Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plans' liabilities.

17. EMPLOYEE BENEFITS [CONTINUED]

b) Defined benefit plans [continued]

Actuarial assumptions

The weighted average of the significant actuarial assumptions adopted to determine the defined benefit cost and the defined benefit obligation were as follows:

	Years ended			
	January 31, 2020		January 31, 2019	
	Canada	Foreign	Canada	Foreign
Benefit cost actuarial assumptions [a]				
Discount rates used to determine:				
Current service cost	**4.05%**	**1.75%**	3.75%	1.74%
Net interest cost	**3.85%**	**1.65%**	3.70%	1.64%
Expected rate of compensation increase	**3.00%**	**3.00%**	3.00%	3.00%
Mortality table	**CPM 2014 Private**	**AVOE 2018**	CPM 2014 Private	AVOE 2008
Defined benefit obligation actuarial assumptions [b]				
Discount rate	**2.80%**	**0.69%**	3.85%	1.65%
Rate of compensation increase	**3.00%**	**3.00%**	3.00%	3.00%
Mortality table	**CPM 2014 Private**	**AVOE 2018**	CPM 2014 Private	AVOE 2018

[a] Determined as at beginning of the reporting periods
[b] Determined as at end of the reporting periods

The discount rate represents the market rate for high quality corporate fixed income investments consistent with the currency and the estimated term of the defined benefit plan obligation. The expected rate of compensation increase is determined considering the current salary structure, historical and anticipated wage increases.

Health care cost trend

The health care cost is assumed to increase to a rate of 5.33% in fiscal year 2021 and to a rate that will gradually decline over the next 14 years to reach 3.33% in fiscal year 2034. After this date, the rate is assumed to remain at 3.33%. An increase of 1% of the health care cost trend rate would not have a significant impact on the defined benefit cost and on the defined benefit obligations for the years ended January 31, 2020 and 2019.

17. EMPLOYEE BENEFITS [CONTINUED]

b) Defined benefit plans [continued]

Employee future benefit liabilities

The amounts arising from the Company's obligations under defined benefit obligations were as follows, as at:

	January 31, 2020		January 31, 2019	
	Canada	Foreign	Canada	Foreign
Defined benefit obligation of funded plans	**$(408.2)**	**$(2.4)**	$(347.6)	$(1.8)
Fair value of plans assets	**277.7**	**1.4**	262.4	1.2
	(130.5)	**(1.0)**	(85.2)	(0.6)
Defined benefit obligation of unfunded plans	**(25.0)**	**(144.7)**	(21.1)	(130.2)
Employee future benefit liabilities	**$(155.5)**	**$(145.7)**	$(106.3)	$(130.8)

The following table provides a reconciliation of the changes in the pension plans' defined benefit obligations (funded and unfunded) as at the consolidated statement of financial position dates:

	January 31, 2020		January 31, 2019	
	Canada	Foreign	Canada	Foreign
Defined benefit obligation at beginning of year	**$(368.7)**	**$(132.0)**	$(370.3)	$(127.2)
Current service cost	**(2.8)**	**(2.4)**	(3.7)	(2.6)
Interest cost	**(14.1)**	**(2.1)**	(13.5)	(2.1)
Past service gain	**—**	**—**	—	1.4
Actuarial losses from changes in demographic assumptions	**—**	**—**	—	(6.0)
Actuarial gains (losses) from changes in financial assumptions	**(63.0)**	**(19.6)**	7.6	0.2
Actuarial losses from experience adjustments	**(0.1)**	**(1.0)**	(3.5)	(3.4)
Employee contributions	**(0.1)**	**—**	(0.1)	—
Benefits paid	**15.6**	**6.5**	14.8	5.0
Pension payments transferred to other financial liabilities	**—**	**—**	—	1.5
Effect of foreign currency exchange rate changes	**—**	**3.5**	—	1.2
Defined benefit obligation at end of year	**$(433.2)**	**$(147.1)**	$(368.7)	$(132.0)

The following table provides a reconciliation of the changes in the pension plans' fair value of assets as at consolidated statement of financial position dates:

	January 31, 2020		January 31, 2019	
	Canada	Foreign	Canada	Foreign
Assets fair value at beginning of year	**$262.4**	**$1.2**	$271.4	$1.3
Interest income	**10.0**	**—**	9.9	—
Administration costs	**(0.3)**	**—**	(0.3)	—
Actuarial gains (losses) from return on plan assets	**12.8**	**—**	(12.1)	—
Employer contributions	**8.3**	**6.7**	8.2	4.9
Employee contributions	**0.1**	**—**	0.1	—
Benefit paid	**(15.6)**	**(6.5)**	(14.8)	(5.0)
Assets fair value at end of year	**$277.7**	**$1.4**	$262.4	$1.2

In accordance with the minimum funding obligations required under the current regulations, the Company expects to contribute $12.6 million to all defined benefit pension plans for the year ending January 31, 2021.

17. EMPLOYEE BENEFITS [CONTINUED]

b) Defined benefit plans [continued]

Employee future benefit liabilities [continued]

The actual return (loss) on plan assets was as follows:

	Years ended			
	January 31, 2020		January 31, 2019	
	Canada	Foreign	Canada	Foreign
Actual return (loss) on plan assets	**$22.5**	**$—**	$(2.5)	$—

The fair value of the plan assets for each category was as follows, as at:

	January 31, 2020	January 31, 2019
Publicly traded Canadian equity securities	**$62.9**	$73.4
Publicly traded foreign equity securities	**82.8**	78.6
Publicly traded fixed income securities	**79.1**	73.6
Other	**54.3**	38.0
Total	**$279.1**	$263.6

The fair values of the above equity and fixed income securities were determined based on quoted market prices in active markets.

Defined benefit costs

Components of the total defined benefit costs recognized in the consolidated statement of net income were as follows:

	Years ended			
	January 31, 2020		January 31, 2019	
	Canada	Foreign	Canada	Foreign
Current service cost	**$2.8**	**$2.4**	$3.7	$2.6
Net interest on the future employee benefit liabilities	**4.1**	**2.1**	3.6	2.1
Administration costs	**0.3**	**—**	0.3	—
Past service gain	**—**	**—**	—	(1.4)
Defined benefit costs	**$7.2**	**$4.5**	$7.6	$3.3

17. EMPLOYEE BENEFITS [CONTINUED]

b) Defined benefit plans [continued]

Sensitivity analysis

Actuarial assumptions that influence significantly the determination of the defined benefit obligations of the Company are the discount rate, the expected rate of compensation increase and the participants' longevity. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The impact on employee future benefit liabilities would be the following as at January 31, 2020:

	Increase (Decrease) of the liabilities
Discount rate	
Impact of a 0.5% increase	**$(41.1)**
Impact of a 0.5% decrease	**47.3**
Expected rate of compensation increase	
Impact of a 0.5% increase	**11.4**
Impact of a 0.5% decrease	**(9.8)**
Participant longevity	
Impact of a 1 year increase	**12.1**
Impact of a 1 year decrease	**(12.3)**

The sensitivity analysis presented above may not be representative of the potential change in the employee future benefit liabilities as it is unlikely that the change in assumptions would occur in isolation from one another as some of the assumptions may be correlated.

18. CAPITAL STOCK

The authorized capital stock of the Company is comprised of an unlimited number of multiple voting shares carrying six votes per share with no par value, an unlimited number of subordinate voting shares carrying one vote per share with no par value, and an unlimited number of non-voting preferred shares issuable in series with no par value.

The changes in capital stock issued and outstanding were as follows:

	Number of shares	Carrying Amount
Subordinate voting shares		
Balance as at February 1, 2018	**38,307,827**	**$229.7**
Issued upon exercise of stock options	264,478	9.4
Issued in exchange of multiple voting shares	8,851,088	0.7
Repurchased under the NCIB	(4,383,370)	(26.4)
Balance as at January 31, 2019	**43,040,023**	**213.4**
Issued upon exercise of stock options	459,287	17.2
Issued in exchange of multiple voting shares	8,209,713	0.7
Repurchased under the SIB	(6,342,494)	(30.4)
Repurchased under the NCIB	(2,955,555)	(14.0)
Balance as at January 31, 2020	**42,410,974**	**$186.9**
Multiple voting shares		
Balance as at February 1, 2018	**62,952,472**	**$5.1**
Exchanged for subordinate voting shares	(8,851,088)	(0.7)
Balance as at January 31, 2019	**54,101,384**	**$4.4**
Exchanged for subordinate voting shares	(8,209,713)	(0.7)
Balance as at January 31, 2020	**45,891,671**	**$3.7**
Total outstanding as at January 31, 2020	**88,302,645**	**$190.6**

18. CAPITAL STOCK [CONTINUED]

a) Normal course issuer bid program ("NCIB")

On March 22, 2019, the Company announced the renewal of its NCIB to repurchase for cancellation up to 4,170,403 of its outstanding subordinate voting shares. During the year ended January 31, 2020, the Company repurchased a total of 2,955,555 subordinate voting shares for a total consideration of $151.5 million.

As at January 31, 2020, a $70.3 million financial liability, with a corresponding amount in equity, was recorded in the consolidated statements of financial position in relation with the NCIB. This liability represented the value of subordinate voting shares expected to be repurchased by a designated broker under an automatic share purchase plan from February 1st to March 23, 2020. This automatic share purchase plan allows for the purchase of subordinate voting shares under pre-set conditions at times when the Company would ordinarily not be permitted due to regulatory restrictions or self-imposed blackout periods. These subordinate voting shares are included in the outstanding subordinate voting shares as at January 31, 2020.

For the year ended January 31, 2020, of the total consideration of $151.5 million, $14.0 million represents the carrying amount of the shares repurchased and $137.5 million represents the amount charged to retained losses.

On March 21, 2018, the Company announced the renewal of its NCIB to repurchase for cancellation up to 3,625,271 of its outstanding subordinate voting shares. During the year ended January 31, 2019, the Company repurchased the 3,625,271 subordinate voting shares for a total consideration of $212.3 million. In addition, during the same period, the Company completed the NCIB announced and started during the year ended January 31, 2018 and repurchased 758,099 subordinate voting shares for a total consideration of $36.3 million.

During the year January 31, 2019, the Company recognized a gain of $0.8 million in financing income related to an automatic share purchase plan. The gain represents the difference between the share price used to establish the financial liability at the end of each quarter and the amount actually paid to repurchase shares during the regulatory restrictions or self-imposed blackout periods.

For the year ended January 31, 2019, of the total consideration of $248.6 million, $26.4 million represents the carrying amount of the shares repurchased, $223.0 million represents the amount charged to retained losses and $0.8 million represents the gain recognized in net income.

b) Substantial issuer bid offer ("SIB")

On July 23, 2019, the Company repurchased 6,342,494 subordinate voting shares following the completion of its SIB for a total consideration of $300.0 million, of which $29.4 million represents the carrying amount of the shares repurchased and $270.6 million represents the amount charged to retained losses. Prior to the completion of the SIB, Beaudier group and Bain Capital converted respectively 1,836,170 and 1,403,543 of multiple voting shares into an equivalent number of subordinate voting shares. These converted shares were repurchased in the SIB. The Company incurred $1.0 million of fees and expenses related to the SIB, which were recorded in capital stock.

18. CAPITAL STOCK [CONTINUED]

c) Secondary offering

On December 16, 2019, Beaudier Group, Bain Capital and one director of the Company completed a secondary offering of 5,000,000 subordinate voting shares of the Company through a syndicate of underwriters. Prior to such transaction, Beaudier Group and Bain Capital converted respectively 2,816,844 and 2,153,156 multiple voting shares into an equivalent number of subordinate voting shares. The Company did not receive any of the proceeds of the secondary offering. In accordance with the terms of the registration rights agreement entered into in connection with the initial public offering of the Company's subordinate voting shares, the Company incurred approximately $0.9 million of fees and expenses related to this secondary offering.

On September 18, 2018, Beaudier Group and Bain Capital completed a secondary offering of 8,700,000 subordinate voting shares of the Company through a syndicate of underwriters. Prior to such transaction, Beaudier Group and Bain Capital converted respectively 4,915,824 and 3,935,264 multiple voting shares into an equivalent number of subordinate voting shares. The Company did not receive any of the proceeds of the secondary offering. In accordance with the terms of the registration rights agreement entered into in connection with the initial public offering of the Company's subordinate voting shares, the Company incurred approximately $2.1 million of fees and expenses related to this secondary offering.

d) Dividend

During the year ended January 31, 2020, the Company declared four quarterly dividends of $0.10 per share for holders of its multiple voting shares and subordinate voting shares. The dividends were paid on April 12, 2019, July 12, 2019, October 11, 2019 and January 10, 2020 for a total consideration of $37.2 million to shareholders.

During the year ended January 31, 2019, the Company declared four quarterly dividends of $0.09 per share for holders of its multiple voting shares and subordinate voting shares. The dividends were paid on April 13, 2018, July 13, 2018, October 12, 2018 and January 11, 2019 for a total consideration of $35.3 million to shareholders.

19. STOCK OPTION PLAN

Following an increase of 5,000,000 during the year ended January 31, 2019, a reserve of 10,814,828 subordinate voting shares are available to be granted in stock options to officers and employees under the Company's stock option plan. Such stock options are time vesting and 25% of the options will vest on each of the first, second, third and fourth anniversary of the grant. The stock options have a ten-year term at the end of which the options expire.

Under the stock option plan existing prior to the initial public offering of the Company's subordinate voting shares, the options vested or were eligible to vest in equal annual instalments on each of the five anniversary dates of the date of grant and were exercisable for a period of up to ten years from the grant date.

The following table summarizes the weighted-average fair value of options granted and the main assumptions that were used to calculate the fair value during the years ended January 31, 2020 and 2019:

	January 31, 2020	January 31, 2019
Weighted-average fair value at grant date	**$13.56**	$18.02
Weighted average assumptions used in the fair value models		
Share price	**$47.69**	$60.48
Risk-free interest rate	**1.51%**	2.20%
Expected life	**6.25 years**	6.25 years
Expected volatility	**28.51%**	27.64%
Expected annual dividend per share	**0.84%**	0.60%

The Company uses the Black-Scholes option-pricing model to estimate the fair value of options granted. The expected volatility used in option pricing models is calculated based on historical volatility of similar listed entities.

The number of stock options varied as follows:

	Number of options	Weighted average exercise price
Balance as at February 1, 2018	**3,399,734**	**$28.52**
Granted	937,150	60.16
Forfeited/Cancelled	(189,387)	48.88
Exercised [a]	(264,478)	23.50
Balance as at January 31, 2019	**3,883,019**	**35.51**
Granted	1,235,600	46.90
Forfeited/Cancelled	(95,728)	43.48
Repurchased for cancellation [b]	(773,500)	24.96
Exercised [c]	(459,287)	26.03
Balance as at January 31, 2020	**3,790,104**	**$42.32**

[a] The weighted average stock price on these exercised stock options was $61.04.
[b] Concurrent with the secondary offering (Note 18), the Company repurchased for cancellation 773,500 stock options of two executive officers for a purchase consideration of $28.0 million.
[c] The weighted average stock price on these exercised stock options was $55.25.

19. STOCK OPTION PLAN [CONTINUED]

The following table summarizes information about stock options outstanding and exercisable, as at January 31, 2020:

	Outstanding			Exercisable	
Exercise price range	Number of options	Weighted-average exercise price	Weighted-average remaining life (years)	Number of options	Weighted-average exercise price
$0 to $4	**13,704**	**$1.06**	**1.4**	**13,704**	**$1.06**
$16 to $20	**5,950**	**18.30**	**6.1**	**2,200**	**16.34**
$20 to $24	**556,150**	**20.53**	**5.9**	**403,050**	**20.60**
$24 to $28	**308,800**	**27.15**	**5.3**	**290,325**	**27.16**
$36 to $40	**869,375**	**39.45**	**7.4**	**383,175**	**39.45**
$40 to $44	**95,575**	**40.51**	**8.3**	**32,225**	**40.65**
$44 to $48	**1,175,400**	**46.16**	**9.4**	**4,300**	**47.67**
$60 to $64	**713,750**	**62.69**	**8.4**	**177,839**	**62.69**
$64 to $68	**51,400**	**64.15**	**9.9**	**—**	**—**
Balance as at January 31, 2020	**3,790,104**	**$42.32**	**7.9**	**1,306,818**	**$33.68**

The following table summarizes information about stock options outstanding and exercisable, as at January 31, 2019:

	Outstanding			Exercisable	
Exercise price range	Number of options	Weighted-average exercise price	Weighted-average remaining life (years)	Number of options	Weighted-average exercise price
$0 to $4	26,894	$0.85	2.1	26,894	$0.85
$16 to $20	17,550	19.00	7.1	9,125	18.90
$20 to $24	1,045,175	20.86	6.1	724,425	21.09
$24 to $28	955,900	27.08	6.0	795,050	26.96
$28 to $32	3,000	29.03	4.9	3,000	29.03
$36 to $40	963,950	39.45	8.4	215,000	39.45
$40 to $44	119,500	40.46	9.4	11,275	40.90
$44 to $48	13,800	47.67	9.0	3,450	47.67
$60 to $64	737,250	62.69	9.4	—	—
Balance as at January 31, 2019	3,883,019	$35.51	7.4	1,788,219	$25.78

Share based compensation expense of $13.0 million for the year ended January 31, 2020 ($11.1 million for the year ended January 31, 2019) has been recorded in general and administrative expenses in the consolidated statements of net income.

As at January 31, 2020, the total unrecognized compensation cost related to unvested share-based payments totalled $17.3 million ($15.1 million as at January 31, 2019).

20. SEGMENTED INFORMATION

Details of segment information were as follows:

For the year ended January 31, 2020	Powersports segment	Marine segment	Inter-segment eliminations	Total
Revenues	**$5,494.6**	**$577.5**	**$(19.4)**	**$6,052.7**
Cost of sales	**4,107.8**	**510.3**	**(19.4)**	**4,598.7**
Gross profit	**1,386.8**	**67.2**	**—**	**1,454.0**
Total operating expenses				**849.7**
Operating income				**604.3**
Financing costs				**90.9**
Financing income				**(2.2)**
Foreign exchange loss on long-term debt				**9.9**
Income before income taxes				**505.7**
Income tax expense				**135.1**
Net income				**$370.6**

For the year ended January 31, 2019	Powersports segment	Marine segment	Inter-segment eliminations	Total
Revenues	$4,753.5	$522.3	$(32.0)	$5,243.8
Cost of sales	3,560.2	462.2	(32.0)	3,990.4
Gross profit	1,193.3	60.1	—	1,253.4
Total operating expenses				780.8
Operating income				472.6
Financing costs				76.9
Financing income				(3.0)
Foreign exchange loss on long-term debt				69.8
Income before income taxes				328.9
Income tax expense				101.6
Net income				$227.3

20. SEGMENTED INFORMATION [CONTINUED]

The following table provides geographic information on Company's revenues, property, plant and equipment, intangible assets and right-of-use assets. The attribution of revenues was based on customer locations.

	Revenues		Property, plant and equipment, intangible assets and right-of-use assets	
	Years ended		As at	
	January 31, 2020	January 31, 2019	January 31, 2020	January 31, 2019
United States	**$3,321.2**	$2,817.1	**$370.2**	$328.7
Europe	**1,080.7**	948.4	**84.3**	73.0
Canada	**951.8**	845.5	**670.8**	519.9
Asia Pacific	**389.7**	355.7	**178.9**	55.8
Mexico	**118.9**	107.8	**345.8**	245.9
Austria	**16.6**	16.7	**200.7**	159.9
Other	**173.8**	152.6	**1.5**	0.6
	$6,052.7	$5,243.8	**$1,852.2**	$1,383.8

21. EARNINGS PER SHARE

a) Basic earnings per share

Details of basic earnings per share were as follows:

	Years ended	
	January 31, 2020	January 31, 2019
Net income attributable to shareholders	**$371.4**	$227.0
Weighted average number of shares	**92,760,943**	98,291,845
Earnings per share – basic	**$4.00**	$2.31

b) Diluted earnings per share

Details of diluted earnings per share were as follows:

	Years ended	
	January 31, 2020	January 31, 2019
Net income attributable to shareholders	**$371.4**	$227.0
Weighted average number of shares	**92,760,943**	98,291,845
Dilutive effect of stock options	**1,052,872**	1,297,043
Weighted average number of diluted shares	**93,813,815**	99,588,888
Earnings per share – diluted	**$3.96**	$2.28

The average market value of the Company's shares for purposes of calculating the dilutive effect of stock options was based on share value on the Toronto Stock Exchange for the period during which the options were outstanding.

22. REVENUES

Details of revenues were as follows:

	Years ended	
	January 31, 2020	**January 31, 2019**
Powersports		
Year-Round Products	**$2,791.7**	$2,240.6
Seasonal Products	**1,901.4**	1,803.5
Powersports PA&A and OEM Engines	**799.8**	707.5
Marine	**559.8**	492.2
Total	**$6,052.7**	$5,243.8

23. COST OF SALES

Cost of sales comprise costs of inventories sold, production overheads unallocated to inventories, warranty and distribution costs, costs related to sales programs that involve a free product or service delivered to clients, write-down of inventories, reversal of write-down of inventories, depreciation of property, plant and equipment, intangible assets and right-of-use assets used to manufacture and distribute products.

24. GOVERNMENT ASSISTANCE

The Company's government assistance, including tax credits, was as follows:

	Years ended	
	January 31, 2020	**January 31, 2019**
Recorded against research and development expense	**$23.1**	$23.1
Recorded against other elements of operating income	**0.9**	1.2
	$24.0	$24.3
Recorded against the cost of property, plant and equipment	**$1.1**	$1.2

25. OTHER OPERATING EXPENSES (INCOME)

Details of other operating expenses (income) were as follows:

	Years ended	
	January 31, 2020	**January 31, 2019**
(Gain) loss on litigation	**$(40.0)**	$1.3
Restructuring costs	**2.4**	0.2
Foreign exchange loss on working capital elements	**15.0**	24.2
Gain on forward exchange contracts	**(6.1)**	(18.8)
Other	**0.6**	0.6
Total	**$(28.1)**	$7.5

The Company is involved in multiple lawsuits with one of its competitors whereby each party is claiming damages for the alleged infringement of some of its patents. On February 19, 2020, an opinion was rendered by the U.S. Court of Appeals for the Federal Circuit in one of those lawsuits in favour of the Company. Following this opinion, the Company reversed, during the year ended January 31, 2020, $40.5 million of provisions previously recorded in the current and previous fiscal years.

26. FINANCING COSTS AND INCOME

Details of financing costs and financing income were as follows:

	Years ended	
	January 31, 2020	**January 31, 2019**
Interest on long-term debt	**$62.9**	$50.5
Transaction costs on long-term debt	**—**	8.9
Interest and commitment fees on revolving credit facilities	**6.6**	5.6
Interest on lease liabilities	**9.0**	—
Net interest on employee future benefit liabilities (Note 17)	**6.2**	5.7
Financial guarantee losses	**0.4**	1.2
Unwinding of discount of provisions	**1.7**	2.5
Other	**4.1**	2.5
Financing costs	**90.9**	76.9
Financing income	**(2.2)**	(3.0)
Total	**$88.7**	$73.9

27. INCOME TAXES

a) Income tax expense

Details of income tax expense were as follows:

	Years ended	
	January 31, 2020	**January 31, 2019**
Current income tax expense		
Related to current year	**$148.2**	$113.5
Related to prior years	**(1.0)**	1.8
	147.2	115.3
Deferred income tax recovery		
Temporary differences	**(13.4)**	(24.6)
Effect of income tax rate changes on deferred income taxes	**(0.6)**	1.6
Increase in valuation allowance	**1.9**	9.3
	(12.1)	(13.7)
Income tax expense	**$135.1**	$101.6

The reconciliation of income taxes computed at the Canadian statutory rates to income tax expense recorded was as follows:

	Years ended			
	January 31, 2020		**January 31, 2019**	
Income taxes calculated at statutory rates	**$134.5**	**26.6%**	$87.8	26.7%
Increase (decrease) resulting from:				
Income tax rate differential of foreign subsidiaries	**(5.7)**		(6.1)	
Effect of income tax rate changes on deferred income taxes	**(0.6)**		1.6	
Increase in valuation allowance	**1.9**		9.3	
Recognition of income taxes on foreign currency translation	**(0.6)**		(1.3)	
Permanent differences [a]	**5.3**		12.5	
Other	**0.3**		(2.2)	
Income tax expense	**$135.1**		$101.6	

[a] The permanent differences result mainly from the foreign exchange loss on the long-term debt denominated in U.S. dollars and from share based compensation expense.

The income tax statutory rate is 26.6% for the year ended January 31, 2020 (26.7% for the year ended January 31, 2019). The income tax statutory rate is the Bombardier Recreational Products Inc. combined rate applicable in jurisdictions in which it operates.

27. INCOME TAXES [CONTINUED]

b) Deferred income taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income tax assets (liabilities) were as follows, as at:

	January 31, 2020	January 31, 2019
Related to current assets and liabilities		
Inventories	**$39.9**	$26.9
Investment tax credits receivable	**(2.2)**	(2.2)
Trade payables and accruals	**12.0**	9.9
Provisions	**91.8**	91.0
Other financial liabilities	**17.0**	15.9
Lease liabilities	**8.1**	—
Deferred revenues	**17.1**	15.5
Other	**4.0**	4.3
	187.7	161.3
Related to non-current assets and liabilities		
Property, plant and equipment	**(46.2)**	(47.0)
Intangible assets	**(72.0)**	(56.9)
Right-of-use assets	**(56.1)**	—
Provisions	**22.6**	15.5
Long-term debt	**4.6**	6.4
Lease liabilities	**54.7**	—
Deferred revenues	**32.0**	31.0
Employee future benefit liabilities	**62.0**	45.4
Other non-current liabilities	**2.2**	1.9
Other	**4.2**	4.8
	8.0	1.1
Related to non-capital losses carried forward	**1.3**	10.3
Related to capital losses carried forward	**29.7**	29.3
	226.7	202.0
Unrecognized tax benefits	**(34.4)**	(33.3)
Total	**$192.3**	$168.7

As at January 31, 2020, the Company had non-capital losses and capital losses available to reduce future taxable income.

As at January 31, 2020, non-capital losses amounted to $4.5 million ($30.6 million as at January 31, 2019), of which $0.9 million ($28.2 million as at January 31, 2019) is available to reduce future federal taxable income in the United States and $3.6 million ($2.4 million as at January 31, 2019) is available to reduce future taxable income in other tax jurisdictions.

27. INCOME TAXES [CONTINUED]

b) Deferred income taxes [continued]

As at January 31, 2020, the balance of deductible capital losses amounted to $111.9 million ($110.5 million as at January 31, 2019) and are available to offset future taxable capital gains in Canada for an unlimited period of time.

As at January 31, 2020, the Company has $22.6 million in investment tax credits receivable, of which $19.4 million is refundable and $3.2 million is available to reduce income taxes in future periods (respectively $25.4 million, $20.0 million and $5.4 million as at January 31, 2019). The $3.2 million ($5.4 million as at January 31, 2019) is available to reduce future income taxes in the United States.

As at January 31, 2020 and 2019, deferred income taxes assets have been entirely recognized except for certain elements, consisting mainly of deductible capital losses carried forward, as the Canadian and Quebec taxation laws required those losses to be offset with available capital gains in order to be deductible.

In addition, deferred income taxes have not been provided for the undistributed earnings of foreign subsidiaries since either income taxes would not be applicable upon distribution of earnings or the Company determined that such earnings will be indefinitely reinvested. However, distribution in the form of dividends or otherwise from countries where earnings are indefinitely reinvested may be subject to income taxes.

28. RELATED PARTY TRANSACTIONS

The Company had related party transactions during the years ended January 31, 2020 and 2019. The most significant ones are described below and were made on an arm's length basis, unless otherwise indicated.

a) Transactions with key management personnel

Key management personnel of the Company, defined as employees with authority and responsibility for planning, directing and controlling the activities of the Company, are considered related parties to the Company. The key management personnel of the Company are its directors and the executive officers.

The Company incurred the following benefit expenses in relation with key management personnel:

	Years ended	
	January 31, 2020	**January 31, 2019**
Current remuneration	**$17.6**	$16.1
Post-employment benefits	**1.3**	1.1
Termination benefits	**—**	0.5
Stock-based compensation expense	**7.3**	6.1
Total	**$26.2**	$23.8

In addition, concurrent with the secondary offering (Note 18), the Company repurchased for cancellation 773,500 stock options of two executive officers for a purchase consideration of $28.0 million. The transaction was recorded in the consolidated statements of changes in equity.

28. RELATED PARTY TRANSACTIONS [CONTINUED]

b) Due to Bombardier Inc., a company related to Beaudier group

Pursuant to the purchase agreement entered into in 2003 in connection with the acquisition of the recreational product business of Bombardier Inc., the Company is committed to reimburse to Bombardier Inc. income taxes amounting to $22.3 million as at January 31, 2020 ($22.3 million as at January 31, 2019). The payments will begin when Bombardier Inc. starts making income tax payments in Canada and/or in the United States.

c) Secondary offering

During the year ended January 31, 2020, Beaudier group, Bain Capital and one director completed a secondary offering for a total of 5,000,000 subordinate voting shares of the Company through a syndicate of underwriters and the Company incurred approximately $0.9 million of fees and expenses related to this secondary offering (see Note 18).

During the year ended January 31, 2019, Beaudier group and Bain Capital completed a secondary offering for a total of 8,700,000 subordinate voting shares of the Company through a syndicate of underwriters and the Company incurred approximately $2.1 million of fees and expenses related to this secondary offering (see Note 18).

29. FINANCIAL INSTRUMENTS

a) Fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Company's financial instruments take into account the credit risk embedded in the instrument. For financial assets, the credit risk of the counterparty is considered whereas for financial liabilities, the Company's credit risk is considered.

In order to determine the fair value of its financial instruments, the Company uses, when active markets exist, quoted prices from these markets ("Level 1" fair value). When public quotations are not available in the market, fair values are determined using valuation techniques. When inputs used in the valuation techniques are only inputs directly and indirectly observable in the marketplace, fair value is presented as "Level 2" fair value. If fair value is assessed using inputs that require considerable judgment from the Company in interpreting market data and developing estimates, fair value is presented as "Level 3" fair value. For Level 3 fair value, the use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

29. FINANCIAL INSTRUMENTS [CONTINUED]

a) Fair value [continued]

The fair value, fair value level and valuations techniques and inputs of restricted investments, derivative financial instruments and long-term debt were as follows:

		As at January 31, 2020		As at January 31, 2019		
	Fair value level	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Valuation techniques and inputs**
Restricted investments (Note 7)	Level 2	**$14.6**	**$14.6**	$15.7	$15.7	Discounted cash flows at a discount rate that reflects the current market rate for this type of investments at the end of the reporting period
Non-controlling interest liability (Note 15)	Level 3	**$19.0**	**$19.0**	$—	$—	Discounted cash flows. Future cash flows are estimated based on Telwater performance and a predetermined purchase price formula, discounted at a rate that reflects the credit risk of the Company
Derivative financial instruments						Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the counterparties for favourable position or the credit risk of the Company for unfavourable positions
Forward exchange contracts	Level 2	**$8.9**	**$8.9**	$3.4	$3.4	
Favourable (Note 7)	Level 2	**(3.5)**	**(3.5)**	(6.9)	(6.9)	
(Unfavourable)						
Inflation rate swap	Level 2	**(1.7)**	**(1.7)**	(2.0)	(2.0)	Discounted cash flows. Future cash flows are estimated based on forward inflation rates (from observable yield curves at the end of the reporting period) and contract inflation rates, discounted at a rate that reflects the credit risk of the Company
Total derivative financial instruments	Level 2	**$3.7**	**$3.7**	$(5.5)	$(5.5)	
Term Facility (Note 16)	Level 1	**$(1,606.7)**	**$(1,615.3)**	$(1,176.9)	$(1,161.4)	Quoted bid prices in an active market
Term Loans (Note 16)	Level 2	**(38.7)**	**(41.7)**	(29.5)	(28.6)	Discounted cash flows. Cash flows used for valuation are those contractually due and are discounted at a rate that reflects the credit risk of the Company

For cash, trade and other receivables, Revolving Credit Facilities, trade payables and accruals, dealer holdback programs and customer deposits, the carrying amounts reported on the consolidated statements of financial position or in the notes approximate the fair values of these items due to their short-term nature.

29. FINANCIAL INSTRUMENTS [CONTINUED]

a) Fair value [continued]

During the years ended January 31, 2020 and 2019, no changes in fair value level classifications occurred.

b) Foreign exchange risk

The foreign exchange risk associated with financial instruments is defined by the risk that the future cash flows of a recorded financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk associated with financial instruments arises from financial instruments denominated in a currency other than the functional currency of the Company.

The Company's significant foreign exchange risk exposure associated with financial instruments are with Credit Facilities, trade and other receivables, trade payables and accruals, lease liabilities and derivative financial instruments.

The table below presents the impact on consolidated net income and consolidated other comprehensive income of a variation of foreign exchange rates on financial instruments subject to foreign exchange risks as at January 31, 2020 and 2019:

	As at January 31, 2020			As at January 31, 2019		
Increase (Decrease)	**Percentage of Variation [a]**	**Impact on Net income**	**Impact on Other comprehensive income**	**Percentage of Variation [a]**	**Impact on Net income**	**Impact on Other comprehensive income**
USD / CAD	**5%**	**$ (82.6) [b]**	**$—**	5%	$ (49.5) [b]	$—
Euro / CAD	**5%**	**$(6.4)**	**$—**	5%	$3.0	$—
Other	**3%**	**$5.8**	**$(6.3)**	3%	$3.8	$1.0

[a] Based on variations that might exist at the closing dates.

[b] Mainly from the long-term debt denominated in U.S. dollars.

The Company uses foreign exchange contracts to manage its foreign currency risks mainly on trade payables and certain other financial liabilities denominated in U.S. dollars and the Company uses short-term foreign exchange contracts to manage its daily cash position.

For currencies over which the Company cannot achieve an offset through its recurring business transactions, mainly the Australian dollar, the Swedish krona, the Norwegian krone and the British pound, the Company uses foreign exchange contracts according to the Company's hedging policy. Under this policy, the Company hedges up to 50% of the budgeted revenue exposure in these currencies during the annual budget period and continually increases the coverage up to 80% six months before the expected exposures arise. Management periodically reviews the relevant hedging position and may hedge at any level within the authorized parameters of the policy, up to the maximum percentage allowed.

As at January 31, 2020, the maximum length of time over which the Company is hedging its exposure to variability in future cash flow from anticipated sales is 12 months. All foreign exchange contracts used to hedge highly probable anticipated sales are recorded under the cash flow hedge model. The Company does not trade in derivative financial instruments for speculative purposes.

29. FINANCIAL INSTRUMENTS [CONTINUED]

b) Foreign exchange risk [continued]

The following tables set out the notional amounts outstanding under hedging foreign exchange contracts, the carrying amount, the average contractual exchange rates and the settlement periods of these contracts:

	As at January 31, 2020							
							Carrying amount	
	Sell currency	Buy currency	Average rate	Notional amount		Canadian equivalent notional amount [a]	Other financial assets	Other financial liabilities
Less than 1 year								
	AUD	**CAD**	**0.9061**	**AUD**	**76.4**	**$67.7**	**$1.2**	**$—**
	GBP	**Euro**	**1.1401**	**GBP**	**24.2**	**42.2**	**—**	**1.5**
	NOK	**Euro**	**0.0998**	**NOK**	**425.7**	**61.2**	**1.8**	**—**
	SEK	**Euro**	**0.0950**	**SEK**	**839.4**	**115.2**	**2.0**	**—**

[a] Exchange rates as at January 31, 2020 were used to translate notional amounts denominated in foreign currencies into Canadian dollars.

	As at January 31, 2019							
							Carrying amount	
	Sell currency	Buy currency	Average rate	Notional amount		Canadian equivalent notional amount [a]	Other financial assets	Other financial liabilities
Less than 1 year								
	AUD	CAD	0.9352	AUD	48.0	$45.9	$—	$0.9
	GBP	Euro	1.1015	GBP	12.0	20.7	—	0.7
	NOK	Euro	0.1005	NOK	325.0	50.6	—	0.9
	SEK	Euro	0.0950	SEK	601.0	87.3	0.1	1.3

[a] Exchange rates as at January 31, 2019 were used to translate notional amounts denominated in foreign currencies into Canadian dollars.

29. FINANCIAL INSTRUMENTS [CONTINUED]

b) Foreign exchange risk [continued]

The following tables set out the notional amounts outstanding under foreign exchange contracts, the average contractual exchange rates and the settlement periods of these contracts:

	As at January 31, 2020					
	Sell currency	Buy currency	Average rate	Notional amount		Canadian equivalent notional amount [a]
Less than 1 year						
	AUD	CAD	0.9051	AUD	80.8	$71.6
	CAD	Euro	1.4638	Euro	27.2	39.9
	CAD	JPY	0.0122	JPY	50.0	0.6
	CAD	MXN	0.0702	MXN	86.9	6.1
	CAD	USD	1.3138	USD	333.6	441.0
	Euro	CAD	1.4630	Euro	115.9	169.8
	Euro	NOK	0.0993	NOK	45.0	6.5
	Euro	SEK	0.0943	SEK	101.9	14.0
	Euro	USD	0.9055	USD	2.9	3.8
	GBP	Euro	1.1414	GBP	24.9	43.4
	JPY	CAD	0.0121	JPY	287.4	3.5
	NOK	Euro	0.0999	NOK	509.4	73.2
	SEK	Euro	0.0949	SEK	1,118.5	153.5
	USD	CAD	1.3180	USD	148.1	195.8

[a] Exchange rates as at January 31, 2020 were used to translate notional amounts denominated in foreign currencies into Canadian dollars.

29. FINANCIAL INSTRUMENTS [CONTINUED]

b) Foreign exchange risk [continued]

	As at January 31, 2019					
	Sell currency	Buy currency	Average rate	Notional amount		Canadian equivalent notional amount [a]
Less than 1 year						
	AUD	CAD	0.9371	AUD	53.3	$51.0
	CAD	AUD	0.9549	AUD	4.0	3.8
	CAD	Euro	1.5141	Euro	9.7	14.6
	CAD	JPY	0.0120	JPY	23.6	0.3
	CAD	MXN	0.0688	MXN	138.6	9.6
	CAD	USD	1.3218	USD	315.2	414.2
	Euro	CAD	1.5223	Euro	114.2	171.9
	Euro	CHF	0.8784	CHF	0.1	0.1
	Euro	GBP	1.1446	GBP	0.5	0.8
	Euro	NOK	0.1031	NOK	19.2	3.0
	Euro	SEK	0.0968	SEK	55.4	8.0
	GBP	Euro	1.1031	GBP	12.5	21.5
	JPY	CAD	0.0121	JPY	46.0	0.6
	MXN	CAD	0.0687	MXN	62.7	4.3
	NOK	Euro	0.1009	NOK	411.2	64.1
	NZD	CAD	0.9078	NZD	2.0	1.8
	SEK	Euro	0.0956	SEK	804.1	116.8
	USD	CAD	1.3232	USD	127.0	166.9

[a] Exchange rates as at January 31, 2019 were used to translate notional amounts denominated in foreign currencies into Canadian dollars.

c) Liquidity risk

Liquidity risk is defined as the Company's exposure to the risk of not being able to meet its financial obligations. The Company manages its liquidity risk by continuously monitoring its operating cash requirements and by the use of its funding sources to ensure its financial flexibility and mitigate its liquidity risk (see Note 30).

The following table summarizes the financial liabilities instalments payable when contractually due as at January 31, 2020:

	Less than 1 year	1-3 years	4-5 years	More than 5 years	Total amount
Trade payables and accruals	$1,085.8	$—	$—	$—	$1,085.8
Long-term debt (including interest)	80.0	162.2	162.0	1,575.3	1,979.5
Lease liabilities (including interest)	40.1	73.4	51.4	123.9	288.8
Derivative financial instruments	3.5	1.7	—	—	5.2
Other financial liabilities	179.4	20.8	—	24.5	224.7
Total	**$1,388.8**	**$258.1**	**$213.4**	**$1,723.7**	**$3,584.0**

29. FINANCIAL INSTRUMENTS [CONTINUED]

d) Interest risk

The Company is exposed to the variation of interest rates on financial instruments mainly on its Credit Facilities. As at January 31, 2020, an increase or decrease of a 0.25 percentage base point would have resulted in a $4.3 million impact on consolidated net income and consolidated comprehensive income for the year ended January 31, 2020. As at January 31, 2019, an increase or decrease of a 0.25 percentage base point would have resulted in a $3.1 million impact on consolidated net income and consolidated comprehensive income for the year ended January 31, 2019. Percentages of variations of interest rates above are based on changes that might exist at the consolidated statement of financial position dates and have been applied on the Company's financial instruments subject to interest rate changes.

e) Credit risk

The Company could be exposed, in the normal course of business, to the potential inability of dealers, distributors and other business partners to meet their contractual obligations on financial assets and on amounts guaranteed under dealer and distributor financing agreements.

The Company considers that its credit risk associated with its trade receivables and its limited responsibilities under dealer and distributor financing agreements does not represent a significant concentration of risk and loss due to the large number of dealers, distributors and other business partners and their dispersion across many geographic areas. Moreover, the Company mitigates such risk by doing business through its own distribution channels and by monitoring independent dealers' and distributor credit.

The following table provides further details on receivables for which the Company considers to be exposed to credit risk as at January 31, 2020 and 2019:

	January 31, 2020	**January 31, 2019**
Trade and other receivables	**$399.1**	$388.3
Sales tax and other government receivables	**(65.6)**	(54.3)
Total exposed to credit risk	**$333.5**	$334.0
Not past due	**$319.8**	$324.6
Past due		
Under 60 days	**10.3**	8.8
From 60 to 90 days	**2.2**	0.7
Over 90 days	**4.7**	3.6
Allowance for doubtful accounts	**(3.5)**	(3.7)
Total exposed to credit risk	**$333.5**	$334.0

The counterparties to the derivative financial instruments and restricted investments are all investment grade financial institutions, which the Company anticipates will satisfy their obligations under these contracts. Over the past years, the Company has not incurred significant losses related to credit risk on its financial assets.

As described in Note 31 a), the Company has provided financial guarantees to third party financing companies in case of dealers' inability to meet their obligations under their financing agreements with the financing companies.

30. CAPITAL MANAGEMENT

The Company's primary uses of capital are for capital investments and working capital. Based on the current level of operations, management believes that cash on hand, cash flows from operations and available borrowings under the Credit Facilities will enable the Company to meet its working capital, capital expenditure, debt service and other funding requirements.

The Company's capital is composed of long-term debt and shareholders' equity. The Company's aim is to maintain a level of capital that is adequate to meet several objectives, including an acceptable Leverage ratio in order to provide access to adequate funding sources to support current operations, pursue its internal growth strategy and maintain capital flexibility. The Company may repurchase subordinate voting shares for cancellation pursuant to a NCIB or SIB, issue capital stock, or vary the amount of dividends paid to shareholders.

The Company's objective is to maintain a Leverage ratio of 3.5 or less, which was continuously achieved during the years ended January 31, 2020 and 2019.

31. COMMITMENTS AND CONTINGENCIES

In addition to the commitments and contingencies described elsewhere in these consolidated financial statements, the Company is subject to the following (all amounts presented are undiscounted):

a) Dealer and distributor financing arrangements

The Company, most of its independent dealers and some of its independent distributors are parties to agreements with third-party financing service providers. These agreements provide financing to facilitate the purchase of the Company's products and improve the Company's working capital by allowing an earlier collection of accounts receivable from dealers and distributors.

The outstanding financing between the Company's independent dealers and distributors and third-party finance companies amounted to $2,281.7 million and $1,998.1 million as at January 31, 2020 and 2019, respectively. The breakdown of outstanding amounts by country and local currency between the Company's independent dealers and distributors with third-party finance companies were as follows:

	Currency	January 31, 2020	January 31, 2019
Total outstanding as at	CAD	**$2,281.7**	$1,998.1
United States	USD	**$1,264.0**	$1,107.2
Canada	CAD	**$458.3**	$422.3
Europe	Euro	**€46.7**	€39.8
Australia and New Zealand	AUD	**$93.7**	$62.4
Latin America	USD	**$0.6**	$0.8

31. COMMITMENTS AND CONTINGENCIES [CONTINUED]

a) Dealer and distributor financing arrangements [continued]

Under the dealer and distributor financing agreements, in the event of default, the Company may be required to purchase, from the finance companies, new and unused products at the total unpaid principal balance of the dealer or distributor to the finance companies. In North America, the obligation is generally limited to the greater of U.S. $25.0 million ($33.1 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements, whereas in Europe, the obligation is generally limited to the greater of U.S. $10.0 million ($13.2 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements. In Australia and New Zealand, the obligation to repossess new and unused products is limited to the greater of AU $5.0 million ($4.4 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements. For boat products, in North America, the repurchase obligation decreases according to the age of the inventory and there is no obligation to repurchase for boat products older than 900 days while, in Australia, the obligation to purchase repossessed new and unused boat products is limited to AU $2.5 million ($2.2 million).

The maximum amount subject to the Company's obligation to purchase new and unused products from the finance companies was $238.0 million as at January 31, 2020 ($217.3 million in North America, $13.2 million in Europe and $7.5 million in Australia and New Zealand).

For the year ended January 31, 2020, the Company has recorded a loss related to repossessed units amounting to $0.4 million (loss of $1.2 million for the year ended January 31, 2019).

b) Guarantees under various agreements

In the normal course of business, the Company has entered into agreements that include indemnities in favour of third parties and which are customary in the industry, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, underwriting and agency agreements, information technology agreements, and service agreements. These indemnification agreements may require the Company to compensate counterparties for losses they incurred as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered as a consequence of the transaction.

The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability that stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Company has not made any significant payments under such or similar indemnification agreements.

The Company shall indemnify directors and officers of the Company for various losses including, but not limited to, all costs to settle suits or actions due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to acts taking place during the period over which the indemnified party served as a trustee, director or officer of the Company. The maximum amount of any potential future payment cannot be reasonably estimated.



31. COMMITMENTS AND CONTINGENCIES [CONTINUED]

c) Litigation

The Company intends to vigorously defend its position in litigation matters to which it is a party. Management believes the Company has recorded adequate provisions to cover potential losses in relation to pending legal actions. Additionally, the Company has a general liability insurance coverage for claims relating to injuries or damages incurred with the Company's products. This insurance coverage limits the potential losses associated with legal claims related to product usage.

While the final outcome with respect to actions pending as at January 31, 2020 cannot be predicted with certainty, it is the management's opinion that their resolution will not have material effects on the Company's future results of operations or cash flows.

32. SUBSEQUENT EVENTS

On February 4, 2020, the Company amended its Term Facility to consolidate it into a single tranche which reduces the cost of borrowing by 0.50% for the previous U.S. $335.0 million tranche and extends the maturity from May 2025 to May 2027.

In March 2020, the World Health Organization declared coronavirus (specifically identified as "COVID-19") a global pandemic. This contagious disease outbreak resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in significant economic uncertainty. These measures adopted by various governments worldwide could impact the Company's business whether through supply chain or retail demand. However, at this time, it is not possible for the Company to reliably estimate the duration or magnitude of the adverse results of the outbreak and its impact on the Company's financial results in future periods.

BRP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE- AND TWELVE-MONTH PERIODS ENDED JANUARY 31, 2020

The following management's discussion and analysis ("MD&A") provides information concerning financial condition and results of operations of BRP Inc. (the "Company" or "BRP") for the fourth quarter and the fiscal year ended January 31, 2020. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended January 31, 2020. Some of the information contained in this discussion and analysis contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from underlying forward-looking statements as a result of various factors, including those described in the "Forward-Looking Statements" section of this MD&A. This MD&A reflects information available to the Company as at April 9, 2020.

Basis of Presentation

The audited consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). All amounts presented are in Canadian dollars unless otherwise indicated. All references in this MD&A to "Fiscal 2020" are to the Company's fiscal year ended January 31, 2020, to "Fiscal 2019" are to the Company's fiscal year ended January 31, 2019 and to "Fiscal 2018" are to the Company's fiscal year ended January 31, 2018.

This MD&A, approved by the Board of Directors on April 9, 2020, is based on the Company's audited consolidated financial statements and accompanying notes thereto for the years ended January 31, 2020 and 2019.

The Company's Powersports segment comprise Year-Round Products which consist of all-terrain vehicles (referred to as "ATVs"), side-by-side vehicles (referred to as "SSVs") and three-wheeled vehicles (referred to as "3WVs"); Seasonal Products which consist of personal watercraft (referred to as "PWCs") and snowmobiles; and Powersports PA&A and OEM Engines which consist of parts, accessories and apparel (referred to as "PA&A"), engines for karts, motorcycles and recreational aircraft and other services. Additionally, the Company's Marine segment consist of outboard and jet boat engines, boats and related PA&A and other services.

Forward-Looking Statements

Certain statements in this MD&A about the Company's current and future plans, prospects, expectations, anticipations, estimates and intentions, results, levels of activity, performance, objectives, targets, goals or achievements, priorities and strategies, financial position, market position, capabilities, competitive strengths, beliefs, the prospects and trends of the industries in which the Company operates, the expected growth in demand for products and services in the markets in which the Company competes, research and product development activities, including projected design, characteristics, capacity or performance of future products and their expected scheduled entry to market expected financial requirements and the availability of capital resources and liquidities or any other future events or developments and other statements that are not historical facts constitute forward-looking statements within the meaning of applicable securities laws. The words "may", "will", "would", "should", "could", "expects", "forecasts", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "outlook", "predicts", "projects", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of the Company's current objectives, goals, targets, strategic priorities, expectations and plans, and in obtaining a better understanding of the Company's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Forward-looking statements, by their very nature, involve inherent risks and uncertainties and are based on a number of assumptions, both general and specific, as further described below. The Company cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although believed reasonable at the time they were made, subject to greater uncertainty. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Company or the industry to be materially different from the outlook or any future results or performance implied by such statements. Key assumptions in determining forward-looking information are set forth below. In addition, many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the risk factors described in the "Risk Factors" section of this MD&A.

The forward-looking statements contained in this MD&A are made as of the date of this MD&A, and the Company has no intention and undertakes no obligation to update or revise any forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, unless required by applicable securities regulations. In the event that the Company does update any forward-looking statements contained in this MD&A, no inference should be made that the Company will make additional updates with respect to that statement, related matters or any other forward-looking statement.

Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS measures including Normalized EBITDA, Normalized net income, Normalized income tax expense, Normalized effective tax rate, Normalized basic earnings per share and Normalized diluted earnings per share.

Normalized EBITDA is provided to assist investors in determining the financial performance of the Company's operating activities on a consistent basis by excluding certain non-cash elements such as depreciation expense, impairment charge, foreign exchange gain or loss on the Company's long-term debt denominated in U.S. dollars and foreign exchange gain or loss on certain of the Company's lease liabilities. Other elements, such as restructuring costs, loss on litigation and acquisition related-costs, may also be excluded from net income in the determination of Normalized EBITDA as they are considered not being reflective of the operational performance of the Company. Normalized net income, Normalized income tax expense, Normalized effective tax rate, Normalized basic earnings per share and Normalized diluted earnings per share, in addition to the financial performance of operating activities, take into account the impact of investing activities, financing activities and income taxes on the Company's financial results.

The Company believes non-IFRS measures are important supplemental measures of financial performance because they eliminate items that have less bearing on the Company's financial performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of companies, many of which present similar metrics when reporting their results. Management also uses non-IFRS measures in order to facilitate financial performance comparisons from period to period, prepare annual operating budgets, assess the Company's ability to meet its future debt service, capital expenditure and working capital requirements and also as a component in the determination of the short-term incentive compensation for the Company's employees. Because other companies may calculate these non-IFRS measures differently than the Company does, these metrics are not comparable to similarly titled measures reported by other companies.

Normalized EBITDA is defined as net income before financing costs, financing income, income tax expense (recovery), depreciation expense and normalized elements. Normalized net income is defined as net income before normalized elements adjusted to reflect the tax effect on these elements. Normalized income tax expense is defined as income tax expense adjusted to reflect the tax effect on normalized elements and to normalize specific tax elements. Normalized effective tax rate is based on Normalized net income before Normalized income tax expense. Normalized earnings per share—basic and Normalized earnings per share – diluted are calculated respectively by dividing the Normalized net income by the weighted average number of shares – basic and the weighted average number of shares – diluted. The Company refers the reader to the "Selected Consolidated Financial Information" section of this MD&A for the reconciliations of Normalized EBITDA and Normalized net income presented by the Company to the most directly comparable IFRS measure.

Overview

BRP is a global leader in the design, development, manufacturing, distribution and marketing of powersports vehicles and marine products. The Company is a diversified manufacturer of powersports vehicles and marine products, providing enthusiasts with a variety of exhilarating, stylish and powerful products for year-round use on a variety of terrains. The Company's diversified portfolio of brands and products includes for Powersports: *Can-Am* ATVs, SSVs and 3WVs, *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs and *Rotax* engines for karts, motorcycles and recreational aircraft. For Marine, the portfolio of brands and products includes *Evinrude* outboard boat engines, *Rotax* engines for jet boats, and *Alumacraft*, *Manitou*, *Quintrex*, *Stacer* and *Savage* boats. Additionally, the Company supports its line of products with a dedicated PA&A business.

The Company employs approximately 13,500 people mainly in manufacturing and distribution sites in Mexico, Canada, Austria, the United States, Finland and Australia. The Company sells its products in over 120 countries. The products are sold directly through a network of approximately 3,475 dealers in 21 countries as well as through approximately 200 distributors serving approximately 800 additional dealers.

Highlights of the three-month period ended January 31, 2020

For the three-month period ended January 31, 2020, the Company's financial performance was the following when compared to the three-month period ended January 31, 2019:

- Revenues of $1,615.9 million, an increase of $110.0 million or 7.3%;
- Gross profit of $383.7 million representing 23.7% of revenues, an increase of $48.8 million;
- Net income of $118.2 million, an increase of $35.5 million, which resulted in a diluted earnings per share of $1.32, an increase of $0.48 per share or 57.1%;
- Normalized net income [1] of $100.2 million, an increase of $14.4 million, which resulted in a normalized diluted earnings per share [1] of $1.12, an increase of $0.24 per share or 27.3%;
- Normalized EBITDA [1] of $221.8 million representing 13.7% of revenues, an increase of $39.9 million or 21.9%.

[1] See "Non-IFRS Measures" section.

In addition, during the three-month period ended January 31, 2020:

The Company launched a factory turbocharged two-stroke engine with an all-new *Ski-Doo Summit 850 E-TEC Turbo* snowmobile.

Highlights of the year ended January 31, 2020

For the year ended January 31, 2020, the Company's financial performance was the following when compared to the year ended January 31, 2019:

- Revenues of $6,052.7 million, an increase of $808.9 million or 15.4%;
- Gross profit of $1,454.0 million representing 24.0% of revenues, an increase of $200.6 million;
- Net income of $370.6 million, an increase of $143.3 million, which resulted in a diluted earnings per share of $3.96, an increase of $1.68 per share or 73.7%;
- Normalized net income [1] of $358.4 million, an increase of $49.8 million, which resulted in a normalized diluted earnings per share [1] of $3.83, an increase of $0.73 per share or 23.5%.
- Normalized EBITDA [1] of $804.4 million representing 13.3% of revenues, an increase of $148.5 million or 22.6%;

In addition, during the year:

- The Company introduced an entirely new 6x6 Can-Am Defender model, the Can-Am Maverick X3 Turbo RR with a 195-hp engine and six different electric vehicle concepts.
- The Company acquired 80% of the outstanding shares of Telwater Pty Ltd ("Telwater"), a manufacturer of boats under brands such as *Quintrex*, *Stacer* and *Savage*.
- The Company completed a substantial issuer bid offer ("SIB") with the repurchase of 6,342,494 subordinate voting shares for a total consideration of $300.0 million.
- The Company amended its term facility to add a new U.S. $335.0 million tranche for a total principal of U.S. $1,235.0 million. It also amended its $575.0 million revolving credit facilities to increase the availability by $125.0 million for a total availability of $700.0 million, to extend the maturity from May 2023 to May 2024 and to improve pricing.

Recent events

On February 4, 2020, the Company amended its term facility to consolidate it into a single tranche which reduces the cost of borrowing by 0.50% for the previous U.S. $335.0 million tranche and extends the maturity from May 2025 to May 2027.

The Company is involved in multiple lawsuits with one of its competitors whereby each party is claiming damages for the alleged infringement of some of its patents. On February 19, 2020, an opinion was rendered by the U.S. Court of Appeals for the Federal Circuit in one of those lawsuits in favour of the Company. Following this opinion, the Company reversed $40.5 million of provisions.

In March 2020, the World Health Organization declared coronavirus (specifically identified as "COVID-19") a global pandemic. This contagious disease outbreak resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in significant economic uncertainty. These measures adopted by various governments worldwide could impact the Company's business whether through supply chain or retail demand. However, at this time, it is not possible for the Company to reliably estimate the duration or magnitude of the adverse results of the outbreak and its impact on the Company's financial results in future periods.

On March 18, 2020, the Company drew on its revolving credit facilities to reach the amount of $700 million as a precautionary measure to increase liquidity and preserve financial flexibility in light of the COVID-19 situation and on March 30, 2020, the Company announced that all of its powersports and marine manufacturing operations around the world were temporarily suspended or slowed down.

[1] See "Non-IFRS Measures" section.

Revenues and Sales Program Costs

The Company's revenues are derived primarily from the wholesale activities to dealers and distributors of the Company's manufactured vehicles, including Year-Round Products, Seasonal Products, Powersports PA&A and OEM Engines as well as Marine products. Revenue recognition normally occurs when products are shipped to dealers or distributors from the Company's facilities.

In order to support the wholesale activities of the Company and the retail activities of dealers and distributors, the Company may provide support in the form of various sales programs consisting of cash and non-cash incentives. The cash incentives consist mainly of rebates given to dealers, distributors and consumers, volume discounts to dealers and distributors, free or extended coverage period under dealer and distributor inventory financing programs, and retail financing programs. The cost of these cash incentives is recorded as a reduction of revenues. The non-cash incentives consist mainly of extended warranty coverage or free PA&A. When an extended warranty coverage is given with the purchase of a product, a portion of the revenue recognized upon the sale of that product is deferred and recognized during the extended warranty coverage period. The cost of the free PA&A is recorded in cost of sales.

The support provided to dealers, distributors and consumers tends to increase when general economic conditions are difficult, when changing market conditions require the launch of new or more aggressive programs, or when dealer and distributor inventory is above appropriate levels.

Under dealer and distributor inventory financing arrangements, the Company could be required to purchase repossessed new and unused products in certain cases of default by dealers or distributors. The cost of repossession tends to increase when dealers or distributors are facing challenging and prolonged difficult retail conditions and when their non-current inventory level is high. During the current fiscal year and previous fiscal year, the Company did not experience significant repossessions under its dealer and distributor inventory financing arrangements. Refer to the "Off-Balance Sheet Arrangements" section of this MD&A for more information on dealer and distributor inventory financing arrangements.

Commodity Costs

Approximately 75% of the Company's cost of sales consists of material used in the manufacturing process. Therefore, the Company is exposed to the fluctuation of prices of certain raw materials such as aluminum, steel, plastic, resins, stainless steel, copper, rubber and certain rare earth metals. Additionally, the Company is exposed to fuel price fluctuations related to its procurement and distribution activities. The Company does not hedge its long-term exposure to such price fluctuations. Therefore, an increase in commodity prices could negatively impact the Company's operating results if it is not able to transfer these cost increases to dealers, distributors or consumers.

Warranty Costs

The Company's regular warranty generally covers periods ranging from six months to five years for most products. In certain circumstances, the Company provides extended warranty coverage as a result of sales programs, under certain commercial accounts, or as required by local regulations. During the warranty period, the Company reimburses dealers and distributors the entire cost of repair or replacement performed on the products (mainly composed of parts or accessories provided by the Company and labour costs incurred by dealers or distributors). In addition, the Company sells in the normal course of business and provides under certain sales programs extended product warranties.

During its product development process, the Company ensures that high quality standards are maintained at each development stage of a new product. This includes the development of detailed product specifications, the evaluation of the quality of the supply chain and the manufacturing methods and detailed testing requirements over the development stage of the products. Additionally, product quality is ensured by quality inspections during and after the manufacturing process.

The Company records a regular warranty provision when products are sold. Management believes that, based on available information, the Company has adequate provisions to cover any future warranty claims on products sold. However, future claim amounts can differ significantly from provisions that are recorded in the consolidated statements of financial position. For extended warranty, the claims are recorded in cost of sales as incurred.

Foreign Exchange

The Company's revenues are reported in Canadian dollars but are mostly generated in U.S. dollars, Canadian dollars and euros. The Company's revenues reported in Canadian dollars are to a lesser extent exposed to foreign exchange fluctuations with the Australian dollar, the Brazilian real, the Swedish krona, the Norwegian krone, the British pound, the New Zealand dollar and the Russian ruble. The costs incurred by the Company are mainly denominated in Canadian dollars, U.S. dollars and euros and to a lesser extent in Mexican pesos. Therefore recorded revenues, gross profit and operating income in Canadian dollars are exposed to foreign exchange fluctuations. The Company's facilities are located in several different countries, which helps mitigate some of its foreign currency exposure.

The Company has an outstanding balance of U.S. $1,219.8 million ($1,612.7 million) under its U.S. $1,235.0 million ($1,632.8 million) term facility agreement (the "Term Facility"), which results in a gain or loss in net income when the U.S. dollar/Canadian dollar exchange rate at the end of the period is different from the opening period rate. Additionally, the Company's interest expense on the Term Facility is exposed to U.S. dollar/Canadian dollar exchange rate fluctuations. The Company does not currently hedge the U.S. dollar/Canadian dollar exchange rate fluctuation exposures related to its Term Facility, and therefore, an increase in the value of the U.S. dollar against the Canadian dollar could negatively impact the Company's net income.

For further details relating to the Company's exposure to foreign currency fluctuations, see "Financial Instruments – Foreign Exchange Risk" section of this MD&A.

Net Financing Costs (Financing Costs less Financing Income)

Net financing costs are incurred principally on long-term debt, defined benefit pension plan liabilities and revolving credit facilities. As at January 31, 2020, the Company's long-term debt of $1,645.4 million was mainly comprised of two tranches of the Term Facility, which bear interest at respectively LIBOR plus 2.00% and LIBOR plus 2.50%. The Company entered into interest rate cap contracts, which limit its exposure to interest rate increases.

Income Taxes

The Company is subject to federal, state and provincial income taxes in jurisdictions in which it conducts business. The Canadian income tax statutory rate was 26.6% for the three- and twelve-month periods ended January 31, 2020. However, the Company's effective consolidated tax rate is influenced by various factors, including the mix of accounting profits or losses before income tax among tax jurisdictions in which it operates and the foreign exchange gain or loss on the Term Facility. The Company expects to pay cash taxes in all tax jurisdictions for the fiscal year ending January 31, 2021, except in the United States where the Company plans to utilize its tax attributes to offset taxable income or income tax payable.

Seasonality

The Company's revenues and operating income experience substantial fluctuations from quarter to quarter. In general, wholesale sales of the Company's products are highest in the period immediately preceding and during their particular season of use. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal and geographic demand, the introduction of new products and models, and production scheduling for particular types of products. As a result, the Company's financial results are likely to fluctuate significantly from period to period.

Selected Consolidated Financial Information

The selected consolidated financial information set out below for the twelve-month period ended January 31, 2020, and January 31, 2019, has been determined based on the audited consolidated financial statements and related notes issued on April 9, 2020. The selected consolidated financial information set out below for the twelve-month period ended January 31, 2018, has been determined based on the audited consolidated financial statements and related notes issued on March 21, 2019. The selected quarterly consolidated financial information set out below has been determined based on the annual audited consolidated financial statements and related notes issued on April 9, 2020 and from the third-quarter unaudited consolidated financial statements and related notes issued on November 26, 2019. All of these documents are available on SEDAR at www.sedar.com.

Net Income data

(in millions of Canadian dollars)	Three-month periods ended		Twelve-month periods ended		
	January 31, 2020	**January 31, 2019**	**January 31, 2020**	**January 31, 2019**	**January 31, 2018**
					Restated [1]
Revenues by category					
Powersports					
Year-Round Products	**$ 705.1**	$ 597.6	**$ 2,791.7**	$ 2,240.6	$ 1,810.0
Seasonal Products	**542.7**	577.6	**1,901.4**	1,803.5	1,553.9
Powersports PA&A and OEM Engines	**215.4**	202.7	**799.8**	707.5	659.7
Marine	**152.7**	128.0	**559.8**	492.2	428.9
Total Revenues	**1,615.9**	1,505.9	**6,052.7**	5,243.8	4,452.5
Cost of sales	**1,232.2**	1,171.0	**4,598.7**	3,990.4	3,407.4
Gross profit	**383.7**	334.9	**1,454.0**	1,253.4	1,045.1
As a percentage of revenues	***23.7%***	*22.2%*	***24.0%***	*23.9%*	*23.5%*
Operating expenses					
Selling and marketing	**88.9**	88.1	**382.5**	336.9	288.6
Research and development	**64.7**	63.5	**238.4**	221.7	198.6
General and administrative	**68.5**	58.9	**256.9**	214.7	166.3
Other operating expenses (income)	**(35.8)**	(2.1)	**(28.1)**	7.5	13.9
Total operating expenses	**186.3**	208.4	**849.7**	780.8	667.4
Operating income	**197.4**	126.5	**604.3**	472.6	377.7
Net financing costs	**24.6**	19.2	**88.7**	73.9	54.4
Foreign exchange (gain) loss on long-term debt	**9.5**	0.8	**9.9**	69.8	(53.3)
Income before income taxes	**163.3**	106.5	**505.7**	328.9	376.6
Income tax expense	**45.1**	23.8	**135.1**	101.6	137.5
Net income	**$ 118.2**	$ 82.7	**$ 370.6**	$ 227.3	$ 239.1
Attributable to shareholders	**$ 118.4**	$ 82.7	**$ 371.4**	$ 227.0	$ 238.9
Attributable to non-controlling interest	**$ (0.2)**	$ —	**$ (0.8)**	$ 0.3	$ 0.2
Normalized EBITDA [2]	**$ 221.8**	$ 181.9	**$ 804.4**	$ 655.9	$ 536.2
Normalized net income [2]	**$ 100.2**	$ 85.8	**$ 358.4**	$ 308.6	$ 245.5

[1] Restated to reflect the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

[2] See "Non-IFRS Measures" section.

Financial Position data

As at (in millions of Canadian dollars)	January 31, 2020	January 31, 2019	January 31, 2018 Restated [1]
Cash	**$ 42.5**	$ 100.0	$ 226.0
Working capital	**(211.9)**	(192.6)	(92.9)
Property, plant and equipment	**1,027.4**	905.1	766.8
Total assets	**3,767.1**	3,077.2	2,623.6
Total non-current financial liabilities	**1,883.8**	1,225.5	1,022.8
Total liabilities	**4,356.8**	3,400.0	2,915.6
Shareholders deficit	**(589.7)**	(322.8)	(292.0)

[1] Restated to reflect the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

Other Financial data

(in millions of Canadian dollars, except per share data)	Three-month periods ended January 31, 2020	Three-month periods ended January 31, 2019	Twelve-month periods ended January 31, 2020	Twelve-month periods ended January 31, 2019	Twelve-month periods ended January 31, 2018 Restated [1]
Revenues by geography					
United States	**$ 856.2**	$ 800.8	**$ 3,321.2**	$ 2,817.1	$ 2,247.7
Canada	**238.9**	209.4	**951.8**	845.5	772.2
International [2]	**520.8**	495.7	**1,779.7**	1,581.2	1,432.6
	$ 1,615.9	$ 1,505.9	**$ 6,052.7**	$ 5,243.8	$ 4,452.5
Declared dividends per share	**$ 0.10**	$ 0.09	**$ 0.40**	$ 0.36	$ 0.24
Weighted average number of shares – basic	**88,617,489**	97,134,909	**92,760,943**	98,291,845	106,961,014
Weighted average number of shares – diluted	**89,888,161**	97,975,542	**93,813,815**	99,588,888	107,917,087
Earnings per share – basic	**$ 1.34**	$ 0.85	**$ 4.00**	$ 2.31	$ 2.23
Earnings per share – diluted	**1.32**	0.84	**3.96**	2.28	2.21
Normalized earnings per share – basic [3]	**1.13**	0.88	**3.87**	3.14	2.29
Normalized earnings per share – diluted [3]	**1.12**	0.88	**3.83**	3.10	2.27

[1] Restated to reflect the adoption of *IFRS 15 "Revenue from contracts with customers"* and *IFRS 9 "Financial instruments"* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

[2] International is defined as all jurisdictions except the United States and Canada.

[3] See "Non-IFRS Measures" section.

Reconciliation Tables

The following table presents the reconciliation of Net income to Normalized net income [1] and Normalized EBITDA [1].

(in millions of Canadian dollars)	Three-month periods ended		Twelve-month periods ended		
	January 31, 2020	January 31, 2019	January 31, 2020	January 31, 2019	January 31, 2018
					Restated [2]
Net income	**$ 118.2**	$ 82.7	**$ 370.6**	$ 227.3	$ 239.1
Normalized elements					
Foreign exchange (gain) loss on long-term debt and lease liabilities	**9.9**	0.8	**10.4**	69.8	(53.3)
Transaction costs and other related expenses [3]	**0.6**	1.0	**2.9**	2.7	—
Restructuring and related costs (reversal) [4]	**(0.3)**	0.4	**1.7**	1.3	2.9
(Gain) loss on litigation [5]	**(40.4)**	0.2	**(40.0)**	1.3	5.9
Transaction costs on long-term debt	**—**	—	**—**	8.9	2.1
Pension plan past service gains	**—**	—	**—**	(1.4)	—
Depreciation of intangible assets related to business combinations	**1.2**	0.7	**3.6**	1.2	—
Other elements	**0.9**	0.2	**0.9**	1.3	1.5
Income tax adjustment	**10.1**	(0.2)	**8.3**	(3.8)	47.3
Normalized net income [1]	**100.2**	85.8	**358.4**	308.6	245.5
Normalized income tax expense [1]	**35.0**	24.0	**126.8**	105.4	90.2
Financing costs adjusted [1] [6]	**24.9**	19.9	**90.9**	68.0	53.5
Financing income adjusted [1] [6]	**(0.3)**	(0.7)	**(2.2)**	(2.2)	(2.2)
Depreciation expense adjusted [1] [7]	**62.0**	52.9	**230.5**	176.1	149.2
Normalized EBITDA [1]	**$ 221.8**	$ 181.9	**$ 804.4**	$ 655.9	$ 536.2

[1] See “Non-IFRS Measures” section.

[2] Restated to reflect the adoption of *IFRS 15 “Revenue from contracts with customers”* and *IFRS 9 “Financial instruments”* standards as explained in Note 31 of the audited consolidated financial statements for the year ended January 31, 2019.

[3] Costs related to business combinations.

[4] The Company is involved, from time to time, in restructuring and reorganization activities in order to gain flexibility and improve efficiency. The costs related to these activities are mainly composed of severance costs and retention salaries.

[5] The Company is involved in patent infringement litigation cases with one of its competitors.

[6] Adjusted for transaction costs on long-term debt and normal course issuer bid program (“NCIB”) gains and losses in net income.

[7] Adjusted for depreciation of intangible assets acquired through business combinations.

Analysis of Results for the fourth quarter of Fiscal 2020

The following section provides an overview of the financial performance of the Company for the three-month period ended January 31, 2020 compared to the same period ended January 31, 2019.

Revenues

Revenues increased by $110.0 million, or 7.3%, to $1,615.9 million for the three-month period ended January 31, 2020, compared with $1,505.9 million for the corresponding period ended January 31, 2019. The revenue increase was mainly due to higher wholesale of Year-Round Products, partially offset by an unfavourable foreign exchange rate variation of $27 million.

The Company's North American retail sales for powersports vehicles and outboard engines increased by 12% for the three-month period ended January 31, 2020 compared with the three-month period ended January 31, 2019. The increase was driven by Year-Round Products and snowmobile.

As at January 31, 2020, North American dealer inventories for powersports vehicles and outboard engines increased by 4% compared to January 31, 2019, driven mainly by Year-Round Products and partially offset by Seasonal Products.

Gross Profit

Gross profit increased by $48.8 million, or 14.6%, to $383.7 million for the three-month period ended January 31, 2020, compared with $334.9 million for the corresponding period ended January 31, 2019. The gross profit increase includes an unfavourable foreign exchange rate variation of $26 million. Gross profit margin percentage increased by 150 basis points to 23.7% from 22.2% for the three-month period ended January 31, 2019. The increase of 150 basis points was primarily due to favourable pricing and sales programs variation, lower warranty costs and a higher volume of products sold, partially offset by an unfavourable foreign exchange rate variation.

Operating Expenses

Operating expenses decreased by $22.1 million, or 10.6%, to $186.3 million for the three-month period ended January 31, 2020, compared with $208.4 million for the three-month period ended January 31, 2019. This decrease was mainly attributable to the reversal of expenses related to the favourable litigation decision described below, partially offset by higher general and administrative expenses for continued product investments.

The Company is involved in multiple lawsuits with one of its competitors whereby each party is claiming damages for the alleged infringement of some of its patents. On February 19, 2020, an opinion was rendered by the U.S. Court of Appeals for the Federal Circuit in one of those lawsuits in favour of the Company. Following this opinion, the Company reversed, during the three-month period ended January 31, 2020, $40.5 million of provisions previously recorded in the current and previous fiscal years.

Normalized EBITDA [1]

Normalized EBITDA [1] increased by $39.9 million, or 21.9%, to $221.8 million for the three-month period ended January 31, 2020, compared with $181.9 million for the three-month period ended January 31, 2019. The increase was primarily due to higher gross profit and the impact resulting from the adoption of *IFRS 16 "Leases"* ("IFRS 16"), partially offset by higher operating expenses without considering the reversal of expenses related to the favourable litigation decision which is excluded from Normalized EBITDA calculation. The main impact of IFRS 16 on normalized EBITDA relates to the replacement of the operating lease expense by a depreciation expense on a right-of-use asset and an interest expense on a lease liability, which are excluded from normalized EBITDA calculation.

[1] See "Non-IFRS Measures" section.

Net Financing Costs

Net financing costs increased by $5.4 million, or 28.1%, to $24.6 million for the three-month period ended January 31, 2020, compared with $19.2 million for the three-month period ended January 31, 2019. The increase primarily resulted from higher interest expense on the Term Facility due to a higher outstanding nominal amount and the interest expense on lease liabilities following the adoption of IFRS 16. The increase was partially offset by lower interest rate on the Term Facility.

Foreign Exchange

The key average exchange rates used to translate foreign-denominated revenues and expenses, excluding any effect of the Company's hedging program, were as follows for the three-month periods ended January 31, 2020 and 2019:

	January 31, 2020	January 31, 2019
U.S. dollars	1.3166 CA$/US$	1.3322 CA$/US$
Euro	1.4596 CA$/Euro	1.5173 CA$/Euro

When comparing the operating income and the income before income tax for the three-month period ended January 31, 2020 to the corresponding period ended January 31, 2019, the foreign exchange fluctuations impact was the following:

(in millions of Canadian dollars)	Foreign exchange (gain) loss Three-month period
Revenues	$ 27.4
Cost of sales	(1.5)
Impact of foreign exchange fluctuations on gross profit	**25.9**
Operating expenses	3.8
Impact of foreign exchange fluctuations on operating income	**29.7**
Long-term debt	8.7
Net financing costs	(0.2)
Impact of foreign exchange fluctuations on income before income taxes	**$ 38.2**

Income Taxes

Income tax expense increased by $21.3 million to $45.1 million for the three-month period ended January 31, 2020, compared with $23.8 million for the three-month period ended January 31, 2019. The increase was primarily due to higher operating income. The effective income tax rate amounted to 27.6% for the three-month period ended January 31, 2020 compared with 22.3% for the three-month period ended January 31, 2019. The increase resulted primarily from the favourable settlement of a tax audit during the three-month period ended January 31, 2019.

Net Income

Net income increased by $35.5 million to $118.2 million for the three-month period ended January 31, 2020, compared with $82.7 million for the three-month period ended January 31, 2019. The increase was primarily due to a higher operating income, partially offset by a higher income tax expense.

Analysis of Segment Results for the fourth quarter of Fiscal 2020

The following section provides an overview of the financial performance of the Company's segments for the three-month period ended January 31, 2020 compared to the same period ended January 31, 2019. The inter-segment transactions are included in the analysis.

Powersports

Revenues

Year-Round Products

Revenues from Year-Round Products increased by $107.5 million, or 18.0%, to $705.1 million for the three-month period ended January 31, 2020, compared with $597.6 million for the corresponding period ended January 31, 2019. The increase resulted mainly from a higher volume of SSV sold, partially offset by an unfavourable foreign exchange rate variation of $11 million.

North American Year-Round Products retail sales increased on a percentage basis in the low-twenties range compared with the three-month period ended January 31, 2019.

Seasonal Products

Revenues from Seasonal Products decreased by $34.9 million, or 6.0%, to $542.7 million for the three-month period ended January 31, 2020, compared with $577.6 million for the corresponding period ended January 31, 2019. The decrease was driven by a lower volume of PWC sold and an unfavourable foreign exchange rate variation of $10 million, partially offset by a favourable product mix and price increase in snowmobile and PWC.

North American Seasonal Products retail sales increased on a percentage basis by high-single digits compared with the three-month period ended January 31, 2019.

Powersports PA&A and OEM Engines

Revenues from Powersports PA&A and OEM Engines increased by $11.4 million, or 5.6%, to $215.6 million for the three-month period ended January 31, 2020, compared with $204.2 million for the corresponding period ended January 31, 2019. The increase was mainly attributable to a higher volume of Year-Round Products parts and accessories.

Gross Profit

Gross profit increased by $21.5 million, or 6.2%, to $366.8 million for the three-month period ended January 31, 2020, compared with $345.3 million for the corresponding period ended January 31, 2019. The gross profit increase includes an unfavourable foreign exchange rate variation of $22 million. Gross profit margin percentage increased by 10 basis points to 25.1% from 25.0% for the three-month period ended January 31, 2019. The increase was primarily due to favourable pricing and sales programs variation, partially offset by an unfavourable foreign exchange rate variation.

Marine

Revenues

Revenues from the Marine segment increased by $23.8 million, or 17.8%, to $157.4 million for the three-month period ended January 31, 2020, compared with $133.6 million for the corresponding period ended January 31, 2019. The increase was mainly due to the additional revenues following the acquisition of Telwater and a higher volume of outboard engines sold.

North American outboard engine retail sales decreased on a percentage basis by low-single digits compared with the three-month period ended January 31, 2019.

Gross Profit

Gross profit increased by $27.3 million to $16.9 million for the three-month period ended January 31, 2020, compared with a gross margin loss of $10.4 million for the corresponding period ended January 31, 2019. The increase was primarily due to lower warranty costs and a higher volume of boats and parts and accessories sold, partially offset by an unfavourable foreign exchange rate variation of $4 million. Gross profit margin percentage increased to 10.7% from a negative gross margin percentage of 7.8% for the three-month period ended January 31, 2019.

Geographical Trends

Revenues

United States

Revenues from the United States increased by $55.4 million, or 6.9%, to $856.2 million for the three-month period ended January 31, 2020, compared with $800.8 million for the corresponding period ended January 31, 2019. The increase resulted from a higher volume of SSV and ATV sold, partially offset by a lower volume of PWC sold and an unfavourable foreign exchange impact of $13 million. The United States represented 53.0% and 53.2% of revenues during the three-month periods ended January 31, 2020 and 2019, respectively.

Canada

Revenues from Canada increased by $29.5 million, or 14.1%, to $238.9 million for the three-month period ended January 31, 2020, compared with $209.4 million for the corresponding period ended January 31, 2019. The increase was driven by a higher volume of snowmobile and SSV sold, partially offset by a lower volume of PWC sold. Canada represented 14.8% and 13.9% of revenues during the three-month periods ended January 31, 2020 and 2019, respectively.

International

Revenues from International increased by $25.1 million, or 5.1%, to $520.8 million for the three-month period ended January 31, 2020, compared with $495.7 million for the corresponding period ended January 31, 2019. The increase primarily resulted from the additional revenues following the acquisition of Telwater, a higher volume of SSV sold and a favourable product mix in snowmobile. The increase was partially offset by a lower volume of snowmobile sold and an unfavourable foreign exchange impact of $14 million. International represented 32.2% and 32.9% of revenues during the three-month periods ended January 31, 2020 and 2019, respectively.

Analysis of Results for the twelve-month period ended January 31, 2020

The following section provides an overview of the financial performance of the Company for the twelve-month period ended January 31, 2020 compared to the same period ended January 31, 2019.

Revenues

Revenues increased by $808.9 million, or 15.4%, to $6,052.7 million for the twelve-month period ended January 31, 2020, compared with $5,243.8 million for the corresponding period ended January 31, 2019. The revenue increase was primarily attributable to higher wholesale of Year-Round Products.

The Company's North American retail sales for powersports vehicles and outboard engines increased by 12% for the twelve-month period ended January 31, 2020 compared with the twelve-month period ended January 31, 2019, mainly due to an increase in Year-Round Products.

Gross Profit

Gross profit increased by $200.6 million, or 16.0%, to $1,454.0 million for the twelve-month period ended January 31, 2020, compared with $1,253.4 million for the corresponding period ended January 31, 2019. Gross profit margin percentage increased by 10 basis points to 24.0% from 23.9% for the twelve-month period ended January 31, 2019. The increase was primarily due to higher volume of Year-Round Products sold and favourable pricing and sales programs variation, partially offset by higher commodity, production and distribution costs.

Operating Expenses

Operating expenses increased by $68.9 million, or 8.8%, to $849.7 million for the twelve-month period ended January 31, 2020, compared with $780.8 million for the twelve-month period ended January 31, 2019. The increase was mainly attributable to support for the launch of various products, continued product investments, costs related to the modernization of information systems and additional operating expenses resulting from acquisition of boat companies in the Marine segment, partially offset by the reversal of expenses related to the favourable litigation decision.

Normalized EBITDA [1]

Normalized EBITDA [1] increased by $148.5 million, or 22.6%, to $804.4 million for the twelve-month period ended January 31, 2020, compared with $655.9 million for the twelve-month period ended January 31, 2019. The increase was primarily due to higher gross profit and the impact resulting from the adoption of IFRS 16, partially offset by higher operating expenses.

Net Financing Costs

Net financing costs increased by $14.8 million, or 20.0%, to $88.7 million for the twelve-month period ended January 31, 2020, compared with $73.9 million for the twelve-month period ended January 31, 2019. The increase primarily resulted from higher interest expense on the Term Facility due to a higher outstanding nominal amount and interest expense on lease liabilities following the adoption of IFRS 16. The increase was partially offset by the transaction costs on the Term Facility following the refinancing that occurred in Fiscal 2019.

[1] See "Non-IFRS Measures" section.

Foreign Exchange

The key average exchange rates used to translate foreign-denominated revenues and expenses, excluding any effect of the Company's hedging program, were as follows for the twelve-month periods ended January 31, 2020 and 2019:

	January 31, 2020		January 31, 2019	
U.S. dollars	1.3251	CA$/US$	1.3030	CA$/US$
Euro	1.4799	CA$/Euro	1.5308	CA$/Euro

The key period-end exchange rates used to translate foreign-denominated assets and liabilities were as follows:

	January 31, 2020		January 31, 2019	
U.S. dollars	1.3221	CA$/US$	1.3142	CA$/US$
Euro	1.4651	CA$/Euro	1.5051	CA$/Euro

When comparing the operating income and the income before income tax for the twelve-month period ended January 31, 2020 to the corresponding period ended January 31, 2019, the foreign exchange fluctuations impact was the following:

(in millions of Canadian dollars)	Foreign exchange (gain) loss Twelve-month period
Revenues	$ 5.4
Cost of sales	21.3
Impact of foreign exchange fluctuations on gross profit	**26.7**
Operating expenses	2.1
Impact of foreign exchange fluctuations on operating income	**28.8**
Long-term debt	(59.9)
Net financing costs	0.9
Impact of foreign exchange fluctuations on income before income taxes	**$ (30.2)**

Income Taxes

Income tax expense increased by $33.5 million to $135.1 million for the twelve-month period ended January 31, 2020, compared with $101.6 million for the twelve-month period ended January 31, 2019. The increase was primarily due to higher operating income. The effective income tax rate amounted to 26.7% for the twelve-month period ended January 31, 2020 compared with 30.9% for the twelve-month period ended January 31, 2019. The decrease resulted primarily from the tax and accounting treatment of the foreign exchange loss on the Term Facility.

Net Income

Net income increased by $143.3 million to $370.6 million for the twelve-month period ended January 31, 2020, compared with $227.3 million for the twelve-month period ended January 31, 2019. The increase was primarily due to a higher operating income and a favourable foreign exchange rate variation impact on the U.S. denominated long-term debt, partially offset by a higher income tax expense.

Analysis of Segment Results for twelve-month period ended January 31, 2020

The following section provides an overview of the financial performance of the Company's segments for the twelve-month period ended January 31, 2020 compared to the same period ended January 31, 2019. The inter-segment transactions are included in the analysis.

Powersports

Revenues

Year-Round Products

Revenues from Year-Round Products increased by $551.1 million, or 24.6%, to $2,791.7 million for the twelve-month period ended January 31, 2020, compared with $2,240.6 million for the corresponding period ended January 31, 2019. The increase was primarily attributable to a higher volume of SSV and ATV sold, product introduction in 3WV and a favourable foreign exchange rate variation of $5 million.

North American Year-Round Products retail sales increased on a percentage basis in the mid-twenties range compared with the twelve-month period ended January 31, 2019.

Seasonal Products

Revenues from Seasonal Products increased by $97.9 million, or 5.4%, to $1,901.4 million for the twelve-month period ended January 31, 2020, compared with $1,803.5 million for the corresponding period ended January 31, 2019. The increase resulted primarily from a favourable product mix in PWC and snowmobile and a higher volume of snowmobile sold. The increase was partially offset by a lower volume of PWC sold and an unfavourable foreign exchange rate variation of $7 million.

North American Seasonal Products retail sales increased on a percentage basis by mid-single digits compared with the twelve-month period ended January 31, 2019.

Powersports PA&A and OEM Engines

Revenues from Powersports PA&A and OEM Engines increased by $92.1 million, or 13.0%, to $801.5 million for the twelve-month period ended January 31, 2020, compared with $709.4 million for the corresponding period ended January 31, 2019. The increase was mainly attributable to a higher volume of parts and accessories for all product lines.

Gross Profit

Gross profit increased by $193.5 million, or 16.2%, to $1,386.8 million for the twelve-month period ended January 31, 2020, compared with $1,193.3 million for the corresponding period ended January 31, 2019. The gross profit increase includes an unfavourable foreign exchange rate variation of $25 million. Gross profit margin percentage increased by 10 basis points to 25.2% from 25.1% for the twelve-month period ended January 31, 2019. The increase was primarily due to a higher volume of Year-Round Products sold and favourable pricing and sales programs variation, partially offset by higher commodity, production and distribution costs.

Marine

Revenues

Revenues from the Marine segment increased by $55.2 million, or 10.6%, to $577.5 million for the twelve-month period ended January 31, 2020, compared with $522.3 million for the corresponding period ended January 31, 2019. The increase was mainly due to the additional revenues following the acquisition of companies in the Marine segment, partially offset by a lower volume of outboard engines sold.

North American outboard engine retail sales decreased on a percentage basis in the low-twenties range compared with the twelve-month period ended January 31, 2019.

Gross Profit

Gross profit increased by $7.1 million, or 11.8%, to $67.2 million for the twelve-month period ended January 31, 2020, compared with $60.1 million for the corresponding period ended January 31, 2019. Gross profit margin percentage increased by 10 basis points to 11.6% from 11.5% for the twelve-month period ended January 31, 2019. The increase was primarily due to lower warranty costs, favourable pricing and sales programs variation and a higher volume of boats and parts and accessories sold, partially offset by higher production costs.

Geographical Trends

Revenues

United States

Revenues from the United States increased by $504.1 million, or 17.9%, to $3,321.2 million for the twelve-month period ended January 31, 2020, compared with $2,817.1 million for the corresponding period ended January 31, 2019. The increase is mainly due to a higher volume of SSV sold, a favourable product mix of PWC sold, product introduction in 3WV, the additional revenues following the acquisition of boat companies in the Marine segment and a favourable foreign exchange impact of $27 million. The increase was partially offset by a lower volume of PWC and outboard engines sold. The United States represented 54.9% and 53.7% of revenues during the twelve-month periods ended January 31, 2020 and 2019, respectively.

Canada

Revenues from Canada increased by $106.3 million, or 12.6%, to $951.8 million for the twelve-month period ended January 31, 2020, compared with $845.5 million for the corresponding period ended January 31, 2019. The increase was mainly attributable to a higher wholesale of Year-Round Products and snowmobile. Canada represented 15.7% and 16.1% of revenues during the twelve-month periods ended January 31, 2020 and 2019, respectively.

International

Revenues from International increased by $198.5 million, or 12.6%, to $1,779.7 million for the twelve-month period ended January 31, 2020, compared with $1,581.2 million for the corresponding period ended January 31, 2019. The increase primarily resulted from higher wholesale of Year-Round Products, a higher volume and a favourable product mix of snowmobiles sold and the additional revenues following the acquisition of Telwater. The increase was partially offset by an unfavourable foreign exchange impact of $32 million. International represented 29.4% and 30.2% of revenues during the twelve-month periods ended January 31, 2020 and 2019, respectively.

Assessment of the Company's performance against its Fiscal 2020 guidance

On March 22, 2019, the Company issued guidance for the year ending January 31, 2020, which was revised on November 27, 2019, to adjust the revenues, the normalized EBITDA [1], the normalized earnings per share – diluted [1] and the net income. The following table provides a comparison of the Company's performance reported for the year ended January 31, 2020, against the issued and revised guidance for this year:

	Target for Fiscal 2020 (compared to Fiscal 2019)			
	As issued on March 22, 2019	As revised on November 27, 2019	Results for Fiscal 2020 (compared to Fiscal 2019)	
Revenues	Increase 7% to 11%	Increase 12% to 14%	Increase of 15%	Above due to Year-Round Products
Normalized EBITDA [1]	Increase 19% to 23%	Increase 21.5% to 23.0%	Increase of 23%	As expected
Normalized effective tax rate [1]	26.5% to 27.0%	26.5% to 27.0%	26.1%	Below due to adjustments to prior period estimates
Normalized earnings per share – diluted [1]	$3.50 to $3.70	$3.70 to $3.80	$3.83	Above due to the lower normalized effective tax rate
Net income	$340 million to $365 million	$350 million to $370 million	$371 million	Slightly above

[1] See "Non-IFRS Measures" section.

Summary of Consolidated Quarterly Results

(millions of Canadian dollars, except per share data)	Three-month periods ended January 31, 2020 Fiscal 2020	October 31, 2019 Fiscal 2020	July 31, 2019 Fiscal 2020	April 30, 2019 Fiscal 2020	January 31, 2019 Fiscal 2019	October 31, 2018 Fiscal 2019	July 31, 2018 Fiscal 2019	April 30, 2018 Fiscal 2019
Revenues by category [1]								
Powersports								
Year-Round Products	**$ 705.1**	$ 725.0	$ 734.6	$ 627.0	$ 597.6	$ 562.4	$ 554.0	$ 526.6
Seasonal Products	**542.7**	554.8	428.5	375.4	577.6	490.9	384.6	350.4
Powersports PA&A and OEM Engines	**215.4**	225.7	173.7	185.0	202.7	201.8	147.1	155.9
Marine	**152.7**	138.1	122.7	146.3	128.0	139.1	121.3	103.8
Total Revenues	**1,615.9**	1,643.6	1,459.5	1,333.7	1,505.9	1,394.2	1,207.0	1,136.7
Gross profit	**383.7**	441.9	327.8	300.6	334.9	356.8	280.1	281.6
As a percentage of revenues	***23.7%***	*26.9%*	*22.5%*	*22.5%*	*22.2%*	*25.6%*	*23.2%*	*24.8%*
Net income	**118.2**	135.3	93.3	23.8	82.7	90.2	41.0	13.4
Normalized EBITDA [2]	**221.8**	268.2	167.7	146.7	181.9	203.2	144.2	126.6
Normalized net income [2]	**100.2**	136.7	68.8	52.7	85.8	102.9	66.4	53.5
Basic earnings per share	**1.34**	1.51	0.97	0.25	0.85	0.93	0.41	0.13
Diluted earnings per share	**1.32**	1.49	0.96	0.25	0.84	0.92	0.41	0.13
Normalized basic earnings per share [2]	**1.13**	1.53	0.72	0.55	0.88	1.06	0.67	0.53
Normalized diluted earnings per share [2]	**$ 1.12**	$ 1.51	$ 0.71	$ 0.54	$ 0.88	$ 1.04	$ 0.66	$ 0.52

[1] Comparative figures have been modified to reflect the new categories of revenues following the creation of the Marine Group.

[2] See “Non-IFRS Measures” section.

Reconciliation Table for Consolidated Quarterly Results

(millions of Canadian dollars)	Three-month periods ended							
	January 31, 2020 Fiscal 2020	**October 31, 2019 Fiscal 2020**	**July 31, 2019 Fiscal 2020**	**April 30, 2019 Fiscal 2020**	**January 31, 2019 Fiscal 2019**	**October 31, 2018 Fiscal 2019**	**July 31, 2018 Fiscal 2019**	**April 30, 2018 Fiscal 2019**
Net income	**$ 118.2**	$ 135.3	$ 93.3	$ 23.8	$ 82.7	$ 90.2	$ 41.0	$ 13.4
Normalized elements								
Foreign exchange (gain) loss on long-term debt and lease liabilities	**9.9**	0.1	(27.2)	27.6	0.8	10.2	17.3	41.5
Transaction costs and other related expenses [1]	**0.6**	0.6	1.4	0.3	1.0	0.5	1.2	—
Restructuring and related costs (reversal) [2]	**(0.3)**	0.1	1.9	—	0.4	0.1	0.6	0.2
(Gain) loss on litigation [3]	**(40.4)**	—	0.2	0.2	0.2	0.3	0.2	0.6
Transaction costs on long-term debt	**—**	—	—	—	—	—	8.9	—
Pension plan past service gains	**—**	—	—	—	—	—	(1.4)	—
Depreciation of intangible assets related to business combinations	**1.2**	1.1	0.6	0.7	0.7	0.5	—	—
Other elements	**0.9**	—	(0.5)	0.5	0.2	1.9	1.2	(2.0)
Income tax adjustment	**10.1**	(0.5)	(0.9)	(0.4)	(0.2)	(0.8)	(2.6)	(0.2)
Normalized net income [4]	**100.2**	136.7	68.8	52.7	85.8	102.9	66.4	53.5
Normalized income tax expense [4]	**35.0**	49.4	22.4	20.0	24.0	40.6	20.8	20.0
Financing costs adjusted [4] [5]	**24.9**	24.1	21.2	20.7	19.9	17.3	16.7	14.1
Financing income adjusted [4] [5]	**(0.3)**	(0.3)	(0.8)	(0.8)	(0.7)	(0.4)	(0.5)	(0.6)
Depreciation expense adjusted [4] [6]	**62.0**	58.3	56.1	54.1	52.9	42.8	40.8	39.6
Normalized EBITDA [4]	**$ 221.8**	$ 268.2	$ 167.7	$ 146.7	$ 181.9	$ 203.2	$ 144.2	$ 126.6

[1] Costs related to business combinations.

[2] The Company is involved, from time to time, in restructuring and reorganization activities in order to gain flexibility and improve efficiency. The costs related to these activities are mainly composed of severance costs and retention salaries.

[3] The Company is involved in patent infringement litigation cases with one of its competitors.

[4] See “Non-IFRS Measures” section.

[5] Adjusted for transaction costs on long-term debt and NCIB gains and losses in net income.

[6] Adjusted for depreciation of intangible assets acquired through business combinations.

Liquidity and Capital Resources

Liquidity

The Company's primary sources of cash consist of existing cash balances, operating activities and available borrowings under the Revolving Credit Facilities and Term Facility.

The Company's primary uses of cash are to fund operations, working capital requirements and capital expenditures in connection with product development and manufacturing infrastructure. The fluctuation of working capital requirements is primarily due to the seasonality of the Company's production schedule and product shipments.

A summary of net cash flows by activities is presented below for the twelve-month periods ended January 31, 2020 and 2019:

	Twelve-month periods ended	
(millions of Canadian dollars)	**January 31, 2020**	**January 31, 2019**
Net cash flows generated from operating activities	**$ 555.5**	$ 561.2
Net cash flows used in investing activities	**(443.3)**	(470.5)
Net cash flows used in financing activities	**(177.7)**	(213.2)
Effect of exchange rate changes on cash	**8.0**	(3.5)
Net decrease in cash	**(57.5)**	(126.0)
Cash at beginning of period	**100.0**	226.0
Cash at end of period	**$ 42.5**	$ 100.0

Net Cash Flows Generated from Operating Activities

Net cash flows generated from operating activities totalled $555.5 million for the twelve-month period ended January 31, 2020 compared with $561.2 million for the twelve-month period ended January 31, 2019. The $5.7 million decrease in net cash flows generated was mainly due to higher income taxes paid and by unfavourable changes in working capital of $130.5 million, partially offset by a higher operating income when excluding the depreciation expense. The unfavourable changes in working capital were primarily driven by higher Inventory and a lower variance in Trade payables and accruals compared to Fiscal 2019.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities totalled $443.3 million for the twelve-month period ended January 31, 2020 compared with $470.5 million for the twelve-month period ended January 31, 2019. The $27.2 million decrease was mainly attributable to a lower amount invested in business combinations in Fiscal 2020, partially offset by investments related to the modernization of information systems.

Net Cash Flows Used in Financing Activities

Net cash flows used in financing activities totalled $177.7 million for the twelve-month period ended January 31, 2020 compared with $213.2 million for the twelve-month period ended January 31, 2019. The $35.5 million decrease in net cash flows used was mainly attributable to the new U.S. $335.0 million tranche of the Term Facility, partially offset by a higher amount invested to repurchase shares and stock options, the repayment of lease liabilities due to IFRS 16 adoption and a higher interest paid.

Contractual Obligations

The following table summarizes the Company's significant contractual obligations as at January 31, 2020:

(millions of Canadian dollars)	Less than 1 year	1-3 years	4-5 years	More than 5 years	Total amount
Trade payables and accruals	$1,085.8	$ —	$ —	$ —	$1,085.8
Long-term debt (including interest)	80.0	162.2	162.0	1,575.3	1,979.5
Lease liabilities (including interest)	40.1	73.4	51.4	123.9	288.8
Derivative financial instruments	3.5	1.7	—	—	5.2
Other financial liabilities	179.4	20.8	—	24.5	224.7
Total	**$1,388.8**	**$ 258.1**	**$ 213.4**	**$1,723.7**	**$3,584.0**

The Company enters into purchasing agreements with suppliers related to material used in production. These agreements are usually entered into before production begins and may specify a fixed or variable quantity of material to be purchased. Due to the uncertainty as to the amount and pricing of material that may be purchased, the Company is not able to determine with precision its commitments in connection with these supply agreements.

Management believes that the Company's operating activities and available financing capacity will provide adequate sources of liquidity to meet its short-term and long-term needs.

Capital Resources

Revolving Credit Facilities

On March 14, 2019, the Company amended its $575.0 million revolving credit facilities to increase the availability by $125.0 million for a total availability of $700.0 million, to extend the maturity from May 2023 to May 2024 and to improve the pricing grid (the "Revolving Credit Facilities"). The Company incurred transaction fees of $1.5 million related to this amendment. The total available borrowing under the Revolving Credit Facilities is subject to a borrowing base calculation representing 75% of the carrying amount of trade and other receivables plus 50% of the carrying amount of inventories. The Revolving Credit Facilities are available to finance working capital requirements and capital expenditures, or for other general corporate purposes.

As at January 31, 2020, the Company had no outstanding indebtedness under the Revolving Credit Facilities.

The applicable interest rates vary depending on a leverage ratio. The leverage ratio is defined in the Revolving Credit Facilities agreement by the ratio of net debt to consolidated cash flows of the Company (the "Leverage ratio"). The applicable interest rates are as follows:

(i) U.S. dollars at either
  (a) LIBOR plus 1.45% to 3.00% per annum; or
  (b) U.S. Base Rate plus 0.45% to 2.00% per annum; or
  (c) U.S. Prime Rate plus 0.45% to 2.00% per annum;

(ii) Canadian dollars at either
  (a) Bankers' Acceptance plus 1.45% to 3.00% per annum; or
  (b) Canadian Prime Rate plus 0.45% to 2.00% per annum

(iii) Euros at Euro LIBOR plus 1.45% to 3.00% per annum.

In addition, the Company incurs commitment fees of 0.25% to 0.40% per annum on the undrawn amount of the Revolving Credit Facilities.

As at January 31, 2020, the cost of borrowing under the Revolving Credit Facilities was as follows:

(i) U.S. dollars at either
  (a) LIBOR plus 1.70% per annum; or
  (b) U.S. Base Rate plus 0.70% per annum; or
  (c) U.S. Prime Rate plus 0.70% per annum;
(ii) Canadian dollars at either
  (a) Bankers' Acceptance plus 1.70% per annum; or
  (b) Canadian Prime Rate plus 0.70% per annum
(iii) Euros at Euro LIBOR plus 1.70% per annum.

As at January 31, 2020, the commitment fees on the undrawn amount of the Revolving Credit Facilities were 0.25% per annum.

Under certain conditions, the Company is required to maintain a minimum fixed charge coverage ratio in order to have full access to its Revolving Credit Facilities.

As at January 31, 2020, the Company had issued letters of credit for an amount of $3.3 million under the Revolving Credit Facilities ($2.5 million as at January 31, 2019). In addition, $5.0 million in letters of credit were outstanding under other agreements as at January 31, 2020, ($4.7 million as at January 31, 2019).

Term Facility

On July 23, 2019, the Company amended its term facility to add a new U.S. $335.0 million tranche for a total principal of U.S. $1,235.0 million (the "Term Facility"). The Term Facility agreement contains customary representations and warranties but includes no financial covenants. The Company incurred transaction costs of $6.5 million.

As at January 31, 2020, the cost of borrowing under the new tranche of the Term Facility was as follows:

(i) LIBOR plus 2.50% per annum, with a LIBOR floor of 0.00%; or
(ii) U.S. Base Rate plus 1.50%; or
(iii) U.S. Prime Rate plus 1.50%

As at January 31, 2020, the cost of borrowing under the initial tranche of the Term Facility was as follows:

(i) LIBOR plus 2.00% per annum, with a LIBOR floor of 0.00%; or
(ii) U.S. Base Rate plus 1.00%; or
(iii) U.S. Prime Rate plus 1.00%

Under the Term Facility, the cost of borrowing in U.S. Base Rate or U.S. Prime Rate cannot be lower than the cost of borrowing in LIBOR.

The Company is required to repay a minimum of 0.25% of the nominal amount of U.S. $1,235.0 million each quarter. Consequently, the Company repaid an amount of U.S. $10.7 million ($14.1 million) during the twelve-month period ended January 31, 2020. Also, the Company may be required to repay a portion of the Term Facility in the event that it has an excess cash position at the end of the fiscal year and its leverage ratio is above a certain threshold level. As at January 31, 2020, the Company was not required to repay any portion of the Term Facility.

Austrian Term Loans

During the twelve-month period ended January 31, 2020, the Company entered into term loan agreements at favourable interest rates under Austrian government programs. These programs support research and development projects based on the Company's incurred expenses in Austria. The term loans have a total nominal amount of euro 11.5 million ($17.2 million), interest rates at 0.95% (1.12% starting in July 2024) or at Euribor three-months plus 0.99% with a floor at 1.00% and maturities between March 2024 and December 2030.

As at January 31, 2020, the Company had euro 29.7 million outstanding under its Austrian term loans bearing interest at a range between 0.75% and 1.65% and maturing between June 2020 and December 2030.

Lease Liabilities

As at January 31, 2020, the contractual obligations in relation to assets acquired under lease agreements amounted to $288.8 million.

Substantial issuer bid offer ("SIB")

On July 23, 2019, the Company repurchased 6,342,494 subordinate voting shares following the completion of its SIB for a total consideration of $300.0 million. Prior to the completion of the SIB, 3,239,713 multiple voting shares were converted into an equivalent number of subordinate voting shares. These converted shares were repurchased in the SIB. The Company incurred $1.0 million of fees and expenses related to the SIB, which were recorded in capital stock.

NCIB

On March 22, 2019, the Company announced the renewal of its NCIB to repurchase for cancellation up to 4,170,403 of its outstanding subordinate voting shares. During the twelve-month period ended January 31, 2020, the Company repurchased a total of 2,955,555 subordinate voting shares for a total consideration of $151.5 million.

As at January 31, 2020, a $70.3 million financial liability, with a corresponding amount in equity, was recorded in the consolidated statements of financial position in relation with the NCIB. This liability represented the value of subordinate voting shares expected to be repurchased by a designated broker under an automatic share purchase plan from February 1st to March 23, 2020. This automatic share purchase plan allows for the purchase of subordinate voting shares under pre-set conditions at times when the Company would ordinarily not be permitted due to regulatory restrictions or self-imposed blackout periods.

Repurchase of stock options

Concurrent with the secondary offering, the Company repurchased for cancellation 773,500 stock options of two executive officers for a purchase consideration of $28.0 million.

Consolidated Financial Position

The following table shows the main variances that have occurred in the audited consolidated statements of financial position of the Company between January 31, 2020 and January 31, 2019, the impact of the fluctuation of exchange rates on such variances, the related net variance (excluding the impact of the fluctuation of exchange rates on such variances) as well as explanations for the net variance:

(millions of Canadian dollars)	January 31, 2020	January 31, 2019	Variance	Exchange Rate Impact	Net Variance	Explanation of Net Variance
Trade and other receivables	**$ 399.1**	$ 388.3	$ 10.8	$ 10.7	$ 21.5	Mostly explained by an increase in sales tax receivables
Inventories	**1,166.3**	946.2	220.1	13.7	233.8	Mostly explained by higher inventory of SSV, PWC and 3WV for upcoming product deliveries
Property, plant and equipment	**1,027.4**	905.1	122.3	6.4	128.7	Mostly explained by continued investments in property, plant and equipment and the acquisition of Telwater
Trade payables and accruals	**1,085.8**	1,003.5	82.3	5.9	88.2	Mostly explained by an increased production level
Long-term debt, including current portion	**1,645.4**	1,215.5	429.9	(8.7)	421.2	Mostly explained by the new U.S. $335.0 million tranche of Term Facility
Employee future benefit liabilities	**301.2**	237.1	64.1	3.5	67.6	Mostly explained by the decrease of the discount rate by approximately 105 basis points on Canadian defined benefit obligations

Post-Employment Benefits

The Company sponsors defined contribution retirement plans to a majority of its employees and sponsors non-contributory defined benefit plans that provide for pensions and other post-retirement benefits to certain employees mainly located in Canada and Austria.

In Canada, the Company's defined benefit pension plans coverage are mainly related to pension benefits for its executive employees and life insurance benefits and healthcare benefits to executive and certain eligible employees. Additionally, the Company retained defined benefit obligations with certain active and former Canadian employees for services rendered prior to 2005.

In Austria, the Company's defined benefit pension plan coverage is related to a lump sum retirement indemnity plan and a defined benefit plan.

A summary of the carrying amounts of employee future benefit liabilities and the discount rates used to establish their carrying amounts for the last two fiscal years were as follows, as at:

	January 31, 2020			January 31, 2019		
(in millions of Canadian dollars)	Canada	Foreign	Total	Canada	Foreign	Total
Employee future benefit liabilities	**$ 155.5**	**$ 145.7**	**$301.2**	$ 106.3	$ 130.8	$237.1
Discount rate	**2.80%**	**0.69%**		3.85%	1.65%	
Compensation increase	**3.00%**	**3.00%**		3.00%	3.00%	

The Company's liabilities related to defined benefit obligations are highly dependent on prevailing actual and future discount rates, future compensation increases and participant longevity. An increase or decrease of those factors could increase or decrease significantly the employee future benefit liabilities and future cash contributions. The following table presents the impact on the employee future benefit liabilities as at January 31, 2020 of reasonable possible changes of the respective assumptions, while holding all other assumptions constant:

	Increase (Decrease) of the employee future benefit liabilities
Discount rate	
Impact of a 0.5% increase	**$ (41.1)**
Impact of a 0.5% decrease	**47.3**
Expected rate of compensation increase	
Impact of a 0.5% increase	**11.4**
Impact of a 0.5% decrease	**(9.8)**
Participant longevity	
Impact of a 1 year increase	**12.1**
Impact of a 1 year decrease	**(12.3)**

The sensitivity analysis presented above may not be representative of the potential change in the employee future benefit liabilities as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In accordance with the minimum funding obligations required under the current regulations, the Company expects to contribute $12.6 million to all defined benefit pension plans for the year ending January 31, 2021.

The pension expense incurred by the Company for its defined benefit and defined contribution pension plans was $46.5 million and $43.0 million for the years ended January 31, 2020 and January 31, 2019, respectively, of which 11.2% and 14.7% is related to current service costs under defined benefit plans.

Off-Balance Sheet Arrangements

Dealer and Distributor Financing Arrangements

The Company, most of its independent dealers and some of its independent distributors are parties to agreements with third-party financing service providers. These agreements provide financing to facilitate the purchase of the Company's products and improve the Company's working capital by allowing an earlier collection of accounts receivable from dealers and distributors. Approximately three-quarters of the Company's sales are made under such agreements. The parties listed above have agreements with TCF Inventory Finance Inc. and TCF Commercial Finance Canada Inc. (collectively, "TCF"), to provide financing facilities in North America and Latin America, and with Wells Fargo Commercial Distribution Finance, Wells Fargo Bank International, Wells Fargo International Finance LLC and Wells Fargo International Finance (New Zealand) Limited (collectively "Wells Fargo") for financing facilities in North America, Europe, Australia and New Zealand. The agreement between the Company and TCF will expire on January 31, 2023. For most of the contracts with Wells Fargo, the maximum commitment period is up to April 9, 2021.

The total amount of financing provided to the Company's independent dealers and distributors totalled $1,210.0 million and $4,670.5 million for the three- and twelve-month periods ended January 31, 2020, compared to $1,115.7 million and $3,972.3 million for the three- and twelve-month periods ended January 31, 2019. The outstanding financing between the Company's independent dealers and distributors and third-party finance companies amounted to $2,281.7 million and $1,998.1 million as at January 31, 2020, and January 31, 2019, respectively.

The breakdown of outstanding amounts by country and local currency between the Company's independent dealers and distributors with third-party finance companies were as follows, as at:

(in millions)	Currency	January 31, 2020	January 31, 2019
Total outstanding	**CAD**	**$ 2,282**	**$ 1,998**
United States	USD	$ 1,264	$ 1,107
Canada	CAD	$458	$422
Europe	Euro	€47	€40
Australia and New Zealand	AUD	$94	$62
Latin America	USD	$1	$1

The costs incurred by the Company under the dealers' and distributors' financing agreements totalled $16.4 million and $63.4 million for the three- and twelve-month periods ended January 31, 2020 compared with $5.8 million and $48.3 million for the three- and twelve-month periods ended January 31, 2019.

Under the dealer and distributor financing agreements, in the event of default, the Company may be required to purchase, from the finance companies, repossessed new and unused products at the total unpaid principal balance of the dealer or distributor to the finance companies. In North America, the obligation is generally limited to the greater of U.S. $25.0 million ($33.1 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements, whereas in Europe, the obligation is generally limited to the greater of U.S. $10.0 million ($13.2 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements. In Australia and New Zealand, the obligation to purchase repossessed new and unused products is limited to the greater of AU $5.0 million ($4.4 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements. For boat products, in North America, the repurchase obligation decreases according to the age of the inventory and there is no obligation to repurchase for boat products older than 900 days while, in Australia, the obligation to purchase repossessed new and unused boat products is limited to AU $2.5 million ($2.2 million).

The maximum amount subject to the Company's obligation to purchase repossessed new and unused products from the finance companies was $238 million as at January 31, 2020 ($217 million in North America, $13 million in Europe and $8 million in Australia and New Zealand) and $227 million as at January 31, 2019 ($209 million in North America, $13 million in Europe and $5 million in Australia and New Zealand).

The Company did not incur significant losses related to new and unused products repossessed by the finance companies for the three- and twelve-month periods ended January 31, 2020 and 2019.

Consumer Financing Arrangements

The Company has contractual relationships with third-party financing companies in order to facilitate consumer credit for the purchase of its products in North America. The agreements generally allow the Company to offer a subsidized interest rate to consumers for a certain limited period under certain sales programs. In Canada, the Company has agreements with TD Financing Services and the Fédération des caisses Desjardins du Québec for such purposes. In the United States, the Company has agreements with Sheffield Financial, Citi Retail Services and Roadrunner Financial. Under these contracts, the Company's financial obligations are mainly related to the commitments made under certain sales programs.

Transactions Between Related Parties

Transactions with Key Management Personnel

Key management personnel of the Company, defined as employees with authority and responsibility for planning, directing and controlling the activities of the Company, are considered related parties to the Company. The key management personnel of the Company are the directors and the executive officers listed in the Annual Information Form of the Company dated April 9, 2020, and available on SEDAR at www.sedar.com.

The Company incurred the following benefit expenses in relation with key management personnel:

	Twelve-month periods ended	
(in millions of Canadian dollars)	January 31, 2020	January 31, 2019
Current remuneration	**$ 17.6**	$ 16.1
Post-employment benefits	**1.3**	1.1
Termination benefits	**—**	0.5
Stock-based compensation expense	**7.3**	6.1
Total	**$ 26.2**	$ 23.8

Transactions with the Principal Shareholders and Stock Option Repurchase

On December 16, 2019, Beaudier Group, Bain Capital and one director of the Company completed a secondary offering of 5,000,000 subordinate voting shares of the Company through a syndicate of underwriters. Prior to such transaction, Beaudier Group and Bain Capital converted respectively 2,816,844 and 2,153,156 multiple voting shares into an equivalent number of subordinate voting shares. The Company did not receive any of the proceeds of the secondary offering. In accordance with the terms of the registration rights agreement entered into in connection with the initial public offering of the Company's subordinate voting shares, the Company incurred approximately $0.9 million of fees and expenses related to this secondary offering.

In addition, concurrent with the secondary offering, the Company repurchased for cancellation 773,500 stock options of two executive officers for a purchase consideration of $28.0 million.

Transactions with Bombardier Inc., a Company Related to Beaudier Group

Pursuant to the purchase agreement entered into in 2003 in connection with the acquisition of the recreational product business of Bombardier Inc., the Company committed to reimburse to Bombardier Inc. income taxes amounting to $22.3 million as at January 31, 2020 and $22.3 million as at January 31, 2019, respectively. The payments will begin when Bombardier Inc. starts making income tax payments in Canada and/or in the United States. The Company does not expect to make any payments to Bombardier Inc. in relation with that obligation for the year ending January 31, 2021.

Financial Instruments

The Company's financial instruments, divided into financial assets and financial liabilities, are measured at the end of each period at fair value or amortized costs using the effective interest method depending on their classification determined by IFRS. By nature, financial assets are exposed to credit risk whereas financial liabilities are exposed to liquidity risk. Additionally, the Company's financial instruments and transactions could be denominated in foreign currency creating a foreign exchange exposure that could be mitigated by the use of derivative financial instruments. The Company is to a lesser extent exposed to interest risk associated to its Revolving Credit Facilities, Term Facility and Austrian term loans.

Foreign Exchange Risk

The elements reported in the consolidated statements of net income, in the consolidated statements of financial position and in the consolidated statements of cash flows presented in the Company's audited consolidated financial statements in Canadian dollars are significantly exposed to the fluctuation of exchange rates, mainly the Canadian dollar/U.S. dollar rate and the Canadian dollar/euro rate.

The Company's cash inflows and outflows are mainly comprised of Canadian dollars, U.S. dollars and euros. The Company intends to maintain, as a result of its business transactions, a certain offset position on U.S. dollar and euro denominated cash inflows and outflows.

For currencies over which the Company cannot achieve an offset through its recurring business transactions, mainly the Australian dollar, the Swedish krona, the Norwegian krone and the British pound, the Company uses foreign exchange contracts according to the Company's hedging policy. Under this policy, the Company hedges up to 50% of the budgeted revenue exposure in these currencies during the annual budget period and continually increases the coverage up to 80% six months before the expected exposures arise. Management periodically reviews the relevant hedging position and may hedge at any level within the authorized parameters of the policy, up to the maximum percentage allowed. Those contracts are accounted for under the cash flow hedge model covering highly probable forecasted sales in these currencies, and the gains or losses on those derivatives are recorded in net income only when the forecasted sales occur.

Finally, the Company reduces the exposure on its net income arising from the revaluation at period-end of U.S. dollar-denominated trade payables and accruals by using foreign exchange contracts having the same inception and maturity dates. Those contracts are recorded in net income at each period end in order to mitigate the gains or losses resulting from the revaluation at spot rate of these foreign-denominated liabilities.

While the Company's operating income is protected, to a certain extent, from significant fluctuations of foreign exchange rates resulting from the application of the Company's hedging strategy, the net income is significantly exposed to Canadian dollar/U.S. dollar rate fluctuations due to the U.S. dollar-denominated long-term debt. However, there is a monetary impact for the Company only to the extent the Term Facility is repaid.

Liquidity Risk

The Company is exposed to the risk of encountering difficulty in meeting obligations related to its financial liabilities. In order to manage its liquidity risk accurately, the Company continuously monitors its operating cash requirements taking into account the seasonality of the Company's working capital needs, revenues and expenses. The Company believes the cash flows generated from operations combined with its cash on hand and the availability of funds under its credit facilities ensures its financial flexibility and mitigates its liquidity risk.

Credit Risk

The Company could be exposed, in the normal course of business, to the potential inability of dealers, distributors and other business partners to meet their contractual obligations on financial assets and on amounts guaranteed under dealer and distributor financing arrangements with TCF and Wells Fargo.

The Company considers that its credit risk associated with its trade receivables and its limited responsibilities under the dealer and distributor financing agreements with TCF and Wells Fargo does not represent a significant concentration of risk and loss due to the large number of dealers, distributors and other business partners and their dispersion across many geographic areas. Moreover, the Company mitigates such risk by doing business through its own distribution channels and by monitoring the creditworthiness of the dealers and distributors in the different geographic areas.

Interest Rate Risk

The Company is exposed to the variation of interest rates mainly resulting from the LIBOR on its Term Facility. However, the Company entered into interest rate cap contracts, which limit its exposure to interest rate increases.

Critical Accounting Estimates

Significant Estimates and Judgments

The preparation of the audited consolidated financial statements in accordance with the Company's accounting policies requires management to make estimates and judgments that can affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, other comprehensive income and disclosures made.

The Company's best estimates are based on the information, facts and circumstances available at the time estimates are made. Management uses historical experience and information, general economic conditions and trends, as well as assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically and the effects of any changes are recognized immediately. Actual results could differ from the estimates used and such differences could be significant.

The Company's annual operating budget and operating budget revisions performed during the year (collectively "Budget") and the Company's strategic plan comprise fundamental information used as a basis for some significant estimates necessary to prepare the audited consolidated financial statements. Management prepares the annual operating budget and strategic plan each year using a process whereby a detailed one-year budget and three-year strategic plan are prepared by each entity and then consolidated.

Cash flows and profitability included in the Budget are based on the existing and future expected sales orders, general market conditions, current cost structures, anticipated cost variations and current agreements with third parties. Management uses the annual operating budget information as well as additional projections or assumptions to derive the expected results for the strategic plan and periods thereafter.

The Budget and the strategic plan are approved by management and the Board of Directors. Management then tracks performance as compared to the Budget. Significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

Management needs to rely on estimates in order to apply the Company's accounting policies and considers that the most critical ones are the following:

Estimating the Net Realizable Value of Inventory

The net realizable value of materials and work in progress is determined by comparing inventory components and value with production needs, current and future product features, expected production costs to be incurred and the expected profitability of finished products. The net realizable value of finished products and parts and accessories is determined by comparing inventory components and value with expected sales prices, sales programs and new product features.

Estimating the Useful Life of Tooling

Tooling useful life is estimated by product line based on their expected physical life and on the expected life of the product platform to which they are related.

Estimating the fair value of assets acquired and liabilities assumed ("Net assets") in business combinations

The acquisition method, which requires significant estimates and judgments, is used to record business combinations. As part of the allocation process, estimated fair values are assigned to the Net assets acquired, including trademark and dealer network. The estimation is based on the Company's expectations with respect to future cash flows, economic conditions and discount rate. The excess of the purchase consideration over the estimated fair value of the Net assets acquired is then assigned to goodwill.

Estimating Impairment on Property, Plant and Equipment, Intangible Assets and Right-of-Use Assets

Management assesses the value in use of property, plant and equipment, intangible assets and right-of-use assets mainly at groups of CGU level using a discounted cash flow approach by product line based on annual budget and strategic plan process. When the Company acquired the recreational products business from Bombardier Inc. in 2003, trademarks and goodwill were recorded as part of the business acquisition. As at January 31, 2020, $136.0 million of trademarks and $114.7 million of goodwill were related to this transaction. In addition, trademarks of $83.2 million and goodwill of $115.5 million were recorded following various business combinations that occurred after 2003.

(i) Trademarks and Goodwill Impairment Test

For the purpose of impairment testing, trademarks are allocated to their respective CGU. As at January 31, 2020, the carrying amount of trademarks amounting to $219.2 million is related to *Ski-Doo*, *Sea-Doo*, *Evinrude*, *Alumacraft*, *Manitou*, *Quintrex*, *Stacer* and *Savage* for $63.5 million, $59.1 million, $13.4 million, $25.7 million, $38.5 million, $13.9 million, $4.4 million and $0.7 million respectively.

Following the creation of the Powersports and Marine segments during Fiscal 2019, the Company has fully allocated the goodwill of $114.7 million created in 2003 to the Powersports segment. Goodwill of $21.0 million related to Alumacraft Boat Co. acquisition, $33.3 million related to Triton Industries, Inc. acquisition and $60.0 million related to the Telwater acquisition was allocated to their respective CGU.

Recoverable Amount

The recoverable amount for the group of CGU is based on a value-in-use calculation using cash flow projections, which takes into account the Company's one-year budget and three-year strategic plan, with a terminal value calculated by discounting the final year in perpetuity. The figures used as the basis for the key assumptions in the value-in-use calculation includes sales volume, sales price, production costs, distribution costs and operating expenses as well as discount rates. This information represents the best available information as at the date of impairment testing. The estimated future cash flows are discounted to their present value. In addition, a market approach was performed to assess the reasonability of the conclusions reached.

(ii) Sensitivity analysis

The Company performs sensitivity analysis on the cash flows and discount rates in order to confirm that the trademarks and goodwill are not impaired. The analyses are presented in isolation from one another and all the other estimates are unchanged. The result is that a 5% decrease in the estimated future cash flows or an increase of 100 basis points in the discount rates used would not have resulted in an impairment during the twelve-month period ended January 31, 2020.

Estimating Recoverability of Deferred Tax Assets

Deferred tax assets are recognized only if management believes it is probable that they will be realized based on annual budget, strategic plan and additional projections to derive the expected results for the periods thereafter.

Estimating Provisions for Regular Product Warranty, Product Liability, Sales Program and Restructuring

The regular warranty cost is established by product line and recorded at the time of sale based on management's best estimate, using historical cost rates and trends. Adjustments to the regular warranty provision are made when the Company identifies a significant and recurring issue on products sold or when costs and trend differences are identified in the analysis of regular warranty claims.

The product liability provision at period end is based on management's best estimate of the amounts necessary to resolve existing claims. In addition, the product liability provision at the end of the reporting period includes incurred, but not reported claims, based on average historical cost information.

Sales program provision is estimated based on current program features, historical data and expected retail sales for each product line.

Estimating the Discount Rates Used in Assessing Defined Benefit Plan Expenses and Liability

In order to select the discount rates used to determine defined benefit plan expenses and liabilities, management consults with external actuarial firms to provide commonly used and applicable discount rates that are based on the yield of high quality corporate fixed income investments with cash flows that match expected benefit payments for each defined benefit plan. Management uses its knowledge and comprehension of general economic factors in order to conclude on the accuracy of the discount rates used.

Estimating the incremental borrowing rate used in measuring lease liability

Management makes estimates in the determination of the incremental borrowing rate used to measure the lease liability for each lease contract when the interest rate implicit in the lease is not readily available. The incremental borrowing rate should reflect the interest rate the Company would have to pay to borrow the same asset at a similar term and with a similar security.

Estimating the lease term

On commencement date, when determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options or periods subject to termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. This assessment is reviewed if a significant change in circumstances occurs within the Company's control.

Significant Judgments in Applying the Company's Accounting Policies

Management needs to make certain judgments in order to apply the Company's accounting policies and the most significant ones are the following:

Impairment of Property, Plant and Equipment, Intangible Assets and Right-of-Use Assets

The Company operates using a high level of integration and interdependency between design, development, manufacturing and distribution operations. The cash inflows generated by each product line require the use of various assets of the Company, limiting the impairment testing to be done for a single asset. Therefore, management performs impairment testing by grouping assets into CGUs.

Functional Currency

The Company operates worldwide but its design, development, manufacturing and distribution operations are highly integrated, which require significant judgments from management in order to determine the functional currency of each entity using factors provided by *IAS 21 "The Effects of Changes in Foreign Exchange Rates"*. Management established the functional currency of each entity as its local currency unless the assessment of the criteria established by IAS 21 to assess the functional currency leads to the determination of another currency. IAS 21 criteria are reviewed annually for each entity and are based on transactions with third-parties only.

Changes in Accounting Policies

During the twelve-month period ended January 31, 2020, the Company adopted *IFRS 16 "Leases"* standard as explained in Note 11 of the audited consolidated financial statements for the three- and twelve-month periods ended January 31, 2020.

Future Accounting Changes

Amendments to IFRS 3 Business combinations

In October 2018, the IASB issued amendments to *IFRS 3 "Business combinations"*. The amendments clarify the definition of a business, with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for the Company to transactions for which the acquisition date is on or after February 1, 2020. The Company will apply these amendments to applicable future acquisition transactions.

Other standards or amendments

The IASB has issued other standards or amendments to existing standards that are not expected to have a significant impact on the Company's consolidated financial statements.

The Company's President and Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures as well as its internal control over financial reporting, as those terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian securities regulatory authorities and Rule 13a-15(e) and Rule 15d-15(e) under the U.S. Securities *Exchange Act of 1934*, as amended.

Disclosure controls and procedures

The President and Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation of the design and effectiveness of the Company's disclosure controls and procedures was carried out under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded, as of January 31, 2020, that the Company's disclosure controls and procedures were ineffective as a result of a material weakness identified in the Company's internal control over financial reporting, which is further described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management's report on internal control over financial reporting

The President and Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

An evaluation of the design and effectiveness of the Company's internal controls over financial reporting was carried out under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. In making this evaluation, the President and Chief Executive Officer and the Chief Financial Officer used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework (2013). Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded, as of January 31, 2020, that the Company's internal control over financial reporting was ineffective as a result of an identified material weakness.

Management determined it did not design and maintain effective information technology general controls (ITGCs) in the areas of user access security, system change management and job processing for certain information technology (IT) systems that support the Company's financial reporting processes. Management concluded these deficiencies in aggregate resulted in a material weakness. As a result, automated controls and manual controls that are dependent on the completeness and accuracy of information derived from the affected IT systems were ineffective because they could have been adversely impacted. There were no material adjustments to the Company's audited consolidated financial statements for the period ended January 31, 2020 and prior, however, as a result of the material weakness identified a possibility exists that material misstatements in the Company's financial statements would not be prevented or detected on a timely basis in the future.

Management will continue to design and implement certain remedial measures throughout Fiscal 2021 including the design, review and appropriate modification of access in the affected systems, in addition to monitoring controls to prevent and detect inappropriate or unauthorized access or activities. In addition, various aspects of the logical access process will be automated to reduce the possibility of manual error. Management will also work with control owners to improve the quality of evidence retained to support the operation of change management controls.

The Company has and will continue to take actions to remediate the material weakness, but the weakness will not be considered fully remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. No assurance can be provided at this time that the actions and remediation efforts will effectively remediate the material weakness described above.

During Fiscal 2020, management has implemented the previously disclosed remediation plan associated to the material weakness identified during Fiscal 2019 related to the accuracy and completeness of information used in the execution of internal controls over critical spreadsheets and reports created from data extracted from the Company's information systems. The evaluation of these controls was completed in the fourth quarter of Fiscal 2020, concluding that the implemented controls are effective, and the material weakness has been remediated.

The President and Chief Executive Officer and the Chief Financial Officer do not expect that disclosure controls and procedures or internal control over financial reporting will prevent all misstatements. The design of a system of internal controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that the design will succeed in achieving the stated goals under all potential future conditions. Nevertheless, management has designed and implemented controls to mitigate this risk to the extent practicable.

Notwithstanding the material weakness, management has concluded that the Company's audited consolidated financial statements as at and for the year ended January 31, 2020 present fairly, in all material respects, the Company's financial position, results of operations, changes in equity and cash flows in accordance with IFRS. There were no material adjustments to the Company's audited consolidated financial statement for the year ended January 31, 2020 and there were no changes to previously released financial results.

The effectiveness of internal control over financial reporting as of January 31, 2020 has been audited by Deloitte LLP, the Company's independent auditors. Deloitte LLP's opinion, as stated in their report, is consistent with management's report on internal control over financial reporting as set forth above.

Changes in internal control over financial reporting

Other than the material weaknesses described above, there were no changes in the Company's internal control over financial reporting during the three- and twelve-month periods ended January 31, 2020, that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Dividend

On March 19, 2020, as part of the Company's measures to preserve its financial flexibility in light of the ongoing COVID-19 health crisis, the Company's Board of Directors announced that it had decided not to declare a quarterly cash dividend, and that such decision would apply until further notice.

The risks and uncertainties described in this MD&A are those the Company currently believes to be material, but they are not the only ones it faces. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that it currently considers not to be material, actually occur or become material, the Company's business, guidance, prospects, financial condition, results of operations and cash flows and consequently the price of the subordinate voting shares could be materially and adversely affected.

Economic conditions that impact consumer spending may have a material adverse effect on the Company's business, results of operations or financial condition

The Company's business is cyclical in nature, and the Company's products compete with a variety of other recreational products and activities for consumers' discretionary income and leisure time. The Company's results of operations are sensitive to changes in overall economic conditions, primarily in North America and Europe, that impact consumer spending and particularly discretionary spending. Fluctuations in economic conditions that result in high levels of unemployment in the Company key markets, or market volatility, such as those experienced recently in connection with the ongoing COVID-19 health crisis, may negatively affect disposable consumer income such as personal income levels, the availability of consumer credit, employment levels, consumer confidence, business conditions, changes in housing market conditions, capital markets, tax rates, savings rates, interest rates, exchange rates, fuel and energy costs, tariffs. Natural disasters, acts of terrorism, epidemic or pandemic outbreaks, or other similar events, could also reduce consumer spending generally or discretionary spending in particular. Such reductions could materially adversely affect the Company's business, results of operations or financial condition. Changes in economic conditions could also result in a deterioration or increased volatility in the credit and lending markets, which could adversely impact the consumers who purchase the Company's products from dealers and rely upon financing for such purchases as well as the availability of financing arrangements for dealers and distributors to finance their inventory. If financing is not available to consumers or dealers and distributors on satisfactory terms, the Company's business, results of operations or financial condition could be materially adversely affected.

The continued spread of the COVID-19 around the globe and the responses of governmental authorities and corporate entities, including through mandated or voluntary shutdowns, have led to a general slow-down in the global economy and the Company's business with temporary disruptions and slowdowns to our work force and facilities, our consumers, our sales and operations and our supply chain. The situation is dynamic and changing day-to-day, such that the Company will continue to monitor it closely as it develops and will take appropriate measures to mitigate any impact on the Company.

Any decline in the social acceptability of the Company's products or any increased restrictions on the access or the use of the Company's products in certain locations could materially adversely affect its business, results of operations or financial condition

Demand for the Company's products depends in part on their social acceptability. Public concerns about the environmental impact of the Company's products or their perceived safety could result in diminished social acceptance. Circumstances outside the Company's control, such as social action to reduce the use of fossil fuels, could also negatively impact consumers' perceptions of the Company's products. Any decline in the social acceptability of the Company's products could negatively impact their sales or lead to changes in laws, rules and regulations that prevent their access to certain locations, including trails and lakes, or restrict their use or manner of use in certain areas or during certain times. Additionally, while the Company has implemented various initiatives to address these risks, including the improvement of the environmental footprint and safety of its products, there can be no assurance that the perceptions of the Company's customers will not change. Consumers' attitudes towards the Company's products and the activities in which they are used also affect demand. Any failure by the Company to maintain the social acceptability of its products could impact its ability to retain existing customers or attract new ones which, in turn, could have a material adverse effect on its business, results of operations or financial condition.

Fluctuations in foreign currency exchange rates could result in declines in reported sales and net earnings

The Company reports its financial results in Canadian dollars and the majority of its sales and operating costs are realized in currencies other than the Canadian dollar. In Fiscal 2020, 54.9% of the Company's revenues were realized in the United States. The Company is also exposed to other currencies such as the Australian dollar, the Brazilian real, the Euro, the Mexican peso, the Norwegian krone, the Swedish krona and the Russian rubble. If the value of any currencies in which sales are realized depreciates relative to the Canadian dollar, the Company's foreign currency revenue will decrease when translated to Canadian dollars for reporting purposes. In addition, any depreciation in foreign currencies could result in higher local prices, which may negatively impact local demand and have a material adverse effect on the Company's business, results of operations or financial condition. Alternatively, if the value of any of the currencies in which operating costs are realized appreciates relative to the Canadian dollar, the Company's operating costs will increase when translated to Canadian dollars for reporting purposes. Although these risks may sometimes be naturally hedged by a match in the Company's sales and operating costs denominated in the same currency, fluctuations in foreign currency exchange rates could create discrepancies between the Company's sales and its operating costs in a given currency that could have a material adverse effect on its business, results of operations or financial condition. Fluctuations in foreign currency exchange rates could also have a material adverse effect on the relative competitive position of the Company's products in markets where they face competition from manufacturers who are less affected by such fluctuations in exchange rates.

In addition, the Company's indebtedness under the Term Facility and a portion of the Revolving Credit Facilities are denominated in U.S. dollars. As a result, any strengthening of the U.S. dollar versus the Canadian dollar or any revaluation of the denomination of the Term Facility into Canadian dollars at the end of each reporting period can result in significant fluctuations of net income, which could have a material adverse effect on the Company's business, results of operations or financial condition.

While the Company actively manages its exposure to foreign-exchange rate fluctuations and enters into hedging contracts from time to time, such contracts hedge foreign-currency denominated transactions and any change in the fair value of the contracts could be offset by changes in the underlying value of the transactions being hedged. Furthermore, the Company does not have foreign-exchange hedging contracts in place with respect to all currencies in which it does business. As a result, there can be no assurance that the Company's approach to managing its exposure to foreign-exchange rate fluctuations will be effective in the future or that the Company will be able to enter into foreign-exchange hedging contracts as deemed necessary on satisfactory terms.

The Company has, and is expected to continue to have and incur, a significant amount of indebtedness and there can be no assurance that it will be able to pay its indebtedness as it becomes due

The Company has, and is expected to continue to have and incur, a significant amount of indebtedness, including obligations under the Revolving Credit Facilities as well as substantial fixed obligations under the Term Facility. In addition, the Company may incur greater levels of indebtedness as a result of challenging economic or other conditions affecting the Company, such as the ongoing COVID-19 health crisis. For example, the Company recently announced that it drew down on its revolving credit facility in order to ensure access to liquidity as economic conditions grow more uncertain. The amount of indebtedness that the Company has from time to time may, among other things, limit the Company's ability to obtain additional financing, require the Company to dedicate a substantial portion of its cash flow generated from operations to payments on its indebtedness or fixed costs (thereby reducing the funds available for other purposes), make the Company more vulnerable to economic downturns, or limit the Company's flexibility in planning for, or reacting to, competitive pressures or changes in its business environment, any of which could, in turn, have a material adverse effect on its business, results of operations or financial condition.

The ability of the Company to make scheduled payments under its indebtedness will depend on, among other things, its future operating performance and its ability to refinance its indebtedness, if necessary. In addition, as the Company incurs indebtedness that bears interest at fluctuating interest rates and is mainly denominated in U.S. dollars, to the extent that interest rates increase or the U.S. dollar appreciates relative to the Canadian dollar, its interest expense will increase. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond the Company's control. Any failure by the Company to generate sufficient cash from its operations to pay its debt and other financial obligations could have a material adverse effect on its business, results of operations and financial condition.

The Company uses cash generated from its operating activities to fund its business and execute its growth strategy and may require additional capital that may not be available to the Company

The Company relies on net cash generated from its operating activities as its primary source of liquidity. To support the Company's business and execute its growth strategy as planned, the Company will need to continue to generate significant amounts of cash from operations, including funds to pay personnel, invest further in its infrastructure and facilities and invest in research and development. In case of decreasing capacity of the Company to generate cash from operations, the eventual recovery of the Company may be delayed due to factors such as the cyclical nature of the Company's business, the seasonality of certain of its products, and the inventory levels of the Company, and that of its distributors and dealers. If the Company's business does not generate cash flow from operating activities sufficient to fund these activities, and if sufficient funds are not otherwise available from its credit facilities, which may be the case as a result of the ongoing COVID-19 health crisis, the Company may need to seek additional capital, through debt or equity financings, to fund its business or execute its growth strategy. Conditions in the credit markets (such as availability of financing, fluctuations in interest rates and deterioration of the global economic condition, including as experienced recently in connection with the ongoing COVID-19 health crisis) may make it difficult for the Company to obtain such financing on attractive terms, or even at all. Additional debt financing that the Company may undertake may be expensive and might impose on it covenants that restrict the Company's operations and strategic initiatives, including limitations on its ability to incur liens or additional debt, pay dividends, repurchase its capital shares, make investments or engage in merger, consolidation and asset sale transactions. Any equity financing may also be on terms that are dilutive to the Company's shareholders, and the prices at which new investors would be willing to purchase equity securities may be lower than the price per share of the Company's subordinate voting shares. If new sources of financing are required, but are unattractive, insufficient or unavailable, then the Company could be required to modify its business plans or growth strategy based on available funding, if any, which, in turn, could have a material adverse effect on the Company's business, results of operations or financial condition.

Unfavourable weather conditions may reduce demand and negatively impact sales and production of certain of the Company's products

The sales of the Company's products are affected by unfavourable weather conditions. Unfavourable weather in any particular geographic region may have a material adverse effect on sales of the Company's products in that region. In particular, lack of snowfall during winter may materially adversely affect snowmobile sales, while excessive rain before and during spring and summer may materially adversely affect sales of off-road vehicles, three-wheeled vehicles, PWCs, boats and marine propulsion systems. To the extent that unfavourable weather conditions are exacerbated by global climate change or otherwise, the Company's sales may be affected to a greater degree than previously experienced. There is no assurance that unfavourable weather conditions could not affect the Company's sales for any of its products, which, in turn, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's results of operations fluctuate from quarter to quarter and from year to year as they are affected, among other things, by the seasonal nature of its business

The Company's results of operations experience substantial fluctuations from quarter to quarter and year to year. In general, retail sales of the Company's products are highest in their particular season of use and in the immediately preceding period. For example, retail sales for snowmobiles will be highest in fall and winter, retail sales for PWCs will be highest in spring and summer and retail sales for boats will be highest in winter and spring. Revenues in the first half of the fiscal year have generally been lower than those in the second half. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal and geographic demand, the introduction of new products and models and production scheduling for particular types of products. In addition, the Company's dealers and distributors may modify orders, change delivery schedules or change the mix of products ordered. The Company may also make strategic decisions to deliver and invoice products at certain dates in order to lower costs or improve supply chain efficiencies. As a result, the Company's results of operations are likely to fluctuate significantly from period to period such that any historical results should not be considered indicative of the results to be expected for any future period. In addition, the Company incurs significant additional expenses in the periods leading up to the introduction of new products which may also result in fluctuations in the Company's results of operations. The Company's annual and quarterly gross profit margins are also sensitive to a number of factors, many of which are beyond its control, including shifts in product sales mix, geographic sales trends, and currency exchange rate fluctuations, all of which the Company expects will continue. This seasonality in revenues, expenses and margins, along with other factors that are beyond the Company's control, including general economic conditions, changes in consumer preferences, weather conditions, tariffs, free-trade arrangements, the cost or availability of raw materials or labour, discretionary spending habits and currency exchange rate fluctuations, could materially adversely affect the Company's business, results of operations or financial condition.

The Company is subject to laws, rules and regulations regarding product safety, health, environmental and noise pollution and other issues that could cause the Company to incur fines or penalties or increase its capital or operating costs

The Company is subject to federal, provincial/state and local/municipal laws, rules and regulations in Canada, the United States and other countries regarding product safety, health, environmental and noise pollution and other issues that could cause the Company to incur fines or penalties or increase the Company's capital or operating costs, all of which could have a material adverse effect on the Company's business, results of operations or financial condition. A failure to comply with, or compliance with, any such requirements or any new requirements could result in increased expenses to modify the Company's products, or harm to its reputation, which could have a material adverse effect on the Company's business, results of operations or financial condition. Certain jurisdictions require or are considering requiring a license to operate the Company's products. While such licensing requirements are not expected to be unduly restrictive, they may deter potential customers, thereby reducing the Company's sales. The Company's products are also subject to laws, rules and regulations imposing environmental, noise emission, zoning and permitting restrictions, which laws, rules and regulations are subject to change and may limit the locations where the Company's products may be sold or used or restrict their use during certain times or on certain conditions.

Climate change is receiving increasing attention worldwide. A perceived consensus among scientists, legislators and others regarding the impact of increased levels of greenhouse gases, including carbon dioxide, on climate change has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. Greenhouse gas regulations could require the Company to purchase allowances to offset the Company's own emissions or result in an overall increase in costs of raw materials or operating expenses, any of which could reduce competitiveness in a global economy or otherwise have a material adverse effect on the Company's business, results of operations or financial condition. Many of the Company's suppliers face similar circumstances. Moreover, the Company may face greater regulatory or customer pressure to develop products that generate less emissions. This may require the Company to spend additional funds on research and development and implementation and subject the Company to the risk that the Company's competitors may respond to these pressures in a manner that gives them a

competitive advantage. The development of such products may also present challenges in maintaining the look, sound and feel of the Company's products. While additional regulation of emissions in the future appears likely, it is too early to predict whether this regulation could ultimately have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is also subject to environmental laws, rules and regulations pursuant to which, among other things, current or previous owners or occupants of property may become liable for the contamination of such property and, as a result, may be liable for the costs of investigating, removing and monitoring any hazardous substances found on the property. Given the nature of the Company's manufacturing activities and the fact that certain of its facilities have been in operation for many years, the Company and the prior owners or occupants of its property may have generated and disposed of materials that are or may be considered hazardous. The Company is aware of certain current environmental liabilities in relation to certain of its property and it is possible that additional environmental liabilities may arise in the future as a result of any prior or future generation or disposal of hazardous materials. The Company may therefore incur material costs and obligations related to environmental compliance and remediation matters in the future. Any failure to comply with, or the compliance with, any applicable environmental laws, rules or regulations, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company has a relatively large fixed cost base that can affect its profitability in a declining sales environment

The fixed costs involved in owning and operating the Company's facilities can reduce the Company's gross profit margins when sales and production decline, such as is the case as a result of the ongoing COVID-19 health crisis. The Company's profitability is dependent, in part, on its ability to spread fixed costs over an increasing number of products sold and shipped, and if the Company is required to reduce its rate of production, gross profit margins could be negatively affected. Consequently, decreased demand can lower the Company's ability to absorb fixed costs, which could have a material adverse effect on its business, results of operations or financial condition.

The inability of the Company's dealers and distributors to secure adequate access to capital could materially adversely affect the Company's business, results of operations or financial condition

The Company's dealers and distributors require adequate liquidity to finance their operations and to purchase the Company's products. Dealers and distributors are subject to numerous risks and uncertainties that could unfavourably affect their liquidity positions, including, among other things, continued access to adequate financing sources on a timely basis and on reasonable terms. The Company currently has agreements in place with large financing companies to provide inventory financing to its dealers and distributors to facilitate their purchase of the Company's products. These sources of financing are instrumental to the Company's ability to sell products through the Company's distribution network, as a significant percentage of the Company's sales are done under such arrangements. The Company's business, results of operations or financial condition could be materially adversely affected if a decline in financing availability to the Company's dealers and distributors occurs, or if financing terms change unfavourably, which may be the case as a result of the ongoing COVID-19 health crisis. This could require the Company to find alternative sources of financing, including the Company potentially providing financing directly to dealers and distributors, which could require additional capital to fund the associated receivables. In the event of a dealer or distributor default, the Company may be required to purchase new and unused products at the total unpaid principal balance to the finance company from financing companies providing inventory financing to the Company's dealers and distributors, subject to certain caps. Any requirement of the Company to purchase the inventory of several of its dealers or distributors could result in a material adverse effect on the Company's business, results of operations or financial condition.

Supply problems, termination or interruption of supply arrangements or increases in the cost of materials could have a material adverse effect on the Company's business, results of operations or financial condition

The primary raw materials used in manufacturing the Company's products are aluminum, steel, plastic, resins, stainless steel, copper, rubber and certain rare earth metals. Certain suppliers provide the Company with certain product parts and components. In some instances, the Company also purchases systems, components, raw materials and parts that are derived from a single source and which may represent an increased risk of supply disruptions. The Company cannot be certain that it will not experience supply problems, such as the untimely delivery of, or defects or variations in, raw materials, parts or components. At present, there is a risk that production stoppages and slowdowns resulting from government regulation and prevention measures undertaken in response to the COVID-19 outbreak could lead to supply disruptions and delivery delays for the Company. Any prolonged disruption in the supply could have a material adverse effect on the Company's operations or profitability and the insolvency, bankruptcy, financial restructuring or force majeure event of any critical suppliers could result in the Company incurring unrecoverable costs related to the financial work-out or resourcing costs of such suppliers and/or increased exposure for product liability, warranty or recall costs relating to the components supplied by such suppliers to the extent such supplier is not able to assume responsibility for such amounts.

As well, the Company obtains certain of the raw materials, parts and components it uses from either sole suppliers or a limited number of suppliers. If these supply arrangements were terminated or interrupted for reasons such as supplied goods not meeting the Company's quality or safety standards or the suppliers' operations being disrupted as a result of a variety of internal or external risks, including a deterioration in general economic conditions, which may be the case as a result of the ongoing COVID-19 health crisis, the Company could have difficulty establishing substitute supply arrangements on satisfactory terms. Problems with the Company's supplies could have a material adverse effect on the Company's business, results of operations or financial condition.

Moreover, the Company's profitability is affected by significant fluctuations in the prices of the raw materials, parts and components it uses. The Company may not be able to pass along price increases in raw materials, parts or components to its customers. As a result, an increase in the cost of raw materials, parts and components used in the manufacturing of the Company's products could reduce its profitability and have a material adverse effect on its business, results of operations or financial condition.

The Company faces intense competition in all product lines and any failure to compete effectively against competitors or any failure to meet consumers' evolving expectations could materially adversely impact the Company's business, results of operations or financial condition

The powersports industry is highly competitive. Competition in such industry is based upon a number of factors, including price, quality, reliability, styling, product features, warranties and overall consumer experience. At the dealer and distributor level, factors impacting competition include sales and marketing support programs such as retail sales promotions, dealer and distributor performance bonuses, and dealer and distributor inventory financing. Some of the Company's competitors are more diversified and have financial and marketing resources that are substantially greater than the Company's, which allow these competitors to invest more heavily in intellectual property, product development, sales and marketing support and innovative consumer offers. The Company is also subject to competitive pricing. Such pricing pressure may limit the Company's ability to maintain prices or to increase prices for its products in response to raw material, component and other cost increases, and therefore negatively affect the Company's profit margins. In addition, the industries in which the Company does business may experience significant change in the coming years. Participants could disrupt the historic business model of such industries through the introduction of new technologies, products or services. The Company expects to face increased pressure in the future to develop new products and services, including products and services that could be viewed as falling outside its historical core business such as electric vehicles and digital services. The process of designing and developing new technologies, products and services is complex, costly and uncertain, requires extensive capital investment and is dependent upon the ability to

recruit and retain talent. There can be no assurance that future innovation is achievable or will occur in a timely manner, or that competitors of the Company will not be able to develop new technologies, products and services before the Company does or that it will acquire technologies on an exclusive basis or at a significant price advantage. If the Company is not able to compete with new products, product features, models or product prices of its competitors, to attract new dealers and distributors, or to adapt to changing consumer habits or disruption in historical business models, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company may be unable to successfully execute its growth strategy

The Company's strategic plan established by management includes an organic growth strategy, which is focused mainly on the development of new products and features, and may involve from time to time growth through strategic acquisitions, investments, alliances, joint ventures and similar transactions.

While the Company makes significant investments in research and development and emerging product lines, there can be no assurance that it will be able to continue to successfully enhance its existing products, develop new innovative products and distinguish its products from its competitors' products through innovation and design. Product improvements and new product introductions also require significant planning, design, development and testing at the technological, product and manufacturing process levels and the Company may not be able to develop product improvements or new products in a timely manner, notably in light of temporary slowdowns or suspensions of production lines as a result of the ongoing COVID-19 health crisis. The new products of the Company's competitors may access the market more rapidly, be more effective with more features and/or less expensive than the Company's products, obtain better market acceptance, or render the Company's products obsolete. The Company may therefore not be able to satisfy the needs and preferences of customers and compete effectively with its competitors. Product development requires significant financial, technological and other resources. The Company expended approximately $238.4 million in research and development in Fiscal 2020. There can be no assurance that the Company will be able to sustain this level of investment or that this level of investment in research and development will be sufficient to successfully maintain the Company's competitive advantages in product innovation and design in the future. Further, the sales of any new products are expected to decline over such new products' life cycle, with sales being higher early in the life cycle of the new products and sales decreasing over time as the new products age. The Company cannot predict the length of the life cycle for any new product. Any failure by the Company to continue to enhance existing products and develop and market new products that respond to customer needs and preferences and achieve market acceptance could have a material adverse effect on the Company's business, results of operations or financial condition. In addition, even if the Company is able to successfully develop improvements to existing products and develop new products, there is no guarantee that the markets for the Company's existing products and new products will evolve as anticipated. If any of the markets in which the Company's existing products compete do not develop as expected, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company has completed acquisitions in the past years and it may also consider pursuing acquisitions, investments, alliances, joint ventures or similar transactions in the future. Any such transactions would involve a number of risks, including:

- difficulties in integrating the operations of any acquired or new businesses with the Company's existing operations and the failure by management to accomplish such integration successfully;
- the necessity to raise additional capital, through debt or equity, or use cash that would otherwise have been available to support the Company's existing business operations and research and development activities to finance the transaction (see "Risk Factors — The Company uses cash generated from its operating activities to fund its business and execute its growth strategy and may require additional capital that may not be available to the Company");
- the diversion of management's attention;

- difficulties in realizing projected efficiencies, cost savings and synergies;
- the potential loss of key employees or customers of an acquired business or adverse effects on existing business relationships with suppliers and customers;
- a negative impact on overall profitability if any acquired or new businesses do not achieve the financial results projected in the Company's valuation models;
- dilution to existing shareholders if securities of the Company are issued as part of transaction consideration or to fund the transaction consideration; and
- the inability to direct the management and policies of any acquired business, joint venture, strategic alliance, or partnership, particularly in circumstances where other participants may be able to take action contrary to the Company's instructions or requests and against its policies and objectives.

The Company's ability to grow through strategic acquisitions, investments, alliances, joint ventures or other similar transactions will depend, among other things, on the availability of such strategic opportunities, their cost, their terms and conditions, the Company's ability to compete effectively for such strategic opportunities and the availability to the Company of required capital and personnel. The Company may also be precluded from pursuing such transactions as a result of financial or other covenants in agreements to which it is a party. The Company's inability to take advantage of future strategic opportunities, or its failure to successfully address the risks associated with any strategic opportunities that is completed, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's international sales and operations subject it to additional risks, which risks may differ in each country in which the Company operates

The Company manufactures its products in Australia, Austria, Canada, Finland, Mexico and the United States. The Company maintains sales and administration facilities in approximately 20 countries. The Company's primary distribution facilities distribute the Company's products to its North American dealers and the Company relies on various other locations around the world, including in Australia, Belgium, Finland and Russia, that distribute its products to its international dealers and distributors. The Company's total sales outside Canada and the United States represented 29.4% of the Company's total sales for Fiscal 2020 and the Company intends to continue to expand its international operations by investing in developing its dealer network and promoting the Company's brands and products in international markets. International markets have been and are expected to continue generating sales growth. Several factors, including weakened international economic conditions, the introduction of new trade restrictions, increased protectionism or changed in free-trade arrangements, tariffs, negative geo-political events or an outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the COVID-19, could adversely affect such growth. The COVID-19 is spreading globally, and the World Health Organization has declared it a pandemic, causing various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions. As a result, the Company has taken temporary measures to suspend or reduce operations at its manufacturing plants and distribution facilities. While these measures are expected to be temporary, the duration of the business disruptions internationally and related financial impact will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken in each jurisdiction to contain or treat the COVID-19 outbreak.

Additionally, the expansion of the Company's existing international operations and entry into additional international markets require significant management attention and financial resources. The risks inherent in having sales or operations in foreign countries include:

- increased costs of adapting products for foreign countries' laws, rules and regulations;

- difficulties in managing and staffing international operations and increased infrastructure and operational costs;
- risk of travel advisories or travel restrictions related to the outbreak of contagious illnesses, such as the COVID-19 that is currently impacting several geographic locations, which could impact the Company's ability to operate in certain markets and/or manage our operations in those markets;
- the imposition of additional Canadian or foreign governmental controls or regulations; new or enhanced trade restrictions and restrictions on the activities of foreign agents, representatives, and distributors; the imposition of increased costs or delays, or the introduction of new import and export licensing and other compliance requirements, customs duties or tariffs, or other non-tariff barriers to trade;
- breaches or violation of any anti-corruption laws, rules or regulations by any of the Company's employees, consultants, dealers or distributors;
- the imposition of Canadian and/or international sanctions against a country, company, person, or entity with whom the Company does business which restricts or prohibits the Company's continued business with the sanctioned country, company, person, or entity;
- international pricing pressures;
- laws and business practices favouring local companies;
- governmental expropriation;
- the imposition of any travel or trade restrictions, or other similar restrictions impacting commercial activities among countries;
- adverse currency exchange rate fluctuations;
- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems; and
- difficulties and inconsistencies relating to the enforcement of laws, rules, and regulations, including rules relating to environmental, health, safety and intellectual property matters.

Some of the Company's manufacturing facilities are located in Mexico, and could be impacted by changes in economic, regulatory, social or political conditions affecting such country. In the past, Mexico has been subject to political instability, changes and uncertainties and there can be no assurance that similar events will not occur again in the future. In addition, the impact of any changes in economic, regulatory, social and political conditions affecting Mexico would be beyond the Company's control, and there can be no assurance that any mitigating actions by the Company would be effective. As a result, the Company's business, results of operations or financial condition could be materially adversely affected by any significant change in economic, regulatory, social and political conditions affecting Mexico. Moreover, goods produced in Mexico and Canada and sold to the United States benefit from the *Canada-United States-Mexico Agreement* (CUSMA). CUSMA has been signed and ratified by all three countries. While CUSMA has not yet been implemented, its implementation may cause business changes to the Company and its suppliers. For example, more stringent rules for the "Regional Value Content" calculations are expected to be applied to qualify certain products and parts. The implementation of CUSMA, including the impact of its underlying rules and principles is difficult to predict as of today and could, particularly if coupled with other changes such as changes in the global economic condition, have a material adverse effect on the Company's business, results of operations or financial condition.

The failure of the Company's information technology systems or a security breach could materially adversely affect the Company's business, results of operations or financial condition

The Company's global business operations are managed through a variety of information technology systems. These systems govern all aspects of the Company's operations around the world. The Company is dependent on these systems for all commercial transactions, financial reporting, dealership and distributorship interactions, and supply chain and inventory management. Certain of the Company's key IT systems are dated and require, or are in the process of, modernization. If one of the Company's key IT systems were to suffer a failure, no assurance can be given that the Company's backup systems or contingency plans will sustain critical aspects of the Company's operations, and the Company's business, results of operations or financial condition could be materially adversely affected. Further, the Company relies on large outsourcing contracts for IT services with a major third-party service providers, and if such service providers were to fail or the relationships with the Company were to end, and the Company were unable to find suitable replacements in a timely manner, the Company's business, results of operations or financial condition could be materially adversely affected. The Company is continually modifying and enhancing its IT systems and technologies to increase productivity and efficiency. As new systems and technologies are implemented, the Company could experience unanticipated difficulties resulting in unexpected costs and adverse impacts to its financial reporting and manufacturing and other business processes. When implemented, the systems and technologies may not provide the benefits anticipated and could add costs and complications to ongoing operations, which may have a material adverse effect on the Company's business, results of operations or financial condition.

The Company and its dealers and distributors receive and store personal information in connection with their human resources operations, credit operations, warranty management, marketing efforts and other aspects of their businesses. Additionally, the Company maintains financial information in its IT system and exchanges electronically information with a large number of trading partners across all aspects of its commercial operations. The Company makes significant investments in research and development each year and data from such activities is maintained in the Company's IT systems. Any security breach of the Company's IT systems could result in disruptions to its operations, erroneous transactions or reporting, loss of data from research and development activities or the devaluation of intellectual property. The Company has security measures and controls in place to protect personal and business information, and on an ongoing basis, continues to make investments to reinforce secure access to our information technology network. In addition, despite the Company's preventive efforts to address cybersecurity threats, these threats are increasingly complex and can change frequently such that the Company may be unable to proactively address those threats or to implement adequate preventive measures. To the extent that a cybersecurity breach results in a loss or damage to the Company's data, or in inappropriate disclosure of confidential or personal information, it could cause significant damage to the Company's reputation, affect its relationships with its customers, lead to claims against the Company and ultimately materially adversely affect its business, results of operations or financial condition.

If the Company fails to maintain an effective system of internal control over financial reporting, the Company may not be able to produce accurate and timely financial statements

Ensuring that the Company has adequate internal financial and accounting controls and procedures in place so that it can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be evaluated frequently. In connection with the audit of the Company's consolidated financial statements for the fiscal year ended January 31, 2020, management has identified a material weakness in the Company's internal control over financial reporting. It had also found a different material weakness in the Company's internal control over financial reporting in connection with the Company's consolidated financial statements for the fiscal year ended January 31, 2019, which has been remediated. If the Company fails to correct any material weakness in its internal controls, or having corrected such material weakness, thereafter fails to maintain the adequacy of its internal controls, the Company may be unable to report its financial results accurately, which could increase operating costs and harm its business, including investors' perception of its business and the price of its subordinate voting shares. The actions that the Company has taken in the past and plans to take to remediate a material weakness are subject to continued management review supported by confirmation and testing,

as well as Audit Committee oversight. While management expects changes will be made including in its IT systems and infrastructures enabling it to fully remediate such material weakness, it cannot assure that it will be able to do so in a timely manner. Any continued or future failure to maintain adequate internal controls over financial reporting could materially adversely affect the Company's business, results of operations or financial condition.

If the Company loses the services of members of its management team or employees who possess specialized market knowledge and technical skills, the Company's ability to compete, to manage its operations effectively, or to develop new products could be materially adversely affected

Many members of the Company's management team have extensive experience in the Company's industry and with its business, products and customers. The loss of the technical, management and operational knowledge and expertise of one or more members of the management team could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any senior executive who leaves the Company and would need to spend time usually reserved for managing the Company's business to search for, hire and train new members of management. The loss of some or all of the members of Company's management team, particularly if combined with difficulties in finding qualified substitutes, could negatively affect the Company's ability to develop and pursue its business strategy, which could materially adversely affect the Company's business, results of operations or financial condition.

In addition, the Company's success depends to a large extent upon its ability to retain skilled employees. There is intense competition for qualified and skilled employees, and the Company's failure to recruit, train and retain such employees could have a material adverse effect on its business, results of operations or financial condition. To implement and manage the Company's business and operating strategies effectively, the Company must maintain a high level of efficiency, performance and content quality, continue to enhance its operational and management systems and continue to effectively attract, train, motivate and manage its employees. If the Company is not successful in doing so, it may have a material adverse effect on its business, results of operations or financial condition.

The risks to the Company of a pandemic, epidemic or other public health crisis, such as the ongoing COVID-19 pandemic, include risks to employee health and safety, prolonged restrictive measures put in place in order to control the outbreak and limitations on travel, which may result in temporary shortages of staff or unavailability of certain employees or consultants with key expertise or knowledge of the Company, impact on workforce productivity and increased medical costs/insurance premiums.

The Company's success depends upon the continued strength of its reputation and brands

The Company's well-established brands include *Can-Am* off-road vehicles (ATVs and SSVs) and *Can-Am* on-road vehicles (*Spyder* and *Ryker* vehicles), *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs, *Alumacraft, Manitou*, *Quintrex*, *Stacer* and *Savage* boats, *Rotax* engines, and *Evinrude* outboard engines. The Company believes that its reputation and brands are significant contributors to the success of its business. Any negative publicity about the Company's products could diminish customer trust, do significant damage to the Company's reputation and brands and negatively impact sales. As the Company expands into new geographical markets, maintaining and enhancing its brands may become increasingly difficult and expensive, as consumers in these markets may not accept its brand image. Failure to maintain and enhance the Company's brands in any of its markets may materially adversely affect the Company's business, results of operations or financial condition.

The Company's brands and branded products could also be adversely affected by incidents that reflect negatively on the Company. Moreover, the negative impact of these events may be aggravated as the perceptions of consumers and others are formed based on modern communication and social media tools over which the Company has no control. The increasing use of social media has heightened the need for reputational risk management. Any actions the Company takes that cause negative public opinion have the potential to negatively impact the Company's reputation, which may materially adversely affect its business, results of operations or financial condition.

An adverse determination in any significant product liability claim against the Company could materially adversely affect its business, results of operations or financial condition

The development, manufacturing, sale and usage of the Company's products expose the Company to significant risks associated with product liability claims. If the Company's products are defective, malfunction or are used incorrectly by its consumers, it may result in bodily injury, property damage or other injury, including death, which could give rise to product liability claims against the Company. Changes to the Company's manufacturing processes and the production of new products could result in product quality issues, thereby increasing the risk of litigation and potential liability. Any losses that the Company may suffer from any liability claims and the effect that any product liability litigation may have upon the brand image, reputation and marketability of the Company's products could have a material adverse impact on its business, results of operations or financial condition.

The Company does not believe the outcome of any pending product liability claim could have a material adverse effect on its business, results of operations or financial condition, and the Company has insurance with respect to future claims in amounts it believes to be appropriate. However, no assurance can be given that the Company's historical claims record will not change, that material product liability claims will not be made in the future against the Company, or that claims will not arise in the future in excess or outside the coverage of the Company's indemnities and insurance. The Company records provisions for known potential liabilities, but there is the possibility that actual losses may exceed these provisions and therefore negatively impact earnings. Also, the Company may not be able in the future to obtain adequate product liability insurance or the cost of doing so may be prohibitive. Adverse determinations of material product liability claims made against the Company could also harm the Company's reputation and cause it to lose customers and could have a material adverse effect on its business, results of operations or financial condition.

Significant product repair and/or replacement due to product warranty claims or product recalls could have a material adverse impact on the Company's business, results of operations or financial condition

The Company provides a limited warranty against defects for all of its products for a period generally varying from six months to five years. The Company may provide extended warranty coverage related to certain promotional programs, as well as extended warranty coverage in certain geographical markets as determined by local laws, rules or regulations and market conditions. The Company also provides a limited emissions warranty for certain emissions related parts in its products as required by the United States Environmental Protection Agency and the California Air Resources Board. Although the Company employs quality control procedures, it happens that a product manufactured by the Company needs repair or replacement or be recalled. The Company's standard warranties require that dealers repair or replace defective products during such warranty periods at no cost to the consumer. The Company records provisions based on an estimate of product warranty claims, but there is the possibility that actual claims may exceed these provisions and therefore negatively impact earnings. The Company could make major product recalls or could be held liable in the event that some of its products do not meet safety standards or statutory requirements on product safety or consumer protection. In addition, the risks associated with product recalls may be aggravated if production volumes increase significantly, supplied goods do not meet the Company's standards, the Company fails to perform its risk analysis systematically or product-related decisions are not fully documented. Historically, product recalls have been administered through the Company's dealers and distributors. The repair and replacement costs that the Company could incur in connection with a recall could have a material adverse effect on the Company's business, results of operations or financial condition. Product recalls could also harm the Company's reputation and cause it to lose customers, particularly if recalls cause consumers to question the safety or reliability of the Company's products, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company relies on a network of independent dealers and distributors to manage the retail distribution of its products

The Company depends on the capability of its independent dealers and distributors to develop and implement effective retail sales plans to create demand among retail purchasers for its products. If the Company's independent dealers and distributors are not successful in these endeavours, then the Company will be unable to maintain or grow its sales. The measures taken by governmental authorities in connection with the COVID-19, including with respect to labour stoppages, business interruptions or temporary shutdowns may impact the ability of our independent dealers and distributors to carry out their retail sales plans for a certain period of time.

Further, independent dealers and distributors may experience difficulty in funding their day-to-day cash flow needs and paying their obligations resulting from adverse business conditions, including weakened consumer spending or tightened credit. Inability to fund operations can force dealers and distributors to cease business, and the Company may not be able to obtain alternate distribution in the vacated market, which could negatively impact the Company's sales through reduced market presence or inadequate market coverage. In the event of a dealer or distributor default under any financing arrangement, the Company may also be required to repurchase such dealer's or distributor's inventory from the financing company. See "Risk Factors — The inability of the Company's dealers and distributors to secure adequate access to capital could materially adversely affect the Company's business, results of operations or financial condition". In addition to dealers or distributors ceasing business, in some cases, the Company may seek to terminate relationships with some dealers or distributors leading to a reduction in the number of its dealers or distributors. Being forced to liquidate a former dealer's or distributor's inventory of the Company's products could add downward pressure on such products' prices. Further, the unplanned loss of any of the Company's independent dealers or distributors may create negative impressions of the Company with its retail customers and have a material adverse impact on the Company's ability to collect wholesale receivables that are associated with that dealer or distributor. Also, if the Company's dealer and distributor base were to consolidate, competition for the business of fewer dealers and distributors would intensify. If the Company does not provide product offerings and pricing that meet the needs of its dealers and distributors, or if the Company loses a substantial amount of, or is not able to expand in certain key regions as North America, its dealer and distributor base, its business, results of operations or financial condition could be materially adversely affected.

The Company sells a majority of its products through dealer and distributor agreements. In general, distributors are contractually obligated to offer the Company's products on an exclusive basis. On the other hand, many of the dealers through which the Company sells its products also carry competing product offerings and most dealers who sell the Company's products exclusively are not contractually obligated to continue to do so and may choose to sell competing products at any time, which may lower the Company's sales. The Company also relies on its dealers and distributors to service and repair its products. There can be no assurance that its dealers and distributors will provide high quality repair services to the Company's customers. If dealers or distributors fail to provide quality service during either trial, delivery or after-sales service to the Company's customers, the Company's brand identity and reputation may be damaged, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company depends upon the successful management of the inventory levels, both at the Company's and the dealers' and distributors' levels, and any failure to successfully manage inventory levels could have a material adverse effect on the Company's business, results of operations or financial condition

The Company must maintain sufficient inventory levels to operate its business successfully. However, the Company must also guard against accumulating excess inventory as it seeks to minimize lost sales. The nature of the Company's product lines requires the Company to purchase supplies and manufacture products well in advance of the time these products are offered for sale. As a result, the Company may experience difficulty in responding to a changing retail environment, such as the one currently caused by the ongoing COVID-19 health crisis, which may lead to excess inventory or to inventory shortages if supply does not meet demand.

Sales for certain product lines are managed through longer term purchase commitments, and the Company plans annual production levels and long-term product development and introduction based on anticipated demand, as determined by the Company in reliance on its own market assessment and regular communication with its dealers, distributors and other customers. If the Company does not accurately anticipate the future demand for a particular product or the time it will take to adjust inventory, its inventory levels will not be appropriate and its results of operations may be negatively impacted, including through lower gross profit margins due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels. On the other hand, the sales of certain other product lines are managed through shorter-term purchase commitments, and the Company has introduced a flexible order management system for some of its products. Any failure by the Company to maintain adequate inventory levels for such products could result in undesirable delivery delays for its customers or result in the loss of certain sales, which could, in turn, have a material adverse effect on the Company's business, results of operations or financial condition.

Additionally, the Company's dealers and distributors could decide to reduce the number of units of the Company's products they hold. Such a decision would likely require the Company to reduce its production levels, thus resulting in lower rates of absorption of fixed costs in the Company's manufacturing facilities and lower gross profit margins. If the Company's dealers and distributors then placed additional orders for the Company's products, this could impair the Company's ability to respond rapidly to these demands and adequately manage its inventory levels, which could materially adversely affect its business, results of operations or financial condition.

The Company may be unable to protect its intellectual property or it may incur substantial costs as a result of litigation or other proceedings relating to protection of its intellectual property

The Company's success depends in part on its ability to protect its patents, trademarks, copyrights and trade secrets from unauthorized use by others. If substantial unauthorized use of the Company's intellectual property rights occurs, the Company may incur significant costs in enforcing such rights by prosecuting actions for infringement of its rights, particularly taking into account that policing unauthorized use of the Company's intellectual property may be particularly difficult outside North America and Europe. Such unauthorized use could also result in the diversion of engineering and management resources to these matters at the expense of other tasks related to the business. Others may also initiate litigation to challenge the validity of the Company's patents, trademarks, copyrights and trade secrets, or allege that the Company infringes their patents, trademarks, copyrights or trade secrets. If the Company's competitors initiate litigation to challenge the validity of the Company's patents, trademarks, copyrights and trade secrets, or allege that the Company infringes theirs, the Company may incur substantial costs to defend its rights. If the outcome of any such litigation is unfavourable to the Company, its business, results of operations or financial condition could be materially adversely affected. The Company also cannot be sure that the patents it has obtained, or other protections such as confidentiality and trade secrets, will be adequate to prevent imitation of its products and technology by others. If the Company is unable to protect its technology through the enforcement of intellectual property rights, its ability to compete based on technological advantages may be harmed. If the Company fails to prevent substantial unauthorized use of

its trade secrets, it risks the loss of certain competitive advantages, which could have a material adverse effect on its business, results of operations or financial condition.

Some of the Company's direct competitors and indirect competitors may have significantly more resources to direct toward developing and patenting new technologies. It is possible that the Company's competitors will develop and patent equivalent or superior engine technologies and other products that compete with the Company's products. They may assert these patents against the Company and the Company may be required to license these patents on unfavourable terms or cease using the technology covered by these patents, either of which could harm the Company's competitive position and may materially adversely affect its business, results of operation or financial condition.

Additionally, the Company is currently a defendant in a patent proceedings relating to its snowmobiles and PWCs, and similar actions could be introduced by others. If the Company is unsuccessful in its defense of any of these actions, there could be material adverse consequences including payment of monetary damages, licensing of patents on unfavourable terms, limitations on its ability to use certain technology and removal of desirable features from the Company's products. Even if the Company is able to defeat such claims, the allegation that it is infringing on others' intellectual property rights could harm its reputation and cause it to incur significant costs in connection with its defense of these actions. Also, from time to time, third parties have challenged, and may in the future try to challenge, the Company's trademark rights and branding practices. The Company may be required to institute or defend litigation to enforce its trademark rights, which, regardless of the outcome, could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, results of operations or financial condition. If the Company loses the use of a product name, its efforts spent building that brand will be lost and it will have to rebuild a brand for that product, which it may or may not be able to do.

The Company may not be able to successfully execute its manufacturing strategy

One of the priorities of the strategic plan established by management consists of sustained efforts in the areas of cost reduction and operational efficiencies. This priority aims in part at leveraging the strength of the Company's established manufacturing centers. In addition, in order to help the Company respond to ongoing changes in the market place and reduce inventory across the supply chain, the Company's cost reduction and operational efficiencies efforts also focus on further implementing model mix production on its assembly lines, which allows the Company to produce a greater range of models on a weekly and daily basis, without expensive set-up costs or production downtime. The Company believes that flexible manufacturing is the key element to enable improvements in the Company's ability to respond to customers in a cost-effective manner. The success of the Company in implementing this priority of its strategic plan is dependent on the involvement of management, production employees and suppliers. Any failure to achieve this cost reduction and operational efficiencies priority (including the anticipated levels of productivity and operational efficiencies) in the Company's manufacturing facilities, could materially adversely impact the Company's business, results of operations or financial condition and its ability to deliver the right product at the right time to the customer.

Increased freight and shipping costs or disruptions in transportation and shipping infrastructure could adversely impact the Company's business, results of operations or financial condition

The Company uses external freight shipping and transportation services to transport and deliver products and raw materials. Adverse fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for our products and raw materials could adversely affect our business and results of operations. For example, delivery delays or increases in transportation costs (including through increased fuel costs, increased carrier rates or driver wages as a result of driver shortages, a decrease in transportation capacity for overseas shipments, or work stoppages or slowdowns) could significantly decrease our ability to make sales and earn profits. Labour shortages or work stoppages in the transportation industry or long-term disruptions to the national and international transportation infrastructure that lead to delays or interruptions of deliveries or which would necessitate our securing alternative shipping suppliers could also increase our costs or otherwise negatively affect our business, results of operations or financial condition. In recent months, the Company has experienced an increase in our freight costs and expects such increased freight costs may continue, which could have an impact on our results of operations. Disruptions in the movement of freight caused by the global COVID-19 outbreak are also expected to impact our freight costs and ultimately our revenues.

Covenants contained in agreements to which the Company is a party affect and, in some cases, significantly limit or prohibit the manner in which the Company operates its business

Some of the financing and other major agreements to which the Company is a party, including the Term Facility and the Revolving Credit Facilities, contain certain covenants that affect and, in some cases, significantly limit, among other things, the activities in which the Company may engage, the ability of the Company to incur debt, grant liens over its assets, engage in lines of business different from its own, consummate asset sales, pay dividends or make other distributions, redeem or otherwise retire capital stock or make other restricted payments, make loans, advances and other investments, and merge consolidate or amalgamate with another person. Under the Revolving Credit Facilities, the Company is bound by a fixed charge coverage ratio applicable if excess availability under our Revolving Credit Facilities is less than $100.0 million for seven consecutive business days.

A failure by the Company to comply with such contractual obligations or to pay amounts due under financing and other major agreements could result in an acceleration of the debt incurred under such agreements, a termination of the commitments made thereunder, as well as an exercise of remedies provided therein by the creditors of the Company (including foreclosure over substantially all of the assets of the Company). In such a situation, the Company may not be able to repay the accelerated indebtedness, fulfill its obligations under certain contracts or otherwise cover its fixed costs, which could result in a material adverse effect on the Company's business, results of operations or financial condition.

Tax matters and changes in tax laws could materially adversely affect the Company's business, results of operations or financial condition

The Company, as a multinational company conducting operations through subsidiaries in multiple jurisdictions, is subject to income taxes in Canada, the United States and numerous other foreign jurisdictions. The Company's effective income tax rate in the future could be adversely affected as a result of a number of factors, including changes in the mix of earnings in countries with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the outcome of income tax audits in various jurisdictions around the world. The Company regularly assesses all of these matters to determine the adequacy of its tax liabilities. If any of the Company's assessments turn out to be incorrect, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company's Canadian and foreign entities undertake certain operations with other currently existing or new subsidiaries in different jurisdictions, including Canada, the United States, Mexico, Finland, Austria and Switzerland. The tax laws of these jurisdictions, including Canada, have detailed transfer pricing rules that require that all transactions with non-resident related parties be priced using arm's length pricing principles. Although the Company believes that its transfer pricing policies have been reasonably determined in accordance with arm's length principles, the taxation authorities in the jurisdictions where the Company carries on business could challenge its arm's length related party transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities were to successfully challenge the Company's transfer pricing policies, its income tax expense may be adversely affected and the Company could also be subjected to interest and penalties. Any such increase in the Company's income tax expense and related interest and penalties could have a material adverse effect on its business, results of operations or financial condition.

The Company's Canadian and foreign entities are entitled to claim certain expenses and tax credits, including research and development expenses and Scientific Research and Experimental Development tax credits. Although the Company believes that the claims or deductions have been reasonably determined, there can be no assurance that the Canadian or the relevant foreign taxation authorities will agree. If a taxation authority were to successfully challenge the correctness of such expenses or tax credits claimed, or if a taxation authority were to reduce any tax credit either by reducing the rate of the grant or the eligibility of some research and development expenses in the future, the Company's business, results of operations or financial condition could be materially adversely affected.

An impairment in the carrying value of goodwill and intangibles could negatively impact the Company's consolidated results of operations and net worth

Goodwill and intangible assets, such as the Company's trademarks, are recorded at fair value at the time of acquisition and are not amortized but are reviewed for impairment annually or more frequently if impairment indicators arise. The determination of whether goodwill impairment has occurred is based on a comparison of each of the Company's reporting units' fair market value with its carrying value. Significant and unanticipated changes in circumstances, such as significant and long-term adverse changes in business climate, unanticipated competition, and/or changes in technology or markets, could require a provision for impairment in a future period that could negatively impact the Company's business, results of operations or financial condition, and reduce the Company's consolidated net worth and shareholders' equity.

Deterioration in relationships with the Company's non-unionized and unionized employees could have a material adverse effect on the business, results of operations or financial condition

A majority of the Company's employees are non-unionized, including in all facilities in Canada and the United States. The maintenance of a productive and efficient labour environment and, in the event of unionization of these employees, the successful negotiation of a collective bargaining agreement, cannot be assured. A deterioration in relationships with employees or in the labour environment could result in work interruptions or other disruptions, or cause management to divert time and resources from other aspects of the Company's business, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is party to some national collective arrangements in Austria, Finland and Mexico that expire at various times in the future. As the Company is dependent on national unions to renew these agreements on terms that are satisfactory as they become subject to renegotiation from time to time, the outcome of these labour negotiations could have a material adverse effect on the Company's business, results of operations or financial condition. Such could be the case if current or future labour negotiations or contracts were to further restrict its ability to maximize the efficiency of its operations. In addition, its ability to make short-term adjustments to control compensation and benefit costs is limited by the terms of its national collective arrangements.

The Company cannot predict the outcome of any current or future negotiations relating to labour disputes, union representation or the renewal of its national collective arrangements, nor can the Company assure that it will not experience work stoppages, strikes, property damage or other forms of labour protests pending the outcome of any current or future negotiations. If its unionized workers engage in a strike or any other form of work stoppage, it could experience a significant disruption to its operations, damage to its property and/or interruption to its services, which could have a material adverse effect on the Company's business, results of operations or financial condition.

Pension plan liability may have a material adverse effect on the Company

Economic cycles can have a negative impact on the funding of the Company's remaining defined benefit pension obligations and related expenditures. In particular, a portion of the Company's pension plan assets are invested in equity securities, which can experience significant declines if financial markets weaken. The Company's latest actuarial funding valuation reports show that the defined benefit components of the Company's registered pension plans present a combined deficit and, as a result of such deficit combined with the application of the stabilization provisions of the law, the Company is required to make additional contributions to fund that deficit. There is no guarantee that the expenditures and contributions required to fund these defined benefit pension obligations will not increase in the future and therefore negatively impact the Company's operating results, liquidity and financial position. Risks related to the funding of defined benefit pension plans may materialize if total obligations with respect to such a pension plan exceed the total value of the plan fund's assets. Shortfalls may arise due to lower-than-expected returns on investments, changes in the discount rate used to assess the pension plan's obligations, and actuarial losses. Any of these risks could result in a material adverse effect on the Company's business, results of operations or financial condition.

Natural disasters, unusually adverse weather, epidemic or pandemic outbreaks, boycotts and geo-political events could materially adversely affect the Company's business, results of operations or financial condition

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, epidemic or pandemic outbreaks, such as the ongoing COVID-19 outbreak, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could materially adversely affect the Company's business, results of operations or financial condition. These events could result in physical damage to one or more of the Company's properties, increases in fuel or other energy prices, temporary or permanent closure of one or more of the Company's facilities, temporary lack of an adequate workforce in a market, temporary or long-term disruption in the supply of raw materials, product parts and components, temporary disruption in transport to and from overseas, disruption in the Company's distribution network and disruption to the Company's information systems. It is unknown whether and how the Company may be affected if the COVID-19 health crisis persists for an extended period of time. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results and financial condition.

Failure to carry adequate insurance coverage may have a material adverse effect on the Company

The Company maintains liability insurance, property and business interruption insurance, cargo insurance, workers' compensation coverage in the United States to the required statutory limits, automotive liability insurance, aviation insurance and directors and officers insurance, and its insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions. However, there is no guarantee that the Company's insurance coverage will be sufficient, or that insurance proceeds will be paid to it in a timely manner. In addition, there are types of losses the Company may incur but against which it cannot be insured or which it believes are not economically reasonable to insure, such as losses due to acts of war and certain natural disasters. If the Company incurs these losses and they are material, the Company's business, results of operations or financial condition could be materially adversely affected.

Volatility in the market price of the subordinate voting shares

The market price of the subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. Such factors include the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of the Company's future results of operations by the Company;
- changes in forecasts, estimates or recommendations of securities research analysts regarding the Company's future results of operations or financial performance;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- changes in overall economic conditions, primarily in North America and Europe, including changes that impact consumer spending and discretionary spending;
- additions or departures of the Company's senior management team or other key employees;
- sales or perceived sales of additional subordinate voting shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have in the past experienced, and are currently experiencing, significant price and volume fluctuations that particularly affect market prices of equity securities of companies. Such fluctuations have also, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the subordinate voting shares may decline even if the Company's operating results, financial condition or prospects have not changed. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the subordinate voting shares by those institutions, which could materially adversely affect the trading price of the subordinate voting shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's business, results of operations or financial condition could be materially adversely impacted and the trading price of the subordinate voting shares could be materially adversely affected. Recently the spread of the COVID-19 caused a slowdown in the global economy, has caused volatility in global financial markets and may adversely affect the market price of the subordinate voting shares.

BRP Inc. is a holding company and its financial performance and results are dependent on the earnings of its subsidiaries and the distribution of those earnings to BRP Inc.

BRP Inc. is a holding company and a substantial portion of its assets consists in the shares of its direct and indirect subsidiaries. As a result, BRP Inc. is subject to the risks attributable to its subsidiaries. As a holding company, BRP Inc. conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, BRP Inc.'s cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to BRP Inc. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations that require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to BRP Inc. As at January 31, 2020, the shares were effectively junior to approximately $4,498.6 million of indebtedness of BRP Inc.'s subsidiaries.

Beaudier Group and Bain Capital have significant influence with respect to matters put before the shareholders, which may have a negative impact on the trading price of the subordinate voting shares

As at April 8, 2020, Beaudier Group and Bain Capital owned 23,282,228 and 17,796,615 multiple voting shares, respectively, which represented approximately 44.10% and 33.71%, respectively, of the combined voting power of the Company's outstanding Shares. Accordingly, Beaudier Group and Bain Capital have significant influence with respect to all matters submitted to the Company's shareholders for approval, including without limitation the election and removal of directors, amendments to the articles of incorporation and by-laws of the Company and the approval of certain business combinations. Holders of subordinate voting shares have a limited role in the Company's affairs. This concentration of voting power may impact the market price of the subordinate voting shares, delay or prevent any acquisition or delay or discourage take-over attempts that shareholders may consider to be favourable, or make it more difficult or impossible for a third party to acquire control of the Company or effect a change in the Company's Board of Directors and management. Any delay or prevention of a change of control transaction could deter potential acquirors or prevent the completion of a transaction in which the Company's shareholders could receive a substantial premium over the then current market price for their subordinate voting shares.

In addition, Beaudier Group's and Bain Capital's interests may not in all cases be aligned with interests of the other shareholders of the Company. Beaudier Group and Bain Capital may have an interest in pursuing acquisitions, divestitures and other transactions that, in the judgment of their management, could enhance their equity investment, even though such transactions might involve risks to the shareholders of the Company and may ultimately affect the market price of the subordinate voting shares.

Future sales of subordinate voting shares by Beaudier Group, Bain Capital or the Company's directors and officers

As at April 8, 2020, Beaudier Group owned 23,282,228 multiple voting shares, which in the aggregate represented approximately 50.73% of the issued and outstanding multiple voting shares of the Company, and Bain Capital owned 17,796,615 multiple voting shares, which in the aggregate represented approximately 38.78% of the issued and outstanding multiple voting shares of the Company. Each outstanding multiple voting share may at any time, at the option of the holder, be converted into one subordinate voting share.

Subject to compliance with applicable securities laws, Beaudier Group, Bain Capital or the Company's directors and officers may sell some or all of their subordinate voting shares in the future. No prediction can be made as to the effect, if any, such future sales of subordinate voting shares will have on the market price of the subordinate voting shares prevailing from time to time. However, the future sale of a substantial number of subordinate voting shares by Beaudier Group, Bain Capital or the Company's directors and officers or the perception that such sales could occur, could materially adversely affect prevailing market prices for the subordinate voting shares.

Pursuant to the Registration Rights Agreement, each of Beaudier Group and Bain Capital is granted certain registration rights.

Disclosure of Outstanding Shares

As at April 8, 2020, the Company had the following issued and outstanding shares and stock options:

- 45,891,671 multiple voting shares with no par value.
- 41,407,024 subordinate voting shares with no par value.
- 3,735,979 stock options to acquire subordinate voting shares.

Additional Information

Additional information relating to BRP Inc. is available on SEDAR at www.sedar.com.

Exhibit 99.4

FIRST AMENDMENT TO
FOURTH AMENDED AND RESTATED TERM LOAN CREDIT AGREEMENT

FIRST AMENDMENT TO FOURTH AMENDED AND RESTATED TERM LOAN CREDIT AGREEMENT (this " First Amendment"), dated as of July 23, 2019, among BRP INC., a Delaware corporation ("Holdings"), BOMBARDIER RECREATIONAL PRODUCTS INC., a Delaware corporation (the "Borrower"), each Guarantor party hereto, BANK OF MONTREAL ("Bank of Montreal"), as administrative agent (in such capacity, including any permitted successor and assigns, the "Administrative Agent"), and the 2019 Incremental Lender (as defined below). All capitalized terms used herein (including in this preamble) and not otherwise defined herein shall have the respective meanings provided such terms in the Term Credit Agreement referred to below.

PRELIMINARY STATEMENTS

WHEREAS, the Borrower has entered into that certain Fourth Amended and Restated Term Loan Credit Agreement, dated as of May 23, 2018, among Holdings, the Borrower, the Lenders party thereto from time to time, Bank of Montreal, as the Administrative Agent (as amended, restated, amended and restated, supplemented and/or otherwise modified from time to time to, but not including, the date hereof, the "Term Credit Agreement");

WHEREAS, pursuant to Section 2.14 of the Term Credit Agreement, the Borrower has delivered an Incremental Loan Request to the Administrative Agent requesting that Royal Bank of Canada (the "2019 Incremental Lender") make Incremental Loans to the Borrower on the First Incremental Facility Closing Date (as defined below) in an aggregate principal amount of $335,000,000 (the "2019 Incremental Loans" and the Incremental Commitments under this First Amendment of the 2019 Incremental Lender with respect to the 2019 Incremental Loans, the "2019 Incremental Commitments"), which will be used by the Borrower (i) to fund a Restricted Payment, (ii) to pay the fees and expenses related to this First Amendment and the incurrence of the 2019 Incremental Loans and (iii) for other general corporate purposes, including working capital needs, the making of Investments and/or the repayment of Indebtedness;

WHEREAS, as contemplated by Section 2.14 of the Term Credit Agreement, (x) the parties hereto have agreed, subject to the satisfaction of the conditions precedent to effectiveness set forth in Section 6 hereof, to amend certain terms of the Term Credit Agreement as hereinafter provided to give effect to the incurrence of the 2019 Incremental Loans and (y) this First Amendment shall constitute an Incremental Amendment;

WHEREAS, the 2019 Incremental Lender is prepared to provide the 2019 Incremental Loans in an amount equal to its 2019 Incremental Commitment set forth on Schedule 1 hereto subject to the terms and conditions set forth herein;

WHEREAS, the Borrower hereby appoints RBC Capital Markets, LLC and BMO Capital Markets Corp. to act as joint lead arrangers and joint bookrunenrs (with RBC Capital Markets, LLC to have "left" placement in any and all marketing materials and have the leading roles and responsibilities conventionally associated with such "left" placement), in connection with this First Amendment and the transactions contemplated hereby; and

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is acknowledged by each party hereto, it is agreed that:

SECTION 1. RULES OF CONSTRUCTION. The rules of construction specified in Section 1.02 of the Term Credit Agreement shall apply to this First Amendment, including the terms defined in the preamble and recitals hereto.

SECTION 2. 2019 INCREMENTAL LOANS.

Pursuant to Section 2.14 of the Term Credit Agreement, and subject solely to the satisfaction of the conditions precedent set forth in such Section 2.14 and Section 6 hereof and in reliance on the representations and warranties set forth herein, on and as of the First Incremental Facility Closing Date:

(a) The 2019 Incremental Lender hereby agrees to provide to the Borrower its 2019 Incremental Commitment set forth opposite its name under the heading "2019 Incremental Commitment" on Schedule 1 to this First Amendment. The full amount of the 2019 Incremental Loans shall be drawn by the Borrower in a single drawing on the First Incremental Facility Closing Date and amounts paid or prepaid in respect of the 2019 Incremental Loans may not be reborrowed.

(b) The 2019 Incremental Lender, the Administrative Agent and the Loan Parties party hereto agree that this First Amendment shall constitute an Incremental Amendment pursuant to and in accordance with Section 2.14(f) of the Term Credit Agreement.

(c) Immediately upon the incurrence of the 2019 Incremental Loans on the First Incremental Facility Closing Date, (i) the 2019 Incremental Loans shall constitute a separate Class of Loans from each other then outstanding Class of Loans and (ii) the 2019 Incremental Loans shall be secured by identical collateral and guarantied on identical terms as the other Classes of Loans outstanding on the First Incremental Facility Closing Date.

(d) The 2019 Incremental Commitment of the 2019 Incremental Lender shall automatically terminate upon the funding of the 2019 Incremental Loans on the First Incremental Facility Closing Date.

(e) The proceeds of the 2019 Incremental Loans shall be used by the Borrower (i) to fund a Restricted Payment, (ii) to pay the fees and expenses related to this First Amendment and the incurrence of the 2019 Incremental Loans and (iii) for other general corporate purposes, including working capital needs, the making of Investments and/or the repayment of Indebtedness .

(f) The Borrower hereby designates that the full principal amount of 2019 Incremental Loans is being incurred in reliance on clause (d)(iii)(A) of Section 2.14 of the Term Credit Agreement.

SECTION 3. AMENDMENTS TO CREDIT AGREEMENT. Subject to the satisfaction (or waiver in writing by the 2019 Incremental Lender and the Administrative Agent) of the conditions set forth in Section 6 hereof, in accordance with Sections 2.14(e) and (f) of the Term Credit Agreement, the Term Credit Agreement is hereby amended as follows:

(a) Section 1.01 of the Term Credit Agreement is hereby amended by adding in the appropriate alphabetical order the following new definitions:

"**2019 Incremental Commitment**" has the meaning specified in the First Amendment.

"**2019 Incremental Lender**" has the meaning specified in the First Amendment.

"**2019 Incremental Loans**" has the meaning specified in the First Amendment.

"**First Amendment**" means that certain First Amendment to Fourth Amended and Restated Term Loan Credit Agreement, dated as of July 23, 2019, among Holdings, the Borrower, the Guarantors party thereto, the Administrative Agent and the 2019 Incremental Lender party thereto.

"**First Incremental Facility Closing Date**" has the meaning specified in the First Amendment.

(b) The definition of "**Applicable Rate**" in Section 1.01 of the Term Credit Agreement is hereby amended by amending and restating said definition in its entirety as follows:

""**Applicable Rate**" means a percentage per annum equal to, (i) with respect to the Term B Loans, (A) for Eurocurrency Rate Loans, 2.00% and (B) for Base Rate Loans, 1.00% and (ii) with respect to 2019 Incremental Loans, (A) for Eurocurrency Rate Loans, 2.50% and (B) for Base Rate Loans, 1.50%:

Notwithstanding the foregoing, (v) the Applicable Rate in respect of any Extended Term Loans shall be the applicable percentages per annum set forth in the relevant Extension Amendment, (w) the Applicable Rate in respect of any Class of Incremental Commitments and any Class of Incremental Loans shall be the applicable percentages per annum set forth in the relevant Incremental Amendment, (x) the Applicable Rate in respect of any Class of Replacement Term Loans shall be the applicable percentages per annum set forth in the relevant agreement and (y) in the case of the Term Loans and any Class of Incremental Loans, the Applicable Rate shall be increased as, and to the extent, necessary to comply with the provisions of Section 2.14."

(c) The definition of "**Maturity Date**" in Section 1.01 of the Term Credit Agreement is hereby amended by amending and restating said definition in its entirety as follows:

""**Maturity Date**" means (i) with respect to the Term B Loans and the 2019 Incremental Loans, the seventh anniversary of the Closing Date, (ii) with respect to any Class of Extended Loans, the final maturity date as specified in the applicable Extension Request accepted by the respective Lender or Lenders, (iii) with respect to any Refinancing Loans, the final maturity date as specified in the applicable Refinancing Amendment, (iv) with respect to any Incremental Loans, the final maturity date as specified in the applicable Incremental Amendment and (v) with respect to any Replacement Term Loans, the final maturity date as specified in the applicable agreement; *provided* that, in each case, if such day is not a Business Day, the Maturity Date shall be the Business Day immediately succeeding such day."

(d) The definition of "**Repricing Transaction**" in Section 1.01 of the Term Credit Agreement is hereby amended by amending and restating said definition in its entirety as follows:

""**Repricing Transaction**" means (a) any prepayment or repayment of 2019 Incremental Loans with the proceeds of, or any conversion of, 2019 Incremental Loans into, any new or replacement tranche of term loans the primary purpose of which is to reduce the All-In Yield applicable to such 2019 Incremental Loans or (b) any amendment, amendment and restatement or other modification to this Agreement, the primary purpose of which is to reduce the All-In Yield applicable to 2019 Incremental Loans; *provided* that any refinancing or repricing of 2019 Incremental Loans shall not constitute a Repricing Transaction if such refinancing or repricing is in connection with (i) any Transformative Acquisition or (ii) a transaction that would result in a Change of Control."

(e) The definition of "**Term Loans**" in Section 1.01 of the Term Credit Agreement is hereby amended by amending and restating said definition in its entirety as follows:

"**Term Loans**" means any Term B Loan, Incremental Loan (including, for the avoidance of doubt, 2019 Incremental Loans), Refinancing Loan or Extended Term Loan, as the context may require.

(f) Section 2.01(a)(i) of the Term Credit Agreement is hereby amended and restated in its entirety as follows:

"(i) (x) On the Closing Date, pursuant to the Restatement Agreement (whether by way of exchange of existing extensions of credit under the Existing Credit Agreement or by way of new extensions of credit) each Term Lender severally agrees to make Term B Loans available to the Borrower on the Closing Date in accordance with the Commitment of such Term Lender and (y) upon the terms and subject to the conditions set forth in the First Amendment, each 2019 Incremental Lender severally agrees to make 2019 Incremental Loans in Dollars to the Borrower on the First Incremental Facility Closing Date in an aggregate amount not to exceed the amount of such 2019 Incremental Lender's 2019 Incremental Commitment. No costs shall be payable under Section 3.05 in connection with the transactions consummated under this Section 2.01.

(g) Section 2.02(a) of the Term Credit Agreement is hereby amended and restated in its entirety as follows:

"Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans shall be made upon the Borrower's irrevocable notice, on behalf of the Borrower, to the Administrative Agent (*provided* that the notices in respect of the initial Credit Extension may be conditioned on the closing of the Restatement), which may be given by telephone. Each such notice must be received by the Administrative Agent not later than (1) 2:00 p.m. three (3) Business Days (or, in the case of the 2019 Incremental Loans funded on the First Incremental Facility Closing Date, not later than 12:00 p.m. one (1) Business Day) prior to the requested date of any Borrowing or continuation of Eurocurrency Rate Loans or any conversion of Base Rate Loans to Eurocurrency Rate Loans, and (2) 12:00 noon on the requested date of any Borrowing of Base Rate Loans or any conversion of Eurocurrency Rate Loans to Base Rate Loans; *provided* that the notice referred to in subclause (1) above may be delivered one (1) Business Day prior to the Closing Date in the case of the initial Credit Extension. Each telephonic notice by the Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a Committed Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Except as provided in Section 2.14, each Borrowing of, conversion to or continuation of Eurocurrency Rate Loans shall be in a minimum principal amount of $500,000, or a whole multiple of $50,000 in excess thereof. Except as provided in Section 2.14, each Borrowing of or conversion to Base Rate Loans shall be in a minimum principal amount of $100,000 or a whole multiple of $50,000 in excess thereof. Each Committed Loan Notice shall specify (i) whether the requesting Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other or a continuation of Eurocurrency Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the Dollar Amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, (v) if applicable, the duration of the Interest Period with respect thereto and (vi) wire instructions of the account(s) to which funds are to be disbursed (it being understood, for the avoidance of doubt, that the amount to be disbursed to any particular account may be less than the minimum or multiple limitations set forth above so long as the aggregate amount to be disbursed to all such accounts pursuant to such Borrowing meets such minimums and multiples). If the Borrower fails to specify a Type of Loan in a Committed Loan Notice or fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to Base Rate Loans. Any such automatic conversion to Base

Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one (1) month."

(h) Section 2.05(a)(iv) of the Term Credit Agreement is hereby amended and restated in its entirety as follows:

"(iv) Voluntary prepayments of any Class of Term Loans permitted pursuant to Section 2.05(a)(i) shall be applied to the applicable Class and the remaining scheduled installments of principal thereof pursuant to Section 2.07 in a manner determined at the discretion of the Borrower and specified in the notice of prepayment (and absent such direction, pro rata to the Classes outstanding and to the scheduled installments in direct order of maturity) (it being understood, for the avoidance of doubt, that the borrower may voluntarily prepay the Term B Loans and the 2019 Incremental Loans on a non-pro rata basis in its discretion)."

(i) Section 2.05(a)(vi) of the Term Credit Agreement is hereby amended and restated in its entirety as follows:

"(vi) Notwithstanding the foregoing, in the event that, on or prior to the date that is six (6) months after the First Incremental Facility Closing Date, the Borrower (x) prepays, refinances, substitutes or replaces any 2019 Incremental Loans pursuant to a Repricing Transaction (including, for the avoidance of doubt, any prepayment made pursuant to Section 2.05(a) or 2.05(b)(iii) that constitutes a Repricing Transaction), or (y) effects any amendment of this Agreement resulting in a Repricing Transaction, the Borrower shall pay to the Administrative Agent, for the ratable account of each of the applicable Term Lenders (subject to the proviso below), (I) in the case of clause (x), a prepayment premium of 1.00% of the aggregate principal amount of the 2019 Incremental Loans so prepaid, refinanced, substituted or replaced and (II) in the case of clause (y), a fee equal to 1.00% of the aggregate principal amount of the applicable 2019 Incremental Loans outstanding immediately prior to such amendment. Such amounts shall be due and payable on the date of effectiveness of such Repricing Transaction; *provided*, *however*, that for the avoidance of doubt, in the case of the exercise by the Borrower of its rights under Section 3.07 in connection with a Repricing Transaction effected through an amendment, the prepayment premium described in the immediately preceding clause (I) shall be payable to any Lender replaced pursuant to Section 3.07 (and not any Person who replaces such Lender) in respect of the 2019 Incremental Loans assigned pursuant to Section 3.07 immediately prior to such Repricing Transaction."

(j) Section 2.06 of the Term Credit Agreement is hereby amended by inserting the following new subsection (d) at the end thereof:

"(d) *2019 Incremental Commitments.* The 2019 Incremental Commitments of each 2019 Incremental Lender shall be automatically and permanently reduced to $0 upon the funding of the 2019 Incremental Loans to be made by it on the First Incremental Facility Closing Date."

(k) Section 2.07 of the Term Credit Agreement is hereby amended and restated in its entirety as follows:

"(a) The Borrower shall repay to the Administrative Agent for the ratable account of the Appropriate Lenders (A) on the last Business Day of each April, July, October and January, commencing with October 31, 2018, an aggregate principal amount equal to 0.25% of the aggregate principal amount of all Term B Loans as of the Closing Date (which payments shall be reduced as a

result of the application of prepayments in accordance with the order of priority set forth in Sections 2.05 and 10.07), (B) on the last Business Day of each April, July, October and January, commencing with October 31, 2019, an aggregate principal amount equal to 0.25% of the aggregate principal amount of all 2019 Incremental Loans as of the First Incremental Facility Closing Date (which payments shall be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Sections 2.05 and 10.07) and (C) on the Maturity Date for any Class of Term Loans, the aggregate principal amount of all Term Loans of such Class outstanding on such date.

(b) Other than with respect to any 2019 Incremental Loans, the amount of any such payment set forth in clause (a) above shall be adjusted to account for the addition of any Incremental Loans, Extended Term Loans or Refinancing Loans to contemplate (A) the reduction in the aggregate principal amount of any Term Loans that were paid down in connection with the incurrence of such Incremental Loans, Extended Term Loans or Refinancing Loans, and (B) any increase to payments to the extent and as required pursuant to the terms of any applicable Incremental Amendment, Extension Amendment or Refinancing Amendment."

(l) Section 2.14(e)(iii) of the Term Credit Agreement is hereby amended and restated in its entirety as follows:

"(iii) the All-In Yield applicable to the Incremental Loans of each Class shall be determined by the Borrower and the applicable Incremental Lenders and/or arranger(s) and shall be set forth in each applicable Incremental Amendment; *provided*, *however*, that with respect to any Incremental Loans (*provided* that the Borrower may, at its election, exclude up to $75,000,000 in aggregate principal amount of Incremental Loans from the application of the following provisions of this clause (e)(iii)) incurred on or prior to the 12-month anniversary of the First Incremental Facility Closing Date that are denominated in Dollars, that are *pari passu* in right of payment and security with the 2019 Incremental Loans, and that have a Maturity Date prior to the date that is 24 months after the Maturity Date of the 2019 Incremental Loans, the All-In Yield applicable to such Incremental Loans shall not be greater than the applicable All-In Yield payable pursuant to the terms of this Agreement as amended through the date of such calculation with respect to the 2019 Incremental Loans plus 50 basis points per annum unless the All-In Yield (together with, as provided in the proviso below, the Eurocurrency Rate or Base Rate floor) with respect to the 2019 Incremental Loans is increased so as to cause the then applicable All-In Yield under this Agreement on the 2019 Incremental Loans to equal the All-In Yield then applicable to the Incremental Loans minus 50 basis points; *provided*, *further*, that any increase in All-In Yield to the 2019 Incremental Loans due to the application or imposition of a Eurocurrency Rate or Base Rate floor on any Incremental Loan shall be effected solely through an increase in (or implementation of, as applicable) any Eurocurrency Rate or Base Rate floor applicable to such 2019 Incremental Loans."

(m) Section 6.16 of the Term Credit Agreement is hereby amended by inserting the following new sentence at the end thereof:

"Use the proceeds of any 2019 Incremental Loans incurred on the First Incremental Facility Closing Date (i) to fund a Restricted Payment, (ii) to pay the fees and expenses related to the First Amendment and the incurrence of the 2019 Incremental Loans and (iii) other general corporate purposes, including working capital needs, the making of Investments and/or the repayment of Indebtedness."

SECTION 4. REFERENCE TO AND EFFECT ON THE TERM CREDIT AGREEMENT. On and after the First Incremental Facility Closing Date, (i) each reference in the Term

Credit Agreement to “this Agreement,” “hereunder,” “hereof” or text of like import referring to the Term Credit Agreement shall mean and be a reference to the Term Credit Agreement as amended by this First Amendment, (ii) the 2019 Incremental Loans shall constitute “Loans”, “Term Loans” and “Incremental Loans”, in each case, under and as defined in the Term Credit Agreement, (iii) the 2019 Incremental Lenders shall each constitute a “Lender”, a “Term Lender” and “Incremental Lender”, (other than for purposes of Section 2.01(a)(i) of the Term Credit Agreement), in each case, under and as defined in the Term Credit Agreement, (iv) the 2019 Incremental Commitments shall constitute, “Commitments” and “Incremental Commitments”, in each case, under and as defined in the Term Credit Agreement, (v) the First Incremental Facility Closing Date shall constitute the “Incremental Facility Closing Date” under and as defined in the Term Credit Agreement with respect to the 2019 Incremental Loans and (vi) this First Amendment shall constitute an “Incremental Amendment” under and as defined in the Term Credit Agreement. On and after the effectiveness of this First Amendment, this First Amendment shall for all purposes constitute a “Loan Document” under and as defined in the Term Credit Agreement and the other Loan Documents.

SECTION 5. REPRESENTATIONS & WARRANTIES. In order to induce the 2019 Incremental Lender and the Administrative Agent to enter into this First Amendment and to induce the 2019 Incremental Lender to make the 2019 Incremental Loans hereunder, each Loan Party hereby represents and warrants to the 2019 Incremental Lender and the Administrative Agent on and as of the First Incremental Facility Closing Date, that:

(a) The execution, delivery and performance by such Loan Party of this First Amendment will not (i) contravene the terms of any of such Person’s Organization Documents, (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under (other than as permitted by Section 7.01 of the Term Credit Agreement), or require any payment to be made under (x) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (y) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject or (iii) violate any Law; except with respect to any conflict, breach or contravention or payment (but not creation of Liens) referred to in clauses (ii) and (iii), to the extent that such violation, conflict, breach, contravention or payment could not reasonably be expected to have a Material Adverse Effect.

(b) Each Loan Party party hereto has the requisite power and authority to execute, deliver and perform the terms and provisions of this First Amendment and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance by it of this First Amendment. Each Loan Party has duly executed and delivered this First Amendment, and this First Amendment, the Term Credit Agreement as amended hereby and each other Loan Document to which such Loan Party is a party constitutes its legal, valid and binding obligation enforceable in accordance with its terms, except as such enforceability may be limited by (i) Debtor Relief Laws and by general principles of equity principles of good faith and fair dealing, and (ii) the need for filings and registrations necessary to create or perfect the Liens on the Collateral granted by the Loan Parties in favor of the Secured Parties and (iii) the effect of foreign Laws, rules and regulations as they relate to pledges of Equity Interests in Foreign Subsidiaries.

(c) Each of the representations and warranties set forth in the Term Credit Agreement and in the other Loan Documents is true and correct in all material respects on and as of the First Incremental Facility Closing Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; *provided*, *however*, that, any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates.

(d) All proceeds of the 2019 Incremental Loans will be used for the purposes set forth in Section 2(e) hereof.

SECTION 6. CONDITIONS PRECEDENT. This First Amendment shall become effective as of the first date (the " First Incremental Facility Closing Date") when each of the conditions set forth in this Section 6 shall have been satisfied:

(i) The Administrative Agent shall have received a duly authorized, executed and delivered counterpart of the signature page to this First Amendment from each Loan Party named on the signature pages hereto, the Administrative Agent and the 2019 Incremental Lender.

(ii) (a) All fees and expenses (including all invoiced reasonable out-of-pocket costs, fees and expenses (including invoiced reasonable and out-of-pocket legal fees and expenses reimbursable hereunder)) shall have been paid to the extent earned, due and owing and otherwise payable or reimbursable pursuant to the terms of the Loan Documents and otherwise invoiced prior to the First Incremental Facility Closing Date and (b) fees and expenses incurred by or on behalf of the 2019 Incremental Lender in connection with the funding of the 2019 Incremental Loans in the amounts agreed between the 2019 Incremental Lender and the Borrower, shall be due and payable on the First Incremental Facility Closing Date to the extent, in the case of expenses, invoiced at least three (3) business days prior to the First Incremental Facility Closing Date (provided that legal expenses payable pursuant to this clause (ii) shall be limited to the reasonable and documented fees and expenses of White & Case LLP and Davies Ward Phillips & Vineberg LLP, in each case, as counsel to the 2019 Incremental Lender).

(iii) Both immediately before and after giving effect to this First Amendment, (a) no Default or Event of Default shall have occurred or be continuing and (b) all representations and warranties contained in this First Amendment, the Term Credit Agreement and in the other Loan Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date hereof (except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; *provided*, *however*, that, any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates).

(iv) After giving effect to the making of all Incremental Loans on such date, the Borrower's Secured Net Leverage Ratio shall not exceed 3.75:1.00 on the First Incremental Facility Closing Date determined on a Pro Forma Basis as of the last day of the Test Period most recently ended prior to the date of the incurrence of such 2019 Incremental Loans for which internal financial statements are available (as determined in good faith by the Borrower), as if all such 2019 Incremental Loans had been incurred on the last day of such Test Period.

(v) The Administrative Agent shall have received a Committed Loan Notice meeting the requirements of Section 2.02(a) of the Term Credit Agreement for the 2019 Incremental Loans.

(vi) The Administrative Agent shall have received an officer's certificate of the Borrower, dated the First Incremental Facility Closing Date, executed by a Responsible Officer of the Borrower certifying to the best of such officer's knowledge, compliance with the requirements set forth in preceding clause (v) of this Section 6 and Section 2.14(d)(iii) of the Term Credit Agreement.

(vii) On the First Incremental Facility Closing Date, the Administrative Agent shall have received a customary opinion of Ropes & Gray LLP, U.S. counsel to the Loan Parties and Stikeman Elliott, Canadian counsel to the Loan Parties, in each case, (i) in form and substance consistent with the legal opinion delivered on the Closing Date with such changes as shall be reasonably satisfactory to the Administrative Agent, (ii) addressed to the Administrative Agent and the 2019 Incremental Lender and (iii) dated the First Incremental Facility Closing Date.

(viii) The Administrative Agent shall have received a customary certificate from each Loan Party, dated the First Incremental Facility Closing Date, signed by a Responsible Officer of such Loan Party, and attested to by the secretary or any assistant secretary of such Loan Party, with appropriate insertions, together with (a) certified copies of the certificate or articles of incorporation and by-laws (or other equivalent organizational documents), as applicable, of such Loan Party, (b) customary resolutions of such Loan Party referred to in such certificate, (c) incumbency or specimen signatures which identify by name and title the Responsible Officer or authorized signatory of such Loan Party authorized to sign this First Amendment, and (d) a good standing certificate from the applicable Governmental Authority of such Loan Party's jurisdiction of incorporation, organization or formation, each dated a recent date prior to the First Incremental Facility Closing Date and certifying as to the good standing of such Loan Party (but only if the concept of good standing exists in the applicable jurisdiction); provided that in the case of preceding clause (a), such documents shall not be required to be delivered if such certificate includes a certification by such officer that the applicable organizational documents delivered to the Administrative Agent in connection with the initial funding of Term B Loans on the Closing Date (or any date thereafter) remain in full force and effect and have not been amended, modified, revoked or rescinded since the Closing Date (or such date thereafter).

(ix) The Administrative Agent shall have received a solvency certificate from the chief financial officer (or other officer with reasonably equivalent duties) of the Borrower substantially in the form of Exhibit D-2 to the Term Credit Agreement and dated the First Incremental Facility Closing Date certifying that the Borrower and its Restricted Subsidiaries are Solvent (after giving effect to the incurrence of the 2019 Incremental Loans and the application of the proceeds thereof).

SECTION 7. REAFFIRMATION.

(a) To induce the 2019 Incremental Lender and Administrative Agent to enter into this First Amendment, each of the Loan Parties hereby acknowledges and reaffirms its obligations under each Loan Document to which it is a party, including, without limitation, any grant, pledge or collateral assignment of a lien or security interest, as applicable, contained therein, in each case, as amended, restated, supplemented or otherwise modified prior to or as of the date hereof (collectively, the "Reaffirmed Documents"). The Borrower acknowledges and agrees that each of the Loan Documents to which it is a party or otherwise bound shall continue in full force and effect, that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this First Amendment.

(b) In furtherance of the foregoing Section 7(a), each Loan Party, in its capacity as a Guarantor under any Guaranty to which it is a party (in such capacity, each a "Reaffirming Loan Guarantor"), reaffirms its guarantee of the Guaranteed Obligations under the terms and conditions of such Guaranty and agrees that such Guaranty remains in full force and effect to the extent set forth in such Guaranty and after giving effect to this First Amendment. Each Reaffirming Loan Guarantor hereby confirms that it consents to the terms of this First Amendment and the Term Credit Agreement and that the principal of, the interest and premium (if any) on, and fees related to, the 2019 Incremental Loans constitute "Obligations" under the

Loan Documents. Each Reaffirming Loan Guarantor hereby (i) confirms that each Loan Document to which it is a party or is otherwise bound will continue to guarantee to the fullest extent possible in accordance with the Loan Documents, the payment and performance of the Guaranteed Obligations, including, without limitation, the payment and performance of all such applicable Guaranteed Obligations that are joint and several obligations of each Guarantor now or hereafter existing; (ii) acknowledges and agrees that its Guaranty and each of the Loan Documents to which it is a party or otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this First Amendment; and (iii) acknowledges, agrees and warrants for the benefit of the Administrative Agent, each other Agent and each Secured Party that there are no rights of set-off or counterclaim, nor any defenses of any kind, whether legal, equitable or otherwise, that would enable such Reaffirming Loan Guarantor to avoid or delay timely performance of its obligations under the Loan Documents.

(c) In furtherance of the foregoing Section 7(a), each of the Loan Parties that is party to any Collateral Document, in its capacity as a Grantor (as defined in such Collateral Document) under such Collateral Document (in such capacity, each a "Reaffirming Grantor"), hereby acknowledges that it has reviewed and consents to the terms and conditions of this First Amendment and the transactions contemplated hereby, including the extension of credit in the form of the 2019 Incremental Loans. In addition, each Reaffirming Grantor reaffirms the security interests granted by such Reaffirming Grantor under the terms and conditions of the Security Agreement and each other Loan Document (in each case, to the extent a party thereto) to secure the Obligations and agrees that such security interests remain in full force and effect. Each Loan Party hereby confirms that the security interests granted by such Reaffirming Grantor under the terms and conditions of the Loan Documents secure the 2019 Incremental Loans as part of the Obligations. Each Reaffirming Grantor hereby (i) confirms that each Collateral Document to which it is a party or is otherwise bound and all Collateral encumbered thereby will continue to secure, to the fullest extent possible in accordance with the Collateral Documents, the payment and performance of the Obligations, as the case may be, including, without limitation, the payment and performance of all such applicable Obligations that are joint and several obligations of each Guarantor and Grantor now or hereafter existing, (ii) confirms its respective grant to the Administrative Agent for the benefit of the Secured Parties of the security interest in and continuing Lien on all of such Grantor's right, title and interest in, to and under all Collateral, in each case, whether now owned or existing or hereafter acquired or arising and wherever located, as collateral security for the prompt and complete payment and performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all applicable Obligations (including all such Obligations as amended, reaffirmed and/or increased pursuant to this First Amendment), subject to the terms contained in the applicable Loan Documents, and (iii) confirms its respective pledges, grants of security interests and other obligations, as applicable, under and subject to the terms of each of the Collateral Documents to which it is a party.

(d) Each Guarantor acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this First Amendment, such Guarantor is not required by the terms of the Term Credit Agreement or any other Loan Document to consent to this First Amendment and (ii) nothing in the Term Credit Agreement, this First Amendment or any other Loan Document shall be deemed to require the consent of such Guarantor to any future amendment, consent or waiver of the terms of the Term Credit Agreement.

SECTION 8. CONSENT. The Borrower and the Administrative agent hereby consent to the assignment of any 2019 Incremental Loans to any Lender (other than a Disqualified Institution) which is not an existing Lender or an Approved Fund in respect of an existing Lender, in each case, to the extent disclosed to the Borrower and the Administrative Agent prior to the date hereof. The Borrower hereby consents to the Administrative Agent's use of the signature page attached hereto as Exhibit A in connection with the assignments to institutions previously disclosed to the Borrower

in accordance with the immediately preceding sentence and the Administrative Agent may affix such signature page to each Assignment and Assumption that relates to such assignments.

SECTION 9. MISCELLANEOUS PROVISIONS.

(a) Ratification. This First Amendment is limited to the matters specified herein and shall not constitute a modification, acceptance or waiver of any other provision of the Term Credit Agreement or any other Loan Document. Nothing herein contained shall be construed as a substitution or novation of the obligations outstanding under the Term Credit Agreement or any other Loan Document or instruments securing the same, which shall remain in full force and effect as modified hereby or by instruments executed concurrently herewith.

(b) Governing Law; Submission to Jurisdiction, Etc. This First Amendment shall be governed by, and construed in accordance with, the law of the State of New York. Sections 10.15(b) and 10.16 of the Term Credit Agreement are incorporated by reference herein as if such Sections appeared herein, *mutatis mutandis*.

(c) Severability. Section 10.14 of the Term Credit Agreement is incorporated by reference herein as if such Section appeared herein, *mutatis mutandis*.

(d) Counterparts; Headings. This First Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this First Amendment shall be effective as delivery of an original executed counterpart of this First Amendment. The Administrative Agent may also require that signatures delivered by telecopier, .pdf or other electronic imaging means be confirmed by a manually signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of this First Amendment or signature delivered by telecopier, .pdf or other electronic imaging means. Section headings herein are included for convenience of reference only and shall not affect the interpretation of this First Amendment.

[*Remainder of page intentionally blank; signatures begin next page*]

IN WITNESS WHEREOF, the parties hereto have caused their duly Responsible Officers to execute and deliver this First Amendment as of the date first above written.

BOMBARDIER RECREATIONAL PRODUCTS INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Paule Morisset*
Name: Paule Morisset
Title: Authorized Person

BRP INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Paule Morisset*
Name: Paule Morisset
Title: Authorized Person

BRP R&D SERVICES INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Paule Morisset*
Name: Paule Morisset
Title: Authorized Person

BRP US INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Paule Morisset*
Name: Paule Morisset
Title: Authorized Person

BRP US MANAGEMENT SERVICES, INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Paule Morisset*
Name: Paule Morisset
Title: Authorized Person

BRP QUERETARO S.A. DE C.V.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Paule Morisset*
Name: Paule Morisset
Title: Authorized Person

BRP MEXICO S.A. DE C.V.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Paule Morisset*
Name: Paule Morisset
Title: Authorized Person

BRP MEXICAN DISTRIBUTION S.A. DE C.V.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Paule Morisset*
Name: Paule Morisset
Title: Authorized Person

ALUMACRAFT HOLDINGS, LLC

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Paule Morisset*
Name: Paule Morisset
Title: Authorized Person

ALUMACRAFT BOAT CO.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Paule Morisset*
Name: Paule Morisset
Title: Authorized Person

TRITON INDUSTRIES, INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Paule Morisset*
Name: Paule Morisset
Title: Authorized Person

BANK OF MONTREAL, as Administrative Agent

By: *(s) Richard Belzil*
Name: Richard Belzil
Title: Director

[BRP – Signature Page to First Amendment to Fourth Amended and Restated Term Loan Credit Agreement (2019)]

ROYAL BANK OF CANADA, as 2019 Incremental Lender

By: *(s) Frédéric Yale-Leduc*
Name: Frédéric Yale-Leduc
Title: Authorized Signatory

SCHEDULE 1

2019 Incremental Lender	2019 Incremental Commitment
Royal Bank of Canada	$335,000,000
Total:	$335,000,000

EXHIBIT A

[Attached.]

Exhibit 99.5

SECOND AMENDMENT TO
FOURTH AMENDED AND RESTATED TERM LOAN CREDIT AGREEMENT

SECOND AMENDMENT TO FOURTH AMENDED AND RESTATED TERM LOAN CREDIT AGREEMENT (this " Second Amendment"), dated as of February 4, 2020, among BRP INC., a corporation existing under the laws of Canada (" Holdings"), BOMBARDIER RECREATIONAL PRODUCTS INC., a corporation existing under the laws of Canada (the "Borrower"), each Guarantor party hereto, BANK OF MONTREAL ("Bank of Montreal"), as administrative agent (in such capacity, including any permitted successor and assigns, the "Administrative Agent"), and the 2020 Replacement Term Loan Lenders (as defined below). All capitalized terms used herein (including in this preamble) and not otherwise defined herein shall have the respective meanings provided such terms in the Term Credit Agreement referred to below.

PRELIMINARY STATEMENTS

WHEREAS, the Borrower has entered into that certain Fourth Amended and Restated Term Loan Credit Agreement, dated as of May 23, 2018, among Holdings, the Borrower, the Lenders party thereto from time to time, Bank of Montreal, as the Administrative Agent (as amended, restated, amended and restated, supplemented and/or otherwise modified from time to time to, but not including, the date hereof, the "Term Credit Agreement");

WHEREAS, on the date hereof (but prior to giving effect to this Second Amendment), there are outstanding Term B Loans under the Term Credit Agreement (the "Existing Term B Loans") in an aggregate principal amount of $886,500,000 and outstanding 2019 Incremental Loans under the Term Credit Agreement (the "Existing 2019 Incremental Loans") in an aggregate principal amount of $333,325,000.

WHEREAS, in accordance with the provisions of Section 10.01 of the Term Credit Agreement, the Borrower wishes to amend the Term Credit Agreement to enable the Borrower to refinance in full the outstanding Existing Term B Loans and the Existing 2019 Incremental Loans with the proceeds of 2020 Replacement Term Loans (as defined below), as more fully provided herein;

WHEREAS, the Borrower, the Administrative Agent and the 2020 Replacement Term Loan Lenders wish to amend the Term Credit Agreement to provide for the refinancing in full of all outstanding Existing Term B Loans and Existing 2019 Incremental Loans with the 2020 Replacement Term Loans on the terms and subject to the conditions set forth herein; and

WHEREAS, pursuant to that certain engagement letter, dated as of January 27, 2020, among RBC CAPITAL MARKETS (" RBC"), TD SECURITIES (USA) LLC ("TD"), BMO CAPITAL MARKETS CORP. (" BCMC") and the Borrower (the " Second Amendment Engagement Letter"), RBC, TD and BCMC shall act as joint lead arrangers and joint bookrunners (with RBC to have "left" placement in any and all marketing materials and have the leading roles and responsibilities conventionally associated with such "left" placement) with respect to this Second Amendment and the 2020 Replacement Term Loans provided for hereunder.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is acknowledged by each party hereto, it is agreed that:

SECTION 1. RULES OF CONSTRUCTION. The rules of construction specified in Section 1.02 of the Term Credit Agreement shall apply to this Second Amendment, including the terms defined in the preamble and recitals hereto.

SECTION 2. AMENDMENTS TO CREDIT AGREEMENT.

(a) (i) Subject to the satisfaction of the conditions set forth in Section 5, the 2020 Replacement Term Loan Lenders hereby severally agree to make 2020 Replacement Term Loans to the Borrower on the Second Amendment Closing Date (as defined below) in the aggregate principal amount of $1,219,825,000 to refinance all outstanding Existing Term B Loans and all outstanding Existing 2019 Incremental Loans in accordance with the relevant requirements of the Term Credit Agreement (as modified hereby) and this Second Amendment. It is understood and agreed that the 2020 Replacement Term Loans being made pursuant to this Second Amendment and the Term Credit Agreement (as modified hereby) shall constitute "Replacement Term Loans" as defined in, and pursuant to, Section 10.01 of the Term Credit Agreement and the Existing Term B Loans and Existing 2019 Incremental Loans being refinanced shall constitute "Replaced Term Loans" as defined in, and pursuant to, Section 10.01 of the Term Credit Agreement. Except as expressly provided in this Second Amendment (including, without limitation, as to the Applicable Rate and maturity) and the Term Credit Agreement (as modified hereby), the 2020 Replacement Term Loans shall be on terms identical to the Existing Term B Loans (including, without limitation, as to Guarantors, Collateral (and ranking) and payment priority).

(ii) On the Second Amendment Closing Date, all then outstanding Existing Term B Loans and the Existing 2019 Incremental Loans shall be refinanced in full as follows:

(t) the outstanding principal amount of the Existing Term B Loan of each Lender which (i) is an existing Term Lender under the Term Credit Agreement prior to giving effect to this Second Amendment (each, an "Existing Term Lender") that has made a Term B Loan and (ii) is not party hereto as a "New 2020 Replacement Term Lender" or a "2020 Converting Term Lender" (a Lender meeting the requirements of clauses (i) and (ii), each, a "Non-Converting Term Lender") shall be repaid in full in cash;

(u) the outstanding principal amount of the Existing 2019 Incremental Loan of each Lender which (i) is an existing 2019 Incremental Lender under the Term Credit Agreement prior to giving effect to this Second Amendment (each, an "Existing 2019 Incremental Lender") and (ii) is not party hereto as a "New 2020 Replacement Term Lender" or a "2020 Converting Incremental Lender" (a Lender meeting the requirements of clauses (i) and (ii), each, a "Non-Converting Incremental Lender") shall be repaid in full in cash;

(v) to the extent any Existing Term Lender has a 2020 Replacement Term Loan Conversion Amount (as defined in the Term Credit Agreement, as amended hereby) that is less than the full outstanding principal amount of the Existing Term B Loan of such Existing Term Lender, such Existing Term Lender shall be repaid in cash in an amount equal to the difference between the outstanding principal amount of the Existing Term B Loan of such Existing Term Lender and such Existing Term Lender's 2020 Replacement Term Loan Conversion Amount (the "Non-Converting Term B Portion");

(w) to the extent any Existing 2019 Incremental Lender has a 2020 Replacement Incremental Loan Conversion Amount (as defined in the Term Credit Agreement, as amended hereby) that is less than the full outstanding principal amount of the Existing 2019 Incremental Loan of such Existing 2019 Incremental Lender, such Existing 2019 Incremental Lender shall be repaid in cash in an amount equal to the difference between the outstanding principal amount of the Existing 2019 Incremental Loan of such Existing 2019 Incremental Lender and such Existing 2019 Incremental Lender's 2020 Replacement Incremental Loan Conversion Amount (the "Non-Converting Incremental Portion");

(x) the outstanding principal amount of the Existing Term B Loan of each Existing Term Lender which has executed this Second Amendment as a "2020 Converting Term Lender" (each, a "2020 Converting Term Lender") shall automatically be converted into a term loan (each, a "Converted 2020 Replacement Term Loan") in a principal amount equal to such 2020 Converting Term Lender's 2020 Replacement Term Loan Conversion Amount (each such conversion, a "2020 Replacement Term Loan Conversion");

(y) the outstanding principal amount of the Existing 2019 Incremental Loan of each Existing 2019 Incremental Lender which has executed this Second Amendment as a "2020 Converting Incremental Lender" (each, a "2020 Converting Incremental Lender") shall automatically be converted into a term loan (each, a " Converted 2020 Replacement Incremental Loan") in a principal amount equal to such 2020 Converting Incremental Lender's 2020 Replacement Incremental Loan Conversion Amount (each such conversion, a "2020 Replacement Incremental Loan Conversion"); and

(z) each Person that has executed this Second Amendment as a "New 2020 Replacement Term Loan Lender" (each, a "New 2020 Replacement Term Loan Lender" and, together with the 2020 Converting Term Lenders and the 2020 Converting Incremental Lenders, collectively, the "2020 Replacement Term Loan Lenders") severally agrees to make a new term loan to the Borrower, on the Second Amendment Closing Date (each such new term loan, a "New 2020 Replacement Term Loan" and, collectively, the "New 2020 Replacement Term Loans" and, together with the Converted 2020 Replacement Term Loans and the Converted 2020 Replacement Incremental Loans, the "2020 Replacement Term Loans") in a principal amount equal to the amount opposite such New 2020 Replacement Term Loan Lender's name on Schedule I hereto (as to any New 2020 Replacement Term Loan Lender, its "2020 Replacement Term Loan Commitment").

(iii) On the Second Amendment Closing Date, each 2020 Replacement Term Loan Lender hereby agrees to "fund" its 2020 Replacement Term Loan as follows: (x) each 2020 Converting Term Lender shall "fund" its 2020 Replacement Term Loan to the Borrower by converting all or a portion of its then outstanding principal amount of Existing Term B Loan into a 2020 Replacement Term Loan in a principal amount equal to such 2020 Converting Term Lender's 2020 Replacement Term Loan Conversion Amount as provided in preceding clause (ii)(x), (y) each 2020 Converting Incremental Lender shall "fund" its 2020 Replacement Term Loan to the Borrower by converting all or a portion of its then outstanding principal amount of Existing 2019 Incremental Loan into a 2020 Replacement Term Loan in a principal amount equal to such 2020 Converting Incremental Lender's 2020 Replacement Incremental Loan Conversion Amount as provided in preceding clause (ii)(y) and (z) each New 2020 Replacement Term Loan Lender shall fund in cash to the Borrower an amount equal to such New 2020 Replacement Term Loan Lender's 2020 Replacement Term Loan Commitment.

(iv) The Converted 2020 Replacement Term Loans subject to the 2020 Replacement Term Loan Conversion shall be allocated ratably to the outstanding Borrowings of Existing Term B Loans (based upon the relative principal amounts of Borrowings of Existing Term B Loans and, in the case of Eurocurrency Rate Existing Term B Loans, subject to different Interest Periods immediately prior to giving effect thereto). The Converted 2020 Replacement Incremental Loans subject to the 2020 Replacement Incremental Loan Conversion shall be allocated ratably to the outstanding Borrowings of Existing 2019 Incremental Loans (based upon the relative principal amounts of Borrowings of Existing 2019 Incremental Loans and, in the case of Eurocurrency Rate Existing 2019 Incremental Loans, subject to different Interest Periods immediately prior to giving

effect thereto). Each resulting "borrowing" of Converted 2020 Replacement Term Loans shall constitute a new "Borrowing" under the Term Credit Agreement and shall (x) with respect to Eurocurrency Rate Converted 2020 Replacement Term Loans, be subject to the same Interest Period (and the same Eurocurrency Rate) applicable to the Borrowing of Eurocurrency Rate Existing Term B Loans to which it relates, which Interest Period shall continue in effect until such Interest Period expires and a new type of Borrowing is selected in accordance with the provisions of Section 2.02 of the Term Credit Agreement or (y) with respect to Base Rate Converted 2020 Replacement Term Loans, continue as Base Rate Loans until a new type of Borrowing is selected in accordance with the provisions of Section 2.02 of the Term Credit Agreement. Each resulting "borrowing" of Converted 2020 Replacement Incremental Loans shall constitute a new "Borrowing" under the Term Credit Agreement and shall (x) with respect to Eurocurrency Rate Converted 2020 Replacement Incremental Loans, be subject to the same Interest Period (and the same Eurocurrency Rate) applicable to the Borrowing of Eurocurrency Rate Existing 2019 Incremental Loans to which it relates, which Interest Period shall continue in effect until such Interest Period expires and a new type of Borrowing is selected in accordance with the provisions of Section 2.02 of the Term Credit Agreement or (y) with respect to Base Rate Converted 2020 Replacement Incremental Loans, continue as Base Rate Loans until a new type of Borrowing is selected in accordance with the provisions of Section 2.02 of the Term Credit Agreement. New 2020 Replacement Term Loans shall be allocated ratably to repay outstanding Borrowings of Existing Term B Loans and Existing 2019 Incremental Loans that are not subject to a 2020 Replacement Term Loan Conversion or a 2020 Replacement Incremental Loan Conversion, respectively (based upon the relative principal amounts of Borrowings of such Existing Term B Loans or Existing 2019 Incremental Loans, respectively, and, in the case of Eurocurrency Rate Existing Term B Loans and Eurocurrency Existing 2019 Incremental Loans, subject to different Interest Periods immediately prior to giving effect thereto), and shall be (x) with respect such Eurocurrency Rate Existing Term B Loans and Eurocurrency Rate Existing 2019 Incremental Loans, initially incurred as Eurocurrency Rate Borrowings which shall be allocated ratably to such outstanding "deemed" Borrowings of Eurocurrency Rate Converted 2020 Replacement Term Loans and Eurocurrency Rate Converted 2020 Replacement Incremental Loans, respectively, on the Second Amendment Closing Date (based upon the relative principal amounts of such deemed Borrowings of Eurocurrency Rate Converted 2020 Replacement Term Loans and Eurocurrency Rate Converted 2020 Replacement Incremental Loans subject to different Interest Periods on the Second Amendment Closing Date after giving effect to the foregoing provisions of this clause (iv) and (y) with respect to such Base Rate Existing Term B Loans and Base Rate Existing 2019 Incremental Loans, initially incurred as Base Rate Loans which shall be allocated to such outstanding "deemed" Borrowings of Base Rate Converted 2020 Replacement Term Loans and Base Rate Converted 2020 Replacement Incremental Loans, respectively, on the Second Amendment Closing Date. Each such "borrowing" of Eurocurrency Rate New 2020 Replacement Term Loans shall (A) be added to (and made a part of) the related deemed Borrowing of Eurocurrency Rate Converted 2020 Replacement Term Loans or Eurocurrency Rate Converted 2020 Replacement Incremental Loans, as the case may be, and (B) be subject to (x) an Interest Period which commences on the Second Amendment Closing Date and ends on the last day of the Interest Period applicable to the related deemed Borrowing of Eurocurrency Rate Converted 2020 Replacement Term Loans or Eurocurrency Rate Converted 2020 Replacement Incremental Loans, as the case may be, to which it is added and (y) the same Eurocurrency Rate applicable to such deemed Borrowing of Eurocurrency Rate Converted 2020 Replacement Term Loans or Eurocurrency Rate Converted 2020 Replacement Incremental Loans, as the case may be.

(v) On the Second Amendment Closing Date, the Borrower shall pay in cash (a) all accrued and unpaid interest on the Existing Term B Loans and the Existing 2019 Incremental Loans through, but not including, the Second Amendment Closing Date and (b) to each Non-

Converting Term Lender, each Non-Converting Incremental Lender, each 2020 Converting Term Lender with a Non-Converting Term B Portion (solely with respect to such Non-Converting Term B Portion) and each 2020 Converting Incremental Lender with a Non-Converting Incremental Portion (solely with respect to such Non-Converting Incremental Portion), any breakage loss or expenses due under Section 3.05 of the Term Credit Agreement (it being understood that existing Interest Periods of the Existing Term B Loans and the Existing 2019 Incremental Loans held by 2020 Replacement Term Loan Lenders prior to the Second Amendment Closing Date shall continue on and after the Second Amendment Closing Date pursuant to preceding clause (iv) and shall accrue interest in accordance with Section 2.08 of the Term Credit Agreement on and after the Second Amendment Closing Date as if the Second Amendment Closing Date were a new Borrowing date). Notwithstanding anything to the contrary herein or in the Term Credit Agreement, each 2020 Converting Term Lender and each 2020 Converting Incremental Lender agrees to waive any entitlement to any breakage loss or expenses due under Section 3.05 of the Term Credit Agreement with respect to the repayment of any of its Existing Term B Loans or Existing 2019 Incremental Loans, respectively, by way of the 2020 Replacement Term Loan Conversion or the 2020 Replacement Incremental Loan Conversion, respectively, on the Second Amendment Closing Date.

(vi) Promptly following the Second Amendment Closing Date, all Notes, if any, evidencing the Existing Term B Loans and the Existing 2019 Incremental Loans shall be cancelled, and any 2020 Replacement Term Loan Lender may request that its 2020 Replacement Term Loan be evidenced by a Note pursuant to Section 2.11(a) of the Term Credit Agreement.

(vii) Notwithstanding anything to the contrary contained in the Term Credit Agreement, all proceeds of the New 2020 Replacement Term Loans (if any) will be used solely to repay outstanding Existing Term B Loans of Non-Converting Term Lenders (if any), outstanding Existing 2019 Incremental Loans of Non-Converting Incremental Lenders (if any), outstanding Existing Term B Loans of 2020 Converting Term Lenders in an amount equal to the Non-Converting Term B Portion (if any) of such 2020 Converting Term Lenders' Existing Term B Loans and outstanding Existing 2019 Incremental Loans of 2020 Converting Incremental Lenders in an amount equal to the Non-Converting Incremental Portion (if any) of such 2020 Converting Incremental Lenders' Existing 2019 Incremental Loans, in each case, on the Second Amendment Closing Date.

(b) Subject to the satisfaction of the conditions set forth in Section 5, upon the making of the 2020 Replacement Term Loans, the Term Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the underlined text (indicated textually in the same manner as the following example: underlined text) as set forth in the pages of the Term Credit Agreement attached as Exhibit A hereto.

SECTION 3. REFERENCE TO AND EFFECT ON THE TERM CREDIT AGREEMENT. On and after the Second Amendment Closing Date, (i) each reference in the Term Credit Agreement to "this Agreement," "hereunder," "hereof" or text of like import referring to the Term Credit Agreement shall mean and be a reference to the Term Credit Agreement as amended by this Second Amendment, (ii) the 2020 Replacement Term Loans shall constitute "Loans" and "Term Loans", in each case, under and as defined in the Term Credit Agreement, (iii) the 2020 Replacement Term Loan Lenders shall each constitute a "Lender" and a "Term Lender", (other than for purposes of Section 2.01(a)(i) of the Term Credit Agreement), in each case, under and as defined in the Term Credit Agreement, (iv) the 2020 Replacement Term Loan Commitments shall constitute, "Commitments" under and as defined in the Term Credit Agreement. On and after the effectiveness of this Second Amendment, this Second Amendment shall for all purposes constitute a "Loan Document" under and as defined in the Term Credit Agreement and the other Loan Documents.

SECTION 4. REPRESENTATIONS & WARRANTIES. In order to induce the 2020 Replacement Term Loan Lenders and the Administrative Agent to enter into this Second Amendment and to induce the 2020 Replacement Term Loan Lenders to make the 2020 Replacement Term Loans hereunder, each Loan Party hereby represents and warrants to the 2020 Replacement Term Loan Lenders and the Administrative Agent on and as of the Second Amendment Closing Date, that:

(a) The execution, delivery and performance by such Loan Party of this Second Amendment will not (i) contravene the terms of any of such Person's Organization Documents, (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under (other than as permitted by Section 7.01 of the Term Credit Agreement), or require any payment to be made under (x) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (y) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject or (iii) violate any Law; except with respect to any conflict, breach or contravention or payment (but not creation of Liens) referred to in clauses (ii) and (iii), to the extent that such violation, conflict, breach, contravention or payment could not reasonably be expected to have a Material Adverse Effect.

(b) Each Loan Party party hereto has the requisite power and authority to execute, deliver and perform the terms and provisions of this Second Amendment and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance by it of this Second Amendment. Each Loan Party has duly executed and delivered this Second Amendment, and this Second Amendment, the Term Credit Agreement as amended hereby and each other Loan Document to which such Loan Party is a party constitutes its legal, valid and binding obligation enforceable in accordance with its terms, except as such enforceability may be limited by (i) Debtor Relief Laws and by general principles of equity principles of good faith and fair dealing, and (ii) the need for filings and registrations necessary to create or perfect the Liens on the Collateral granted by the Loan Parties in favor of the Secured Parties and (iii) the effect of foreign Laws, rules and regulations as they relate to pledges of Equity Interests in Foreign Subsidiaries.

(c) Each of the representations and warranties set forth in the Term Credit Agreement and in the other Loan Documents is true and correct in all material respects on and as of the Second Amendment Closing Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; *provided*, *however*, that, any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates.

(d) All proceeds of the 2020 Replacement Term Loans will be used for the purposes set forth in Section 2(a)(vii) hereof.

SECTION 5. CONDITIONS PRECEDENT. This Second Amendment shall become effective as of the first date (the " Second Amendment Closing Date") when each of the conditions set forth in this Section 5 shall have been satisfied:

(a) The Administrative Agent shall have received a duly authorized, executed and delivered counterpart of the signature page to this Second Amendment from each Loan Party named on the signature pages hereto, the Administrative Agent and each of the 2020 Replacement Term Loan Lenders.

(b) (i) All fees and expenses (including all invoiced reasonable out-of-pocket costs, fees and expenses (including invoiced reasonable and out-of-pocket legal fees and expenses reimbursable hereunder)) shall have been paid to the extent earned, due and owing and otherwise payable or

reimbursable pursuant to the terms of the Loan Documents and, in the case of expenses, otherwise invoiced prior to the Second Amendment Closing Date, (ii) fees and expenses incurred by or on behalf of the 2020 Replacement Term Loan Lenders in connection with the funding of the 2020 Replacement Term Loans in the amounts agreed between the 2020 Replacement Term Loan Lenders and the Borrower, shall be due and payable on the Second Amendment Closing Date to the extent, in the case of expenses, invoiced at least three (3) business days prior to the Second Amendment Closing Date (provided that legal expenses payable pursuant to this clause (ii) shall be limited to the reasonable and documented fees and expenses of White & Case LLP and Davies Ward Phillips & Vineberg LLP, in each case, as counsel to the 2020 Replacement Term Loan Lenders) and (iii) all accrued and unpaid interest on the Existing Term B Loans and the Existing 2019 Incremental Loans through, but not including, the Second Amendment Closing Date shall have been paid to the Administrative Agent for the ratable account of each Existing Term Lender and each Existing 2019 Incremental Lender, respectively.

(c) Both immediately before and after giving effect to this Second Amendment, (i) no Default or Event of Default shall have occurred or be continuing and (ii) all representations and warranties contained in this Second Amendment, the Term Credit Agreement and in the other Loan Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date hereof (except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; provided, however, that, any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates).

(d) The Administrative Agent shall have received a Committed Loan Notice meeting the requirements of Section 2.02(a) of the Term Credit Agreement for the 2020 Replacement Term Loans.

(e) The Administrative Agent shall have received an officer's certificate of the Borrower, dated the Second Amendment Closing Date, executed by a Responsible Officer of the Borrower certifying to the best of such officer's knowledge, compliance with the requirements set forth in preceding clause (c) of this Section 5.

(f) On the Second Amendment Closing Date, the Administrative Agent shall have received a customary opinion of Ropes & Gray LLP, U.S. counsel to the Loan Parties and Stikeman Elliott, Canadian counsel to the Loan Parties, in each case, (i) in form and substance consistent with the legal opinion delivered on the Closing Date with such changes as shall be reasonably satisfactory to the Administrative Agent, (ii) addressed to the Administrative Agent and the 2020 Replacement Term Loan Lenders and (iii) dated the Second Amendment Closing Date.

(g) The Administrative Agent shall have received a customary certificate from each Loan Party, dated the Second Amendment Closing Date, signed by a Responsible Officer of such Loan Party, and attested to by the secretary or any assistant secretary of such Loan Party, with appropriate insertions, together with (i) certified copies of the certificate or articles of incorporation and by-laws (or other equivalent organizational documents), as applicable, of such Loan Party, (ii) customary resolutions of such Loan Party referred to in such certificate, (iii) incumbency or specimen signatures which identify by name and title the Responsible Officer or authorized signatory of such Loan Party authorized to sign this Second Amendment, and (iv) a good standing certificate from the applicable Governmental Authority of such Loan Party's jurisdiction of incorporation, organization or formation, each dated a recent date prior to the Second Amendment Closing Date and certifying as to the good standing of such Loan Party (but only if the concept of good standing exists in the applicable jurisdiction); provided that in the case of preceding clause (i), such documents shall not be required to be delivered if such certificate includes a certification by such officer that the applicable organizational documents delivered to the Administrative

Agent in connection with the initial funding of Term B Loans on the Closing Date (or any date thereafter) remain in full force and effect and have not been amended, modified, revoked or rescinded since the Closing Date (or such date thereafter).

(h) The Administrative Agent shall have received a solvency certificate from the chief financial officer (or other officer with reasonably equivalent duties) of the Borrower substantially in the form of Exhibit D-2 to the Term Credit Agreement and dated the Second Amendment Closing Date certifying that the Borrower and its Restricted Subsidiaries are Solvent (after giving effect to the incurrence of the 2020 Replacement Term Loans and the application of the proceeds thereof).

SECTION 6. REAFFIRMATION.

(a) To induce the 2020 Replacement Term Loan Lenders and Administrative Agent to enter into this Second Amendment, each of the Loan Parties hereby acknowledges and reaffirms its obligations under each Loan Document to which it is a party, including, without limitation, any grant, pledge or collateral assignment of a lien or security interest, as applicable, contained therein, in each case, as amended, restated, supplemented or otherwise modified prior to or as of the date hereof (collectively, the "Reaffirmed Documents"). The Borrower acknowledges and agrees that each of the Loan Documents to which it is a party or otherwise bound shall continue in full force and effect, that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Second Amendment.

(b) In furtherance of the foregoing Section 6(a), each Loan Party, in its capacity as a Guarantor under any Guaranty to which it is a party (in such capacity, each a "Reaffirming Loan Guarantor"), reaffirms its guarantee of the Guaranteed Obligations under the terms and conditions of such Guaranty and agrees that such Guaranty remains in full force and effect to the extent set forth in such Guaranty and after giving effect to this Second Amendment. Each Reaffirming Loan Guarantor hereby confirms that it consents to the terms of this Second Amendment and the Term Credit Agreement and that the principal of, the interest and premium (if any) on, and fees related to, the 2020 Replacement Term Loans constitute "Obligations" under the Loan Documents. Each Reaffirming Loan Guarantor hereby (i) confirms that each Loan Document to which it is a party or is otherwise bound will continue to guarantee to the fullest extent possible in accordance with the Loan Documents, the payment and performance of the Guaranteed Obligations, including, without limitation, the payment and performance of all such applicable Guaranteed Obligations that are joint and several obligations of each Guarantor now or hereafter existing;
(ii) acknowledges and agrees that its Guaranty and each of the Loan Documents to which it is a party or otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Second Amendment; and (iii) acknowledges, agrees and warrants for the benefit of the Administrative Agent, each other Agent and each Secured Party that there are no rights of set-off or counterclaim, nor any defenses of any kind, whether legal, equitable or otherwise, that would enable such Reaffirming Loan Guarantor to avoid or delay timely performance of its obligations under the Loan Documents.

(c) In furtherance of the foregoing Section 6(a), each of the Loan Parties that is party to any Collateral Document, in its capacity as a Grantor (as defined in such Collateral Document) under such Collateral Document (in such capacity, each a "Reaffirming Grantor"), hereby acknowledges that it has reviewed and consents to the terms and conditions of this Second Amendment and the transactions contemplated hereby, including the extension of credit in the form of the 2020 Replacement Term Loans. In addition, each Reaffirming Grantor reaffirms the security interests granted by such Reaffirming Grantor under the terms and conditions of the Security Agreement and each other Loan Document (in each case, to the extent a party thereto) to secure the Obligations and agrees that such security interests remain in full force and effect. Each Loan Party hereby confirms that the security interests granted by such Reaffirming

Grantor under the terms and conditions of the Loan Documents secure the 2020 Replacement Term Loans as part of the Obligations. Each Reaffirming Grantor hereby (i) confirms that each Collateral Document to which it is a party or is otherwise bound and all Collateral encumbered thereby will continue to secure, to the fullest extent possible in accordance with the Collateral Documents, the payment and performance of the Obligations, as the case may be, including, without limitation, the payment and performance of all such applicable Obligations that are joint and several obligations of each Guarantor and Grantor now or hereafter existing, (ii) confirms its respective grant to the Administrative Agent for the benefit of the Secured Parties of the security interest in and continuing Lien on all of such Grantor's right, title and interest in, to and under all Collateral, in each case, whether now owned or existing or hereafter acquired or arising and wherever located, as collateral security for the prompt and complete payment and performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all applicable Obligations (including all such Obligations as amended, reaffirmed and/or increased pursuant to this Second Amendment), subject to the terms contained in the applicable Loan Documents, and (iii) confirms its respective pledges, grants of security interests and other obligations, as applicable, under and subject to the terms of each of the Collateral Documents to which it is a party.

(d) Each Guarantor acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Second Amendment, such Guarantor is not required by the terms of the Term Credit Agreement or any other Loan Document to consent to this Second Amendment and (ii) nothing in the Term Credit Agreement, this Second Amendment or any other Loan Document shall be deemed to require the consent of such Guarantor to any future amendment, consent or waiver of the terms of the Term Credit Agreement.

SECTION 7. CONSENT. The Borrower and the Administrative agent hereby consent to the assignment of any 2020 Replacement Term Loans to any Lender (other than a Disqualified Institution) which is not an existing Lender or an Approved Fund in respect of an existing Lender, in each case, to the extent disclosed to the Borrower and the Administrative Agent prior to the date hereof. The Borrower hereby consents to the Administrative Agent's use of the signature page attached hereto as Exhibit B in connection with the assignments to institutions previously disclosed to the Borrower in accordance with the immediately preceding sentence and the Administrative Agent may affix such signature page to each Assignment and Assumption that relates to such assignments.

SECTION 8. MISCELLANEOUS PROVISIONS.

(a) Ratification. This Second Amendment is limited to the matters specified herein and shall not constitute a modification, acceptance or waiver of any other provision of the Term Credit Agreement or any other Loan Document. Nothing herein contained shall be construed as a substitution or novation of the obligations outstanding under the Term Credit Agreement or any other Loan Document or instruments securing the same, which shall remain in full force and effect as modified hereby or by instruments executed concurrently herewith.

(b) Governing Law; Submission to Jurisdiction, Etc . This Second Amendment shall be governed by, and construed in accordance with, the law of the State of New York. Sections 10.15(b) and 10.16 of the Term Credit Agreement are incorporated by reference herein as if such Sections appeared herein, *mutatis mutandis*.

(c) Severability. Section 10.14 of the Term Credit Agreement is incorporated by reference herein as if such Section appeared herein, *mutatis mutandis*.

(d) Counterparts; Headings. This Second Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier, .pdf or other electronic imaging means of an executed counterpart of a signature page to this Second Amendment shall be effective as delivery of an original executed counterpart of this Second Amendment. The Administrative Agent may also require that signatures delivered by telecopier, .pdf or other electronic imaging means be confirmed by a manually signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of this Second Amendment or signature delivered by telecopier, .pdf or other electronic imaging means. Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Second Amendment.

[*Remainder of page intentionally blank; signatures begin next page*]

IN WITNESS WHEREOF, the parties hereto have caused their duly Responsible Officers to execute and deliver this Second Amendment as of the date first above written.

BOMBARDIER RECREATIONAL PRODUCTS INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

BRP INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

BRP R&D SERVICES INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

BRP US INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

BRP US MANAGEMENT SERVICES, INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

BRP QUERETARO S.A. DE C.V.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

BRP MEXICO S.A. DE C.V.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

BRP MEXICAN DISTRIBUTION S.A. DE C.V.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

ALUMACRAFT HOLDINGS, LLC

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

ALUMACRAFT BOAT CO.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

TRITON INDUSTRIES, INC.

By: *(s) Martin Langelier*
Name: Martin Langelier
Title: Authorized Person

By: *(s) Sébastien Martel*
Name: Sébastien Martel
Title: Authorized Person

BANK OF MONTREAL, as Administrative Agent

By: *(s) Aaron Weigel*
Name: Aaron Weigel
Title: Managing Director

[BRP – Signature Page to Second Amendment to Fourth Amended and Restated Term Loan Credit Agreement (2020)]

SIGNATURE PAGES FOR 2020 REPLACEMENT TERM LOAN LENDERS ARE ON FILE WITH THE ADMINISTRATIVE AGENT.

EXHIBIT A

Amended Credit Agreement

[Attached.]

EXHIBIT B

Borrower Signature Page to Assignment and Assumption

[Attached.]

Exhibit 23.1

Deloitte LLP
La Tour Deloitte
1190 Avenue des Canadiens-de-Montréal
Suite 500
Montreal QC H3B 0M7
Canada

Tel: 514-393-7115
Fax: 514-390-4111
www.deloitte.ca

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-227275 on Form F-10 and to the use of our reports dated April 9, 2020, relating to the financial statements of BRP Inc. (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 40-F for the year ended January 31, 2020.

/s/ Deloitte LLP[i]

Chartered Professional Accountants
Montréal, Canada
April 9, 2020

[i] CPA auditor, CA, public accountancy permit No. A124391

Exhibit 31.1

CERTIFICATIONS

I, José Boisjoli, certify that:

1. I have reviewed this annual report on Form 40-F of BRP Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 9, 2020

(s) José Boisjoli
Name: José Boisjoli
Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Sébastien Martel, certify that:

1. I have reviewed this annual report on Form 40-F of BRP Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 9, 2020

(s) Sébastien Martel
Name: Sébastien Martel
Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of BRP Inc. (the "Company") on Form 40-F for the fiscal year ended January 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, José Boisjoli, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 9, 2020

(s) José Boisjoli

Name: José Boisjoli
Title: President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of BRP Inc. (the "Company") on Form 40-F for the fiscal year ended January 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sébastien Martel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 9, 2020

(s) Sébastien Martel
Name: Sébastien Martel
Title: Chief Financial Officer