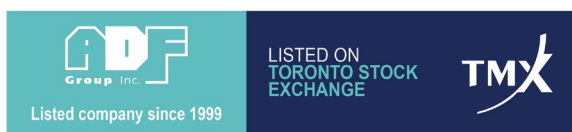


ANNUAL INFORMATION FORM

Fiscal Year Ended **January 31, 2021**

Dated April 26, 2021
Terrebonne, Quebec, Canada



Toronto Stock Exchange TSX: **DRX**



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1. DATE OF INFORMATION

Unless otherwise indicated, the information contained in this Annual Information Form ("AIF") is effective as at January 31, 2021. This Annual Information Form sets forth the results for the fiscal years ended January 31, 2021, 2020 and 2019.

2. ADVISORY CAUTION

Certain statements in this Annual Information Form are forward-looking information within the meaning of applicable Canadian securities legislation. These statements relate to the Corporation's future operations, economic performance, financial conditions and financing plans, business strategy, measures to implement such strategy, competitive strengths, goals, expansion plans and the Corporation's expectations for industry growth.

Whether actual results and future development will conform with the Corporation's expectations and forecasts, is subject to a number of known and unknown risks and uncertainties, including the risk factors described in Section 5.10 "Description of Business – Risks and Uncertainties" in this Annual Information Form. These factors, among others, could cause actual results to differ from those expressed in any forward-looking information.

Although the forward-looking information appearing in the present AIF is based on what the Corporation judges to be reasonable assumptions, the Corporation cautions the investors regarding forward-looking information since its actual results could differ from those expressed or implied in forward-looking information. Certain assumptions made in the preparation of the forward-looking information include, notably, that the exchange rate between the Canadian and American currencies will negotiate in a restricted range, that the schedules of the ongoing contracts will be respected and that the required plant and construction site labour will be available.

Consequently, these cautionary statements qualify all forward-looking statements made in this AIF.

The Corporation disclaims any intention or obligation to update or revise the forward-looking information in this Annual Information Form whether as a result of new information, future events or otherwise, except where required by law.

3. CORPORATE STRUCTURE

3.1. Name and Incorporation

ADF Group Inc. ("ADF Group", "ADF" or the "Corporation"), whose origins date back to 1956, was incorporated on October 22, 1979 under the Canada Business Corporations Act, under the corporate name "Les Entreprises El Drago Ltée". On August 5, 1998, the Corporation changed its corporate name to "ADF Group Inc."

On April 1, 1999, in order to proceed with an initial public offering, the Corporation filed articles of amendment to eliminate certain private-company restrictions.

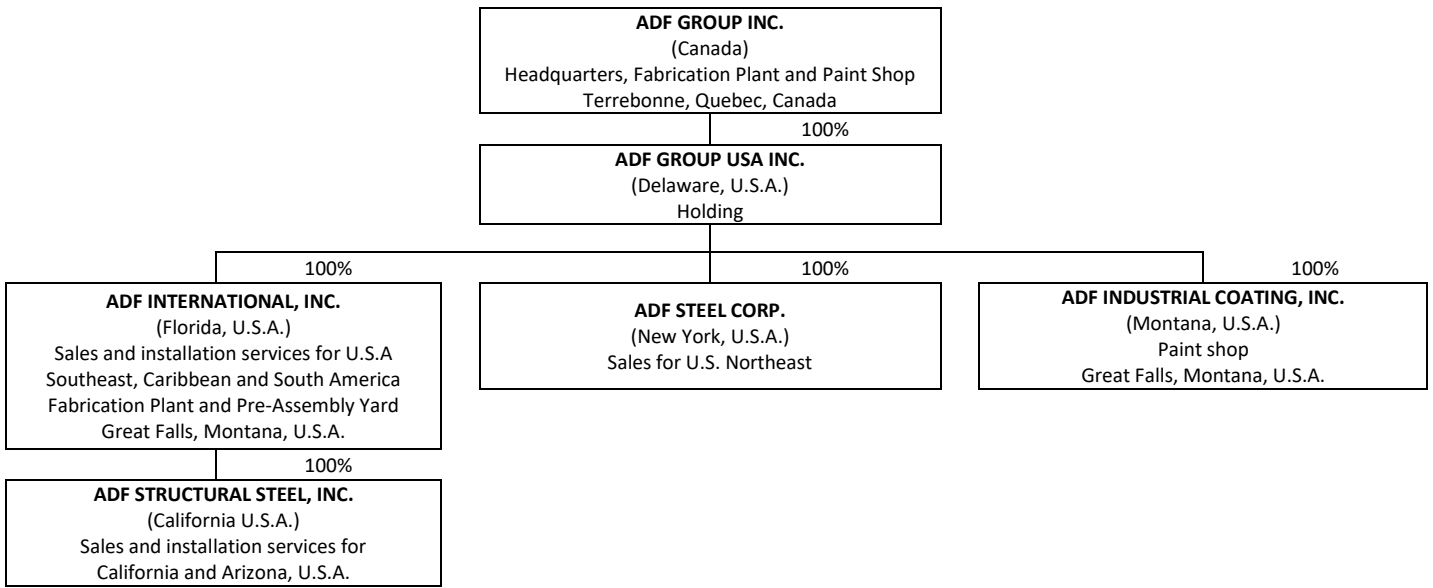
On July 7, 1999, the authorized share capital of the Corporation was modified to an unlimited number of Subordinate Voting Shares carrying one (1) vote per share ("Subordinate Voting Shares") and an unlimited number of Multiple Voting Shares carrying 10 votes per share ("Multiple Voting Shares"), both classes of shares being without par value, as well as an unlimited number of preferred shares without par value, issuable in series ("Preferred Shares"). As a result thereof, all outstanding common shares of the Corporation were converted into Multiple Voting Shares. For tax purposes, a stock dividend on the Multiple Voting Shares was also declared and paid on July 7, 1999.

The Corporation's registered office and principal place of business are located at 300 Henry-Bessemer, Terrebonne, Quebec, Canada J6Y 1T3.

3.2. Inter-Corporate Relationships (Corporate Organizational Chart)

The following chart presents the Corporation and its main subsidiaries on January 31, 2021, by indicating the jurisdiction of constitution of each entity, the percentage of voting rights held in each subsidiary as well as a short description.

(Organizational chart on the next page.)



4. GENERAL DEVELOPMENT OF BUSINESS

4.1. Corporate Profile

From a blacksmith shop founded in 1956, ADF Group has become over the years a North American leader in the design and engineering of connections, fabrication, including industrial coating, and installation of complex steel structures, heavy steel built-ups, as well as miscellaneous and architectural metalwork. The Corporation’s products and services are intended for the following five principal segments of the non-residential construction industry: office towers and high-rises, commercial and recreational buildings, airport facilities, industrial complexes and transport infrastructures. The Corporation uses the latest technologies in its industry and operates two state-of-the-art fabrication plants and two cutting-edge paint shops. ADF Group’s complex located in Canada houses the Corporation’s head office, the 58,530-square-meter (630,000-square-foot) fabrication plant, which includes the 3,900 square-meter (42,000 square feet) paint shop. ADF’s complex in the United-States is home to the 9,290-square-meter (100,000 square feet) fabrication plant, the 60-acre pre-assembly yard and the 4,460-square-meter (48,000 square feet) dual-purpose building, adjacent to the fabrication plant, housing a 2,323-square-meter (25,000 square feet) paint and blast zone, and a 2,137-square-meter (23,000 square feet) fabrication preparation and detailing area.

A pioneer in the development and implementation of innovative solutions, the Corporation is recognized for its engineering expertise, its project management, its important fabrication capacity and its skills in two specialized market niches: the fabrication of steel superstructures with a high level of architectural and geometric complexity, as well as projects subject to fast-track schedules.

Its commitment to deliver every project in accordance with the industry’s highest quality standards constitutes a core aspect of the Corporation’s mission.

4.2. General and Three-Year History

Until the early 1980s, the Corporation specialized in the production of wrought-iron products, primarily for the residential construction market in Quebec.

In 1980, the founder passed the control of the Corporation to the next generation of Paschins. The new management refocused its operations on the production of structural steel for the non-residential construction industry in Quebec and Ontario, and developed its expertise in increasingly complex steel structures and architectural metal work.

In the 1990s, the Corporation started extending its presence to the North American and international markets. The Corporation first targeted the Southeastern U.S. market where it established a sales office in Florida, in 1992. Since then, the United States, alternating with the Canadian market, became the main market of the Corporation, which also carried out several projects abroad, namely in South America, North Africa and the Caribbean.

At the beginning of 2014, the Corporation continued developing its presence in Western Canada and Midwest U.S.A. by commissioning its new fabrication plant in Great Falls, Montana, as well as its new paint shop, built next to its fabrication plant in Great Falls, Montana and commissioned at the beginning of 2015.

Towards the end of 2015, the Corporation set up a new paint shop at its own fabrication plant in Terrebonne, Quebec and has acquired a new and larger site for its facilities in Florida.

The paint shop in Terrebonne was commissioned in March 2016.

4.2.1. Fiscal Year Ended January 31, 2019**a) Temporary Layoffs**

On March 27, 2018, the Corporation announced that it had to proceed to the temporary layoff of 50 employees at its Terrebonne facilities. This temporary measure, which did not result in additional costs, occurred as a result of three unsuccessful bids submitted by the Corporation for major projects in the United States, at the beginning of the fiscal year. The recall to work employees targeted by this temporary layoff will be done progressively, as new contracts come in, taking into account the usual delay between the signing of a contract and the start of production in the plant.

b) Dividend

On April 11, 2018, the Corporation's Board of Directors approved a semi-annual dividend of \$0.01 per share paid on May 16, 2018 to shareholders of record as at April 30, 2018. On September 12, 2018, the Corporation's Board of Directors approved the payment of a semi-annual dividend of \$0.01 per share, paid on October 16, 2018, to shareholders of record as at September 28, 2018.

c) Work Sharing Program

Given the projects currently included in the order book and the fabrication schedules thereof (see paragraph e) below), the Corporation received the approval from Service Canada to implement a Work-Sharing program for a certain number of its Terrebonne plant employees. The program, which came into effect on June 11, 2018, allowed for certain employees to receive Employment Insurance benefits to make up for the reduced work hours. The Corporation and its union employees reached an agreement to put this program in place.

d) Credit Facility

On June 11, 2018, the Corporation received confirmation that its Canadian operating credit facility would be increased from \$20 million to \$22.5 million, until August 31, 2018. This temporary increase provided the Corporation added leverage to support its growth objective.

e) New Contracts and Order Backlog

On April 23, 2018, the Corporation announced the award of two new major projects in the United States worth a total of \$95 million. These new orders are part of new construction projects of commercial and industrial buildings, and call for the fabrication, which also includes the supply of shop drawings, raw material (steel) and industrial coating, and the installation of complex steel structures and heavy steel components. These new orders will be carried out at both of ADF's fabrication plants and will extend until the third quarter of the fiscal year ending January 31, 2020

On September 24, 2018, the Corporation announced the signing of two new major contracts in the United States, worth a total of \$102 million. The first contract has been awarded in Western U.S. and consists in the design and engineering of connections, fabrication, including the procurement of raw material (steel) and industrial coating, as well as the installation of complex steel structures and heavy steel components, for a new public transport infrastructure. This contract will be carried out at ADF's plant located in Great Falls, Montana, U.S.A. Fabrication work is scheduled to start during the first quarter of the fiscal year beginning on February 1st, 2019, and will extend over a 30-month period, approximately.

The Corporation was also awarded a contract to erect the steel of a new recreational structure in the U.S. Southeast. In addition, ADF's Engineering team will provide design-assist services during the structure's design phase, as well as provide installation engineering methodology.

The Corporation's order backlog totalled \$219.5 million on January 31, 2019, compared with \$85.5 million on the same date a year earlier. This variation is attributable to new contracts and contract modifications, net of contracts execution. The order backlog as at January 31, 2019, does not include the new contracts announced since that date

As at January 31, 2019, 44% of the order backlog consisted of fabrication hours – the Corporation's core business and most value-added activity – compared with 72% on January 31, 2018. Most of the contracts in hand as at January 31, 2019, will progressively be executed by the end of the fiscal year ending January 31, 2021.

4.2.2. Fiscal Year Ended January 31, 2020**a) New Contracts and Order Backlog**

On February 12, 2019, the Corporation announced a series of new contracts worth a total of \$73.0 million, in the recreational and commercial market sectors in Western USA. The contracts consist in the design and engineering of connections, fabrication, including the procurement of raw material (steel) and industrial coating, as well as the installation of complex steel structures and heavy steel components. These contracts will be carried out at ADF's fabrication plant, in Great Falls, Montana, U.S.A.

In March 2019, the Corporation renewed the agreement of its Canadian operating credit facility. Under this new agreement, the available amount remains at \$20.0 million, but is now subject to a monthly calculation of accounts receivable and inventories, which may limit the amount available under of the credit facility. Therefore, this calculation is no longer subject to a minimum limit of \$100.0 million of the order backlog, as it was under the agreement that was in effect prior to this renewal. Other terms and conditions remained unchanged.

On June 12, 2019, the Corporation announced the signing of a series of new commercial agreements in the commercial building sector in Southeast USA and West Coast USA, worth a total of \$165.0 million. The scope of the largest project among this series of new commercial agreements, in terms of value, involves erecting the entire steel structure of a new multi-story building in Southeastern U.S.A., and includes design-assist services, the design and engineering of connections, as well as the fabrication and industrial coating. The fabrication and steel erecting work are scheduled to begin next year. The other largest project, in terms of value, consists in the design and engineering of connections, the supply of the material (steel), the fabrication work, which includes the application of industrial coating, as well as construction engineering services and the installation of the steel structure of a new commercial building.

On October 15, 2019, the Corporation announced the award of a series of major contracts valued at a total of \$70 million. The largest of this series of contracts was won in the public infrastructure sector in the U.S. Midwest and consists in the design and engineering of connections, the fabrication, including the procurement of raw material (steel) and industrial coating, as well as the installation of complex steel structures and heavy steel components, including architecturally exposed structural steel (AESS) elements. This contract will be carried out at ADF's fabrication complex and industrial paint shop, located in Terrebonne, Quebec. Fabrication work will extend until the end of 2020.

ADF Group's order backlog totalled \$328.7 million on January 31, 2020, compared with \$219.5 million on the same date a year earlier. This variation is attributable to new contracts and contract modifications, net of contracts execution. The order backlog as at January 31, 2020, does not include the new contracts announced since that date (see Section 7 "Significant Events That Occurred Since January 31, 2020").

As at January 31, 2020, 39% of the order backlog consisted of fabrication hours – the Corporation's core business and most value-added activity – compared with 44% on January 31, 2019. Most of the contracts in hand as at January 31, 2020, will progressively be executed by the end of the fiscal year ending January 31, 2022.

b) Out of Court Settlement

On October 9, 2019, the Corporation announced an out of court settlement of a suit in Florida, USA. This settlement ends a legal dispute opposing ADF to one of its clients with regard to a structural steel fabrication and installation contract in Florida, USA. ADF's Management and its Board of Directors, deemed it appropriate, considering all the factors involved, to settle out of court. Thus, ADF collected a total sum of \$13.9 million (US\$10.5 million). This settlement has however generated a pre-tax loss of \$7.7 million (US\$5.8 million) which is recognized in the results for the quarter ending October 31, 2019, given the write-off of an equivalent amount under the Corporation's "Contract Assets" financial statement heading.

c) Dividend

On April 10, 2019, the Corporation's Board of Directors approved a semi-annual dividend of \$0.01 per share, paid on May 15, 2019 to shareholders of record as at April 30, 2019.

On September 11, 2019, the Corporation's Board of Directors approved a semi-annual dividend of \$0.01 per share, paid on October 16, 2019 to shareholders of record as at September 30, 2019.

4.2.3. Fiscal Year Ended January 31, 2021

a) Renewal of the Credit Facility

On February 28, 2020, the Corporation has secured an increase in its Canadian credit facility, bringing it from \$20.0 million to \$30.0 million. The other terms and conditions remain unchanged. On September 28, 2020, this credit facility was extended, without amendment. This increase will allow the Corporation to support the sustained growth of its order backlog.

b) New Contracts and Order Backlog

On March 23, 2020, the Corporation announced the award of two new contracts in North America worth a total of \$65.0 million, one as part of the construction of a new industrial building in the transportation sector in Quebec, and the other consists in the construction of a new commercial building in California.

In both cases, ADF was entrusted with the design and engineering of connections, the fabrication, including the procurement of raw material (steel) and industrial coating, as well as the installation of these new structures. These new contracts will be carried out at both of ADF's fabrication plants, one in Terrebonne, Quebec and the other in Great Falls, Montana. Fabrication work on both new projects has started in July 2020 and should extend over a 12-month period.

On November 25, 2020, the Corporation announced the award of two new contracts in the commercial building sector in the U.S.A., worth a total of \$101.0 million. The scope of the largest of these contracts, in terms of value and tonnage, relates to the design and engineering of connections, fabrication, which also includes industrial coating and the supply of raw material (steel), and the installation of the steel structure of a new building with a commercial vocation in the Northwestern U.S.A. Fabrication is expected to start in the first months of 2021 at ADF's plant located in Terrebonne, Quebec, and will run until the third quarter of the year 2021. The other contract, is located in the Northeastern U.S.A. and consists in, among other things, the supply of raw material (steel) and shop drawings, and the fabrication of the steel structure used in the construction of a new government building. Fabrication is expected to begin later in 2021 and will run until mid-2022.

On January 25, 2021, the Corporation announces the award of new contracts in the commercial building and transportation infrastructure sectors in the USA and in Canada, worth a total of \$102 million. The scope of the largest of these contracts, in terms of value and tonnage, covers all services included in ADF's global offer, which consist in the design and engineering of connections, fabrication including industrial coating, the production of shop drawings, steel procurement, and the installation of the new steel structure of a large commercial building in

Southeastern U.S.A. This project is characterized by a fast-track construction schedule. Fabrication is expected to start in the first months of 2021 at ADF's plant located in Terrebonne, Quebec. The other major contracts won by ADF, in the transportation infrastructure sector in the Western USA and in the commercial building sector in Eastern Canada, also subject to accelerated schedules, include all services comprised in ADF's overall offering. All of these contracts are scheduled to begin in the coming months, and will run until the end of the year 2021. Both ADF's fabrication plants and paint shops, in Terrebonne, Quebec, and in Great Falls in the state of Montana, will be involved in the carrying out these new projects.

ADF Group's order backlog totalled \$436.2 million on January 31, 2021, compared with \$328.7 million on the same date a year earlier.

c) Dividend

On April 8, 2020, the Corporation's Board of Directors approved a semi-annual dividend of \$0.01 per share, which was paid on May 15, 2020 to shareholders of record as at April 30, 2020.

On September 9, 2020, the Corporation's Board of Directors approved a semi-annual dividend of \$0.01 per share, paid on October 16, 2020 to shareholders of record as at September 30, 2020.

d) New Loans

On May 5, 2020, the Corporation obtained two new loans from a U.S. bank, totaling \$5.7 million (US\$4.0 million). These loans are guaranteed by the *U.S. Small Business Administration* ("SBA") and were issued to two U.S. subsidiaries of ADF under the *U.S. Care Act* in response to COVID-19. These loans should be reimbursed over an 18-month period starting in December 2020, or after, subject to the latest legislative changes to the program. In addition, if certain conditions are met, these loans may be partially or even fully forgiven.

e) U.S Revolving Credit

In November 2020, the Corporation renewed the agreement for its revolving credit agreement with a U.S. bank. This renewal brings the available limit to US\$2.0 million from US\$1.6 million as at January 31, 2020. The other terms and conditions remained unchanged.

f) COVID-19

Since January 31, 2020, the COVID-19 pandemic has grown in North America, and in recent months a second wave has been affecting these same regions.

A number of Canadian provinces and U.S. states, including Quebec and Montana, have instituted confinement periods or have introduced certain restrictions to contain the spread of the virus, except for essential services. Since the beginning of this pandemic and at the time of this Annual Information Form, all of ADF's facilities, including all of its job sites, remained open and operational.

However, in order for ADF's fabrication plant in Terrebonne, Quebec, to remain in operation, and in addition to the required sanitary and physical distancing measures, Management initially had to limit the number of employees per work shift. This limitation has allowed the Corporation to maintain a sufficient level of fabrication in order to serve its various customers, but has resulted in some operational limitations. In addition, some additional costs have also been incurred as a result of the various measures taken. At the date hereof, the number of employees per shift has virtually returned to the pre-pandemic level.

The Corporation has taken steps to care for its employees, including allowing them to work remotely and implementing strategies to support appropriate social distancing techniques for employees who cannot work remotely.

The Corporation has also taken precautions with regard to the hygiene of employees, facilities and offices, as well as the implementation of significant travel restrictions. The Corporation is also evaluating its business continuity plans for all of its operations in the context of this pandemic. This situation is evolving rapidly and the Corporation will continue to monitor and mitigate developments affecting its staff, suppliers, customers and the general public as much as it can.

So, although for the moment the impact of COVID-19 on ADF's operations is limited, the extent to which the virus can have an impact on its results will depend on future developments, which are very uncertain and cannot be predicted at the time of this filing, including new information

4.3. Events That Occurred After January 31, 2021

Dividend

On April 7, 2021, the Corporation's Board of Directors approved a semi-annual dividend of \$0.01 per share, which will be paid on May 17, 2021 to shareholders of record as at April 30, 2021.

4.4. Outlook for the Current Fiscal Year (Ending January 31, 2022)

The fiscal year that just ended is a good example of the Corporation's resilience. Despite the impacts of the pandemic and its effects, not only on the economy in general, but also on the way it operates, the Corporation has been able to continue to grow our order backlog and greatly improve its cash position.

For the fourth consecutive year, the Corporation continued the growth of its order backlog, which reached \$436.2 million at January 31, 2021, while net cash flow improved by nearly \$27.0 million during the 12-month period ended the same date. Results also improved compared with the previous fiscal year. As explained previously in this Annual Information Form, the Corporation has benefited from some government incentives put in place to address the effects of the pandemic, but have also had additional costs and operational inefficiencies associated with this pandemic.

The Corporation is therefore starting the 2022 fiscal year with a strong order backlog and a sound cash position. The only downside the Corporation sees to these prospects is the price of the contracts that are currently in the backlog, and at the negotiation stage. The contracts recently won by ADF, and the market in general, still offer increasingly tight prices, which put a certain pressure on margins. The Corporation welcomes the recent announcements of infrastructure investment projects that are expected to reduce this pressure, but in the meantime, and while it is expecting revenues to increase in the next fiscal year in light of the order backlog, the Corporation also expects margins to decline in future quarters.

However, the Corporation will continue its efforts to grow the backlog and strategies to improve its operational efficiency. The Corporation has promising improvement projects in sights, and will do everything it can to maintain its competitive advantage and take ADF to new heights.

5. DESCRIPTION OF BUSINESS

5.1. Products and Services

ADF provides connections design and engineering, fabrication, including industrial coating, and installation services for complex steel structures, heavy built-ups, and miscellaneous and architectural metalwork to the non-residential construction industry, mostly in the United States and Canada. Used as the main structural component in building construction, structural steel, heavy steel components, as well as architectural and miscellaneous metalwork, have been at the core of the Corporation's activities since the early 1980s, and still generate its main revenues.

The following is a brief description of a typical project at ADF.

a) **Project Valuation and Bidding**

The first stage is to identify those projects that meet the criteria established by management relative to schedule and profitability. Based on the plans and specifications of targeted projects, the Corporation's estimators are able to rapidly identify the critical characteristics of the project and to propose more efficient and less costly alternatives, and even identify and resolve potential issues at this preliminary stage.

The project plans are analyzed using software developed in-house in order to prepare the bid, assess the costs and plan production.

In some cases, clients invite the Corporation, even before the bidding process starts, to help them assess the structural steel connections design and engineering, fabrication and installation costs, which provides the Corporation with an advantage when bidding on the project.

b) **Coordination and Design**

A project manager is appointed to the project once it has been awarded in order to supervise the following operations (when contractually required):

- Obtaining of the clients' bonds and other necessary insurance policies to reduce the projects' financial risks;
- Planning and coordination of purchases, connections design and shop drawings, production and installation; and
- Coordination of engineering and drawing of structural steel components and connections is done in close collaboration with the client's professionals to optimize them; to that end, the Corporation uses the 3D software X-Steel (Tekla Structures).

c) **Fabrication and Project Management**

The fabrication of steel structures is carried out in the Corporation's fabrication plants; one in Terrebonne, Quebec, which has five (5) production lines, and one in Great Falls, Montana which has one (1) production bay. Both plants are fitted out with state-of-the-art equipment, enabling the Corporation to optimize the use of raw materials (steel) and the overall production process, which minimizes the handling of fabricated steel components.

The Corporation operates two (2) paint shops; one located at the same site as the fabrication plants in Great Falls, Montana, USA (since January 2015) and the other at its own Terrebonne facilities, in Quebec, Canada (since March 2016). These paint shops are primarily used for the Corporation's own fabrication projects, but can also serve third party customers.

Each of the Corporation's projects is supervised by a project manager. When installation services are included in the contract, the project manager works in close collaboration with the site supervisors.

d) **Installation (Steel Erecting)**

In addition to its integrated connections design and engineering and fabrication services, the Corporation also offers its installation services in certain targeted markets. Installation teams are composed of experienced supervisors who are permanent employees of the Corporation, as well as a local labour force hired specifically on a project-by-project basis. The Corporation may also outsource the installation portion to experienced subcontractors.

e) **Quality Management**

The Corporation remains at all times committed to providing high-quality services and products.

This commitment is reflected, among others, in the superior quality of ADF's products and services as well as the training program it provides to all personnel involved in the key stages such as the connections design and engineering, fabrication, industrial coating and installation of structural steel.

At the design stage, drawings are prepared with the assistance of a three-dimensional design software application and each drawing is then verified. On the basis of these computerized drawings, the materials of the structural steel components are prepared by semi-automated equipment. These materials are then assembled, welded and painted by ADF highly qualified fitters, welders, painters and other employees who successively take over from each other.

An identification and traceability system is maintained throughout all activities of the manufacturing and industrial coating process.

With each stage of fabrication, quality control activities are carried out on the structural steel components by a qualified and /or certified inspector. Following the final inspection, the structural steel components are delivered to the construction site in accordance with the contractual requirements.

ADF's commitment to quality management is based on a planned and structured approach to its business processes, while taking into account expected results, risks and opportunities.

ADF has had ISO 9001 certification for its Terrebonne facilities since 1999. ADF also has certifications from the American Institute of Steel Construction ("AISC"), namely the certifications Standard for Steel Building Structures — Certified Bridge Fabrication — Advanced (Major) — Fracture Critical Endorsement — Sophisticated Paint — Enclosed for its Terrebonne facilities, the certifications Standard for Steel Building Structures — Sophisticated Paint — Enclosed for its Great Falls, Montana facilities and the certification Certified Steel Erector (with the Metal Deck Installation Endorsement) for its structural steel erection operations in the United States through its U.S. subsidiary ADF International, Inc.

The Corporation also maintains its CSAW47.1 certification "Certification of Companies for Fusion Welding of Steel" in Division 1 by the Canadian Welding Bureau.

These certifications allow the Corporation to qualify for practically any structural steel project in North America and abroad.

f) **Contract Execution and Billing**

Execution of the contracts generally ranges over a period of 3 to 18 months. The Corporation's contracts are primarily based on fixed prices. It is less common nowadays to see clients financing the cost of raw materials (steel). Billing is generally done monthly based on the advancement of the work and certain specific expenses incurred such as engineering work, drawings or the purchase of steel.

The Corporation also tends to regularly invoice the costs incurred as a result of changes or additions required by the client during the course of the project. Invoices are generally payable by the clients within 15 to 60 days.

The Corporation attempts to provide in its bids for terms of payment aimed at minimizing the volume of work in progress not billed. However, in a large number of projects, clients retain a portion of the invoiced amounts (usually between 5% and 10%), which is released as per milestones established in the contract.

For public sector projects, in order to protect its receivables, the Corporation generally benefits from a payment bond issued by a recognized insurance corporation. In the case of private sector projects, in addition to such bonds, the Corporation generally benefits from a lien on the property.

5.2. **Principal Markets**

ADF serves a diversified client base in the non-residential construction industry (commercial, institutional, industrial and public segments):

- General contractors;
- Project owners;
- Engineering firms and project architects;
- Structural steel erectors; and
- Other structural steel fabricators.

Over the last several years, ADF Group has earned a solid reputation for its capacity to deliver on time and within budget, allowing it to build long-term relations with its clients and partners. To date, it has established business relationships with contractors and world-class engineering firms that are among the leaders in North America.

Being increasingly recognized for the quality, efficiency and reliability of its services represents a significant advantage for the Corporation in the selection process, especially when the projects involved are highly complex and subject to fast-track schedules. In fact, a number of clients with whom ADF has previously done business, award it new contracts subsequently.

Since 1992, the Corporation has considerably diversified its geographic and segmented markets. By broadening its potential pool of projects, ADF can be increasingly selective in its bidding strategy, targeting projects not only based on their geographic location, but also their expected profitability and risk level. Because of the Corporation's ability to meet the demand in certain markets and the size of the projects it carries out, its sales in one geographic or segmented market may fluctuate from year to year.

The table below indicates the geographic breakdown of the Corporation's revenues for the 2021 and 2020 fiscal years.

Fiscal years ended January 31,	2021	2020
(In thousands of \$CA)	\$	\$
Revenues		
— Canada	32,025	13,906
— United States	140,568	165,804
	172,593	179,710

In order to pave the way for its future development, ADF also looks for business opportunities in certain targeted international markets in order to capitalize on its competitive advantages, specifically its expertise in engineering, in project management and in fabrication.

In terms of economic dependency, 66% of the Corporation's revenues during the fiscal year ended January 31, 2021, were realized with three (3) clients, for respective amounts of \$63.6 million and \$28.1 million from the United States, and \$21.5 million from Canada, and who each accounted for 10% or more of the Corporation's revenues.

During the fiscal year ended January 31, 2020, 72% of the Corporation's revenues, were realized with four (4) clients (two (2) of whom were part of the revenues concentration for the fiscal year ended January 31, 2019), for respective amounts of \$43.4 million, \$32.8 million, \$31.9 million and \$20.5 million, all from the United States, and who each accounted for 10% or more of the Corporation's revenues.

Although the Corporation attempts to limit the concentration of its revenues, given the nature of its activities and market, its revenues are likely to remain concentrated among a restricted number of clients in upcoming quarters.

5.3. Steel Procurement and Other Products and Services

The Corporation's steel procurement strategy is to obtain the lowest possible prices and to purchase steel in optimal volumes according to its needs. After a contract has been awarded, the Corporation purchases its steel supplies on the basis of the price lists provided by steel mills as well as rolling schedules which provide the necessary information as to product availability, and through bid solicitations, which describe the specific requirements of the project to such mills.

The Corporation purchases steel on a project-by-project basis. In general, most of the Corporation's steel supply comes from mills. When the Corporation obtains its steel supplies directly from mills, its procurement costs are lower than when it obtains such supplies from steel distributors. However, when fabrication schedules are too tight or when changes are made to a project while the work is in progress, the Corporation obtains its supplies from local steel distributors.

Since the Corporation procures its supplies from several American, Canadian and European steel mills, it is not dependent on any given source of supply and has never experienced any problems with respect to its steel supplies in the past. Furthermore, because most of the Corporation's steel supplies are purchased on a project-by-project basis and 80% to 90% of such purchases are made within the first month following the award of the contract, the Corporation is able to minimize the risks associated with any price fluctuations that might occur. In addition, clients occasionally supply the steel to be processed by ADF.

Furthermore, ADF benefits from a stable, competitively-priced source of supply of complementary products and services such as industrial gas, welding and safety equipment, industrial and construction tools, bolt products and metal fasteners, metal surface treatment services and heavy construction equipment rental services.

5.4. Sales and Marketing

The Corporation's sales and marketing efforts are focused primarily on developing long-term business relationships with clients. The Corporation identifies new project opportunities and obtains current market information and sales opportunities through its relationships and interaction with its active and potential client base, as well as through internal research. In addition, due to its high market profile, clients frequently contact the Corporation for new projects. Once a potential project has been identified, the Corporation tailors its sales strategy to the specific nature and requirements of the project, as well as its past business relations with a particular client.

5.5. Human Resources

As at January 31, 2021, the Corporation employed a total of 505 people across its head office, fabrication complex and paint shop in Terrebonne, Quebec, and its office, fabrication plant and paint shop in Great Falls, Montana, U.S.A., the sales office and equipment warehouse in Pompano Beach, Florida, U.S.A. as well as the various construction sites in the United States.

The Terrebonne plant employees are unionized. They were granted the new union certification on May 3, 2013. On November 26, 2013, a five-year collective labour agreement between the new certified association and the Corporation was ratified by both parties. The parties have ratified a new collective bargaining agreement in November 2017, which will expire on November 9, 2023.

Employees of the fabrication plant and paint shop in Great Falls, Montana, USA are unionized. On June 28, 2016, the new certified union and the Corporation concluded a first collective bargaining agreement for a 10-year period ending June 27, 2026, with annual renegotiation period with regard to group insurance cost sharing and every three years for the monetary (wages and pension plan).

When required, local construction teams retained by the Corporation in connection with each project are subject to various collective agreements governing construction workers in each specific area. In order to be able to retain the services of local workforce assigned to installation activities, the Corporation is notably a party to a collective agreement with the International Association of Bridge and Structural Ornamental and Reinforcing Iron Workers, as well as a number of agreements with certain local unions in respect to operations on construction sites.

5.6. Description of Buildings

The Corporation owns or leases the following premises:

Address	Type of Facility	Total Surface	Interest
300 Henry-Bessemer Terrebonne, Quebec, Canada	Head office and main complex structural steel fabrication plant	58,530 m ² (630,000 ft ²)	Owner
1925 N.W. 15 th Street, Unit A Pompano Beach, Florida, USA	Sales office and equipment warehouse	1 226 m ² (13 200 ft ²)	Owner
1900 Great Bear Avenue ⁽¹⁾ Great Falls, Montana, U.S.A.	Structural steel fabrication plant	9,290 m ² (100,000 ft ²)	Owner
1904 Great Bear Avenue Great Falls, Montana, U.S.A.	Paint shop	4,460 m ² (48,000 ft ²)	Owner

(1) This property is mortgaged to one of the principal lenders of the Corporation under one of its long-term loan.

5.7. Environment

ADF's operations are subject to various laws and regulations adopted by federal, provincial, state and local governments pertaining to environmental protection.

The Corporation's Terrebonne (Canada) and Great Falls (United States) facilities were built on vacant lands. The operations that have potential effects on the environment are welding, which generates smoke, equipment maintenance, which generates waste oil, and industrial paint and coatings, which generate fumes. ADF has installed appropriate pollution control equipment in order to comply with the laws and regulations in force.

Waste oil is recuperated by specialized firms. The Corporation has all the necessary environmental authorizations for its fabrication plants, and its paint shop, and for all expansion phases subsequently carried out.

Moreover, as part of the construction of its new paint shop in Terrebonne, the Corporation updated its environmental certificate of authorization for all its operations located in Terrebonne, including its fabrication plant. Following these investments, ADF Group's facilities in Terrebonne meet the highest environmental standards.

For the fiscal year ended January 31, 2021, based on what precedes the requirements with regard to environmental protection did not have a significant financial or operational impact on the Corporation's capital expenditures, net income and competitive position, beside the expenses incurred for the construction of its new paint shop.

The Corporation does not expect to incur any costs outside the normal course of business to comply with environmental requirements.

5.8. Trends in the North American Industry (Economic Cycles and Dependence)

The non-residential construction sector primarily includes the construction of commercial, institutional and industrial buildings such as office towers, commercial buildings, hotels, sports complexes, museums, recreational complexes, as well as manufacturing plants and other industrial facilities. It also encompasses public work projects, including construction and renovation of infrastructures and buildings such as hydroelectric dams, airports, bridges and overpasses. It should be noted that the demand in this sector is related to business cycles. Generally, private projects are more numerous in a bull cycle, whereas government projects take over in a bear cycle.

According to management, approximately half of the non-residential projects use structural steel as a structural component while the other half primarily uses concrete. In general, structural steel accounts for approximately 10% to 20% of the total cost of a project, depending on the nature of the project. Structural steel offers a number of advantages when compared to other materials, which accounts for its increasing use in the construction of complex structures.

These advantages include durability, accelerated installation, greater flexibility in fast-track project implementation, lower installation and maintenance costs and a high strength/weight ratio as a result of improved alloys.

Complex steel structure projects are more frequent in the United States than in Canada, resulting in a certain dependence on the U.S. market.

Now that the fiscal year ended January 31, 2021, is behind it, the Corporation can draw the following conclusions: Despite the uncertainty surrounding the pandemic, the markets served by the Corporation have maintained a more than adequate growth rate, allowing the Corporation to win several contracts.

This being so, future trends in these same markets are generally positive. The impact of COVID-19 still places a fair amount of uncertainty on the Corporation's analysis, given the fact that there are still uncertain risks associated with the different variants and the pace at which the vaccine is being deployed, but generally excluding these factors, the pipeline of new projects should be promising.

The new U.S. administration has announced plans for investments worth around US\$1.9 trillion, including infrastructure projects, while New York State has announced investments worth a record US\$306 billion.

On the Canadian side, and for the first time in its history, the total of the 100 largest public infrastructure projects, exceeded 250 billion Canadian dollars.

All of these investments will have a domino effect on private investments, which, combined with low interest rates, are expected to generate business opportunities for the Corporation. In light of these observations, the Corporation is relatively confident that we will be able to continue to grow its backlog (see Section 8 "COVID-19").

5.9. Competition and Competitive Advantages of the Corporation

The structural steel industry is highly fragmented. Structural steel fabricators and erectors are generally small or medium-sized businesses, with low levels of automation, and serving geographically limited markets. In the North American complex structural steel business sector, the Corporation competes against various fabricators and erectors.

Management believes that major corporations will be able to stand apart by:

- Reducing their fabrication costs through investments in the upgrading of their design and fabrication equipment and processes;
- Obtaining less expensive supplies from steel mills based on the volume of purchases; and
- Having the production capacity and technological advance to undertake high-tonnage projects, while providing the flexibility required for fast-track projects.

ADF believes it combines the necessary capabilities and skills to compete by targeting complex and profitable projects as it benefits from:

- An engineering team with strong experience in the connections design and engineering, fabrication and installation of steel superstructures, miscellaneous metals and architectural metal work;
- 3D computer-aided design, semi-automated fabrication and cutting-edge integrated networking and software;
- An integrated project management approach;
- Rigorous operational and quality control procedures that comply with international ISO and AISC standards;
- A geographically diverse fabrication capacity;
- A 140-ton lifting capacity at its Terrebonne plant and 100-ton capacity at its Great Falls plant, and

— The authorization required under the *Public Organization Contracts Act*, as amended by the *Public Contract Integrity Act* for any company wishing to enter into a public construction or service contract under the Quebec government's jurisdiction valued at \$5.0 million or more. The initial authorization was issued on March 13, 2013, by the Quebec capital markets authority (Autorité des Marchés Financiers or "AMF"), which was responsible for administering the Act at the time and is renewable every three (3) years thereafter. On August 15, 2016, the AMF granted the Corporation the renewal of the authorization until March 12, 2019.

Prior to this March 12, 2019 deadline, the Corporation filed its application for renewal of authorization for the period 2019-2022 with the AMF within the legal timeframe for this purpose. As a result of legislative changes, the AMF's powers over public contracts were transferred to the new public procurement authority (Autorité des marchés publics or "AMP"), resulting in delays in processing files. In accordance with the law, the August 15, 2016 authorization remains valid while the renewal application runs its administrative course until the AMP has ruled on the renewal application.

Companies that hold such an AMP authorization are registered in the Register of Companies Authorized to Contract or Sub contract (Registre des entreprises autorisées à contracter ou à sous-contracter or "REA"), which is maintained by the AMP and can be accessed by the public. As of the date of this Annual Information Form, the Corporation is still listed in the Registre des entreprises autorisées à contracter ou à sous-contracter or "REA".

5.10. Risks and Uncertainties

The Corporation has identified the following risks and uncertainties that could have a negative material impact on its operations, financial position and operating results. Investors should carefully examine the risks described below before making an investment decision. Additional risks and uncertainties that are not currently known to the Corporation or that are judged to be immaterial by the Corporation could also affect the Corporation's operations.

In the event such risks materialize, they could have a significant negative impact on the Corporation's operations, financial position and operating results. In addition to what is mentioned hereinafter, please refer to Section "External Factors to Which the Corporation's Performance is Exposed" of the Corporation Management's Discussion and Analysis ("MD&A") for the Fiscal Year Ended January 31, 2021.

a) **Dependence on the Non-Residential Construction Industry and General Economic Conditions**

The demand for the products designed, engineered, fabricated, and occasionally installed by the Corporation is largely influenced by the general economic conditions and business environment in North America, including new construction starts in the five principal segments of the non-residential construction market mentioned in Section 4.1 "Corporate Profile". Despite the Corporation's diversified markets, should the non-residential construction sector decline significantly in its principal markets, its business, financial position and operating results could be adversely affected. The Corporation's business activities may also be affected by the political climate, the state of the government, the state of infrastructures and working conditions prevailing in Canada, the United States and in any country where the Corporation may do business.

b) **Competition**

In certain market segments, the Corporation competes with large competitors that may have access to greater capital and other resources than those of the Corporation. In addition to the local and regional businesses that compete with the Corporation in certain markets, the Corporation may also compete with Canadian, U.S. and international corporations in any of its markets. The Corporation's future success will depend largely on its capacity to remain competitive in all aspects of its structural steel activities. There can be no assurance that the Corporation will be able to continue to compete against its current and future competitors.

Although the Corporation believes clients consider other factors, price is usually the primary factor in determining which qualified contractor is awarded a contract. To the extent that the Corporation may have to adjust its price-setting policy downward to remain competitive, its financial performance could be adversely affected. In addition, the Corporation's inability to lower fabrication costs to counter general price reductions implemented by the competition could adversely affect the Corporation's business.

c) **Substantial Liquidity Requirements**

The Corporation's operations require significant amounts of working capital to perform the contracts awarded. The Corporation's contracts are primarily based on fixed prices although a relatively small percentage of the Corporation's contracts may be based on cost-plus pricing. Billing is generally performed on a monthly basis according to the progress of the work and the occurrence of certain specific expenses such as the engineering work, drawings and the purchase of steel supplies, when applicable. Invoices are generally payable by the client within 15 to 60 days.

To the extent that modifications or additions are required by the client during the course of the project, the Corporation may incur additional costs. To the extent that the Corporation is unable to receive payments in the early stages of a project, its cash flows could be reduced, which in turn could increase its capital requirements and materially affect the Corporation's business.

d) **Operating Risks**

Connections design and engineering, fabrication and installation of structural steel involve a high degree of operating risks. Natural disasters, adverse weather conditions, errors in design, engineering, fabrication and installation, as well as work-environment accidents can cause death or personal injury, property damage and the permanent or temporary suspension of operations.

The occurrence of any of these events could result in loss of revenues, increased costs and liability to third parties. The Corporation has established risk management, insurance and work-safety programs to prevent or mitigate losses. There can be no assurance that any of these programs will be adequate or that the Corporation will be able to maintain adequate insurance coverage at rates that it considers reasonable in the future.

The Corporation's activities are also subject to certain hazards and to the risk of incurring liability, which all businesses involved in the construction industry must face, including the risk of defects in steel products or in the connections design and engineering, fabrication or installation of steel structures. Although the Corporation has never experienced any material defects in its products, the occurrence of such defects could involve the recall of products and have an adverse impact on the Corporation's reputation.

The Corporation maintains insurance coverage against certain risks through various product and liability insurance policies. However, there can be no assurance that the Corporation will always be able to maintain adequate coverage.

e) **Currency and Exchange Rate Fluctuations**

Generally, the Corporation's revenues from its international operations are predominantly concluded in U.S. dollars, while a significant proportion of the Corporation's operating expenses and capital expenditures is denominated in Canadian dollars. As a result, the Corporation may be exposed to fluctuations in the exchange rates between the Canadian dollar and the currency in which a particular sale is transacted. An increase in the value of the Canadian dollar relative to foreign currencies could adversely affect the competitiveness of the Corporation in other countries.

However, this risk is mitigated by the foreign exchange policy adopted by the Corporation's Board of Directors and by provisions taken by Management when contracts are signed.

f) **Steel Procurement**

Steel is the primary raw material used by the Corporation in the fabrication of structural steel. The Corporation does not produce or distribute its own steel. Even though the Corporation has not experienced any problems with respect to steel supplies in the past, any material deficiency in the supply of steel or any interruption in the supply of quality steel to the Corporation could adversely affect the Corporation's business.

Furthermore, there can be no assurance that the price of steel will not be subject to significant price variations in the future. Although the great majority of the Corporation's steel supplies are purchased on a project-by-project basis and generally within the first three months following the commencement of the work, there exists no guarantee as to price or quantities, and the Corporation remains vulnerable to such fluctuations. In addition, significant increases in the price of steel could reduce the number of projects with structural components made of steel structures. Significant fluctuations in the price of steel could therefore materially adversely affect the Corporation's business.

g) **Regulatory Matters**

The fabrication and installation of structural steel and architectural and miscellaneous metal work in Canada and the United States are subject to federal, provincial and local laws as well as to international trade agreements, which restrain the Corporation's operations.

Some aspects of the Corporation's operations are targeted by government regulations in Canada, the United States and other countries in which the Corporation operates, including laws respecting occupational health and safety. In addition, the Corporation must obtain licenses and permits in each of the states and provinces in which it operates as well as in local jurisdictions within such states and provinces. The Corporation's activities are also subject to environmental laws and regulations. Operations in the production plants involve risks of environmental liability, and there is no assurance that the Corporation will not incur liability or significant costs in the future. Any new environmental law or regulation or stricter enforcement policies could have material adverse effects on the Corporation's financial condition and force the Corporation to incur considerable additional expenses to ensure compliance or continued compliance therewith.

Management believes that the Corporation is in material compliance with all laws and regulations which are applicable to it. However, the Corporation cannot determine the extent to which its operations and results of operations could be affected by new laws, regulations or changes in the interpretation of current regulations or by new interpretations of current regulations.

The loss or revocation of any license or permit or the imposition of limits on the main services provided by the Corporation in any of the regions in which it operates substantially or any amendment to these laws or agreements could adversely affect the Corporation.

Moreover, ADF's operations in the United States can be affected by changes in the interpretation of current regulations or by certain administrative practices aimed at reducing and monitoring imports of foreign products (Buy American Act and Buy America Act). However, this risk is somewhat mitigated since the commissioning of its plant in Great Falls, Montana.

h) **Dependence on Key Personnel**

The Corporation depends on the skill and experience of its executive officers and other key employees as well as its ability to attract other employees with experience in the fields of connections design and engineering, fabrication and installation of complex steel structures. The unexpected loss of the services of some of its key executive officers or its inability to attract other qualified employees in these fields could adversely affect the Corporation's business.

i) **Risks Associated with Revenue Recognition Using Percentage-of-Completion**

The Corporation recognizes revenues using the percentage-of-completion accounting method. Under this method, revenues are recognized on the basis of results achieved using the cost-ratio method. Estimated losses on contracts are recognized in full when the Corporation determines that a loss will be incurred. The Corporation reviews and revises revenues and total cost estimates as work progresses on a contract and as contracts are amended. Accordingly, revenue adjustments based on the revised completion percentage are reflected in the period during which estimates are revised. There can be no assurance that these estimates will not differ from the actual results.

j) **Fixed-Price Contracts**

The Corporation's order backlog consists, for the most part, of projects that are performed on a fixed-price basis. When bidding on projects, the Corporation estimates its costs, including projected increases in the costs of labour, materials and services. Despite these estimates, actual costs and gross profit realized on a fixed-price contract could vary from the estimated amounts because of unforeseen circumstances or changes in job conditions, variations in labour and equipment productivity over the terms of contracts, higher than expected increases in labour costs or the costs of materials, and other factors. These variations could adversely affect the Corporation's business.

k) **Revenue Concentration**

As further described in Section 5.2 "Principal Markets" herein above, during the fiscal year ended January 31, 2021, 66% of the Corporation's revenues were realized with three (3) clients, who each accounted for 10% or more of the Corporation's revenues.

In the future, the Corporation expects to maintain a comparable concentration of clients, although with different clients. The unexpected loss of such clients or the inability to attract other major clients could adversely affect the Corporation's business.

l) **Ability to Manage Subcontractors**

The Corporation may rely on subcontractors to perform a certain portion of its installation and/or fabrication for projects that the Corporation does not wish to perform internally. With respect to these projects, the Corporation's success depends on its ability to retain and successfully manage these subcontractors. Any difficulty in attracting and retaining qualified subcontractors on terms and conditions favourable to the Corporation could adversely affect the Corporation's business.

m) **Access to Bonding**

In order to be awarded certain contracts in the non-residential construction industry, companies such as the Corporation may be required by potential clients to provide performance bonds for the execution of work. These guarantees come in the form of performance bond issued by bonding companies. Since 2009, the Corporation has the capacity to provide such guarantees in Canada and in the United States for amounts which meet the expectations of its targeted markets. However, this capacity depends on the Corporation's financial position and the availability of such guarantees from bonding companies worldwide.

There can be no assurance that the Corporation will be able to provide such guarantees in the future. Should the Corporation's capacity to provide performance bonds become significantly restricted either because of its financial position or a decrease in the availability of such guarantees worldwide, it could then be impossible for the Corporation to bid on projects for which performance bonds would be required.

n) **Trade Tariffs**

There can be no assurance that the steel products manufactured by the Corporation will not be subject to trade tariffs in the countries to which they are exported.

o) **Control by Principal Shareholders, Directors and Officers**

As at January 31, 2021, Ms. Marise Paschini, Mr. Jean Paschini and Mr. Pierre Paschini beneficially owned approximately 2.73% of the outstanding Subordinate Voting Shares and all (100%) of the outstanding Multiple Voting Shares, which represents 89% of the voting rights attached to all outstanding shares. As a result, these shareholders are entitled to exercise control over all matters requiring shareholder approval, including the election of directors and the approval of significant corporate transactions. Such concentration of ownership may have the effect of delaying or preventing a change in control of the Corporation.

p) **Access to Additional Financing**

The Corporation may need additional capital in order to repay its long-term debt in advance. The ability of the Corporation to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as the business success of the Corporation. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing on terms satisfactory to the Corporation. If additional financing is raised by the issuance of shares or other forms of new convertible securities, the interest of shareholders in the Corporation could be further diluted.

q) **Fluctuations in Share Price**

The market price of the Subordinate Voting Shares may fluctuate due to a variety of factors relative to the Corporation's business, notably, fluctuations in the Corporation's operating results, sales of the Subordinate Voting Shares in the marketplace, failure to meet analysts' expectations and general conditions in the North American non-residential construction industry and the worldwide economy.

In recent years, the Subordinate Voting Shares have experienced substantial price fluctuations. There can be no assurance that the market price of the Subordinate Voting Shares will not continue to experience significant fluctuations in the future, including fluctuations unrelated to the Corporation's performance.

6. DIVIDEND POLICY

Generally, the Corporation maintains its strategy of reinvesting its liquidity in its continuing operations, the redemption of some of its subordinate voting shares in the normal course of business, the acquisition of property, plant and equipment and intangible assets, as well as the reduction of its long-term debt.

However, although the Corporation intends to retain a portion of its liquidities for the purposes set out above, its Board of Directors decided during the fiscal year ended January 31, 2012, to start declaring and paying a cash dividend on a semi-annual basis. This policy was maintained since then. At the time of the payment of dividends, the Board of Directors will consider a number of factors, which will determine the amounts thereof, including the Corporation's current and expected net earnings, cash flows and capital requirements, while complying with the rules governing the Corporation. Nothing can guarantee the amount of the dividends or when they will be declared or paid in the future. The Board of Directors may review this policy from time to time.

The table below indicates the dividends declared on shares for each class of shares of the Corporation during the last three fiscal years:

Fiscal Years Ended January 31,	Dividend declared on Subordinate Voting Shares (\$/Share)			Dividend declared on Multiple Voting Shares (\$/Share)		
	First Half	Second Half	Total Annual	First Half	Second Half	Total Annual
	\$	\$	\$	\$	\$	\$
2019	0.01	0.01	0.02	0.01	0.01	0.02
2020	0.01	0.01	0.02	0.01	0.01	0.02
2021	0.01	0.01	0.02	0.01	0.01	0.02

In addition, in accordance with this policy, the Corporation's Board of Directors approved on April 7, 2021, the payment of a semi-annual dividend of \$0.01 per share, payable on May 17, 2021 to shareholders on record as at April 30, 2021.

7. CAPITAL STRUCTURE

7.1. Authorized and Outstanding Capital

On January 31, 2021, the Corporation's authorized capital consisted of:

- an unlimited number of Subordinate Voting Shares (carrying one (1) voting right per share) without par value, of which 18,292,099 were issued and outstanding, representing 11.3% of total voting rights of the Corporation's shares;
- an unlimited number of Multiple Voting Shares (carrying ten (10) voting rights per share) without par value, of which 14,343,107 were issued and outstanding, representing 88.7% of total voting rights of the Corporation's shares;
- an unlimited number of preferred shares (carrying no voting rights) without par value, issuable in series, of which none were issued and outstanding; and
- a first series of senior preferred shares designated "Senior Preferred Shares, Series 1", totalling 2,125,000 shares without par value, of which none were issued and outstanding.

The text that follows is a summary of the principal characteristics of the classes of shares mentioned above. This description does not aim to be complete and is given subject to the articles of the Corporation.

7.1.1. Multiple Voting Shares and Subordinate Voting Shares

Except as described herein, the Multiple Voting Shares and the Subordinate Voting Shares will carry the same rights, will be equal in every respect and will be treated as if they were shares of one and the same class.

7.1.2. Rank

The Multiple Voting Shares and the Subordinate Voting Shares rank junior to the Preferred Shares with respect to the payment of dividends, return of capital and distribution of assets in the event of liquidation, dissolution or any distribution of the assets of the Corporation for the purpose of winding up its affairs.

7.1.3. Dividends

The holders of outstanding Multiple Voting Shares and the Subordinate Voting Shares are entitled to receive dividends on a share-for-share basis out of the assets legally available therefore at such times and in such amounts as the Board of Directors of the Corporation may determine, but without preference or distinction among or between the Multiple Voting Shares and the Subordinate Voting Shares.

7.1.4. Voting Rights

The Subordinate Voting Shares carry one (1) vote per share, and the Multiple Voting Shares carry ten (10) votes per share. The holders of Subordinate Voting Shares and the holders of Multiple Voting Shares are entitled to receive notice of any meeting of shareholders of the Corporation and to attend and vote thereat as a single class on all matters to be voted on by the shareholders of the Corporation, except at meetings where the holders of shares of one class or of a particular series of shares are entitled to vote separately pursuant to the Canadian Business Corporations Act.

7.1.5. Conversion

Each outstanding Multiple Voting Share is convertible at any time, at the option of the holder, into one Subordinate Voting Share. The Subordinate Voting Shares are not convertible into any other class of shares.

7.1.6. Split or Consolidation

No split or consolidation of the Multiple Voting Shares or the Subordinate Voting Shares are made without, concurrently, having the Multiple Voting Shares or Subordinate Voting Shares, as the case may be, simultaneously split or consolidated under the same conditions.

7.1.7. Liquidation Rights and Other Matters

The Multiple Voting Shares and the Subordinate Voting Shares are not redeemable or retractable. Upon liquidation, dissolution or any distribution of the assets of the Corporation for the purpose of winding up its affairs, the holders of Multiple Voting Shares and the holders of Subordinate Voting Shares are entitled to participate equally, on a share-for-share basis, in the remaining property and assets of the Corporation available for distribution to such holders.

7.1.8. Undertakings in Favour of Holders of Subordinate Voting Shares

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 Toronto Stock Exchange (previously the Montreal Stock Exchange), each of Mr. Jean Paschini, Mr. Pierre Paschini and Ms. Marise Paschini and their respective holding companies (the "Principal Shareholders"), as the beneficial and registered owners of all the outstanding Multiple Voting Shares, entered into an agreement on July 7, 1999 (the "Trust Agreement") with Montreal Trust Corporation (now Computershare Trust Corporation of Canada) (the "Trustee") and the Corporation.

Pursuant to the Trust Agreement, the Principal Shareholders placed their Multiple Voting Shares on deposit with the Trustee and undertake not to sell or dispose of, directly or indirectly, any Multiple Voting Shares pursuant to a takeover bid, as defined by applicable securities legislation, under circumstances in which securities legislation would have required the same offer or a follow-up offer to be made to all holders of Subordinate Voting Shares if the sale had been of Subordinate Voting Shares rather than Multiple Voting Shares, but otherwise on the same terms. This undertaking does not apply if:

- Such sale was made pursuant to an offer to purchase only part of the Multiple Voting Shares made to the Principal Shareholders and an offer, all of the terms of which are at least as favourable as the terms of the offer to purchase Multiple Voting Shares, is made concurrently to all holders of Subordinate Voting Shares to purchase the same proportionate number of Subordinate Voting Shares at a price per share at least as high as the highest price per share offered in connection with the sale or disposition of the Multiple Voting Shares, which offer would have no condition attached other than the right not to take up and pay for the Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; or
- There is a concurrent unconditional offer, all terms of which are at least as favourable as the terms of the offer to purchase Multiple Voting Shares, to purchase all the Subordinate Voting Shares at a price per share at least as high as the highest price per share offered in connection with the sale or disposition of the Multiple Voting Shares.

The Trust Agreement permits, subject to the prior consent of the Trustee as provided for below, certain direct and indirect sales provided that:

- The sale or disposition is effected within the Founding Group (as defined herein below) at a price which is within the margin prescribed by the Securities Act (Quebec); and
- The transferee is not a party to any agreement under which any other person would participate in the ownership of, control or direction over more than 50% of the votes attaching to the Multiple Voting Shares and the Subordinate Voting Shares held by such transferee.

Under the Trust Agreement, any direct or indirect sale or disposition of Multiple Voting Shares (including a transfer to a pledgee as security) by a party bound by the terms thereof or any person or corporation which it controls is conditional upon the transferee becoming a party to an agreement on substantially similar terms and conditions as are contained in the Trust Agreement.

The conversion of Multiple Voting Shares into Subordinate Voting Shares does not constitute a sale or disposition for the purposes of the Trust Agreement.

The Trust Agreement provides that if a person or corporation carries out an indirect sale or a disposition in respect of any Multiple Voting Shares in contravention of the Trust Agreement, no person shall from the time such sale becomes effective and thereafter:

- Directly or indirectly sell or dispose of any of such Multiple Voting Shares or convert them into Subordinate Voting Shares, in either case, without the prior written consent of the Trustee; or
- Exercise any voting rights attaching to such Multiple Voting Shares except in accordance with the written instructions of the Trustee. The Trustee may attach conditions to any consent the Trustee gives in exercising its rights and shall exercise such rights in the best interest of the holders of the Subordinate Voting Shares, other than the Principal Shareholders and holders of Multiple Voting Shares who, in the opinion of the Trustee, participated directly or indirectly in the transaction that triggered the operation of this provision.

The Trust Agreement provides that the prior written consent of the Trustee shall be required in connection with any direct or indirect sale or disposition of Multiple Voting Shares by the Principal Shareholders. Such written consent shall be given provided that the Trustee receives evidence it deems satisfactory, acting reasonably, that the sale or disposition is not in contravention of the Trust Agreement. The Trustee also has the right to require from time to time evidence it deems satisfactory, acting reasonably, as to the number of Multiple Voting Shares and the Subordinate Voting Shares held directly or indirectly by the Principal Shareholders.

The Trust Agreement contains provisions for the authorization of action by the Trustee to enforce the rights thereunder on behalf of the holders of the Subordinate Voting Shares. The obligation of the Trustee to take such action will be conditional on the Corporation or holders of the Subordinate Voting Shares providing such funds and indemnity as the Trustee may require.

No holder of the 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 Trust Agreement unless the Trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares (excluding any Subordinate Voting Shares beneficially owned by the Principal Shareholders or any holders of Multiple Voting Shares) after provision of reasonable funds and indemnity to the Trustee.

The Trust Agreement provides that it may not be amended, and no provision thereof may be waived, except with:

- The consent of any stock exchange upon which the Subordinate Voting Shares are quoted and/or listed and any other applicable securities regulatory authorities; and
- The approval of at least two-thirds of the votes cast by holders of Subordinate Voting Shares.

No provision of the Trust Agreement limits the rights of any holders of Subordinate Voting Shares under applicable securities legislation.

7.1.9. **Mandatory Conversion**

The Trust Agreement also provides that, except as set out in said Trust Agreement, if at any time:

- a) Members of the Founding Group (as defined below) do not control, directly or indirectly, in any manner, a number of Multiple Voting Shares and the Subordinate Voting Shares representing either:
 - more than 50% of the votes attaching to all issued and outstanding Multiple Voting Shares and Subordinate Voting Shares; or
 - 33% of the total number of Multiple Voting Shares held by them on the Closing Date of the Offering (or 4,781,036 Multiple Voting Shares).
- b) Mr. Jean Paschini, Mr. Pierre Paschini, Ms. Marise Paschini or any one of their lineal descendants is not employed on a full-time basis by the Corporation as Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of ADF Group (the "Occurrence");

then, all of the Multiple Voting Shares of the Corporation shall be automatically converted (unless such situation is remedied within 60 days from the Occurrence), into Subordinate Voting Shares which carry one (1) vote per share. Moreover, if at any time, the Founding Group or any of its members sells or otherwise transfers Multiple Voting Shares to a party who is not a member of the Founding Group, the transferred shares shall automatically be converted into Subordinate Voting Shares on the date of such sale or transfer.

For the purposes of this section "Founding Group" means collectively:

- Mr. Jean Paschini, his de facto or legal spouse, any lineal descendant of Jean Paschini, born or to be born, any trust constituted primarily for the benefit of such persons or any other descendants, and any corporation of which 90% of the voting rights outstanding and at least 50% of all shares outstanding are controlled by one or more of such persons or trusts;
- Mr. Pierre Paschini, his de facto or legal spouse, any lineal descendant of Pierre Paschini, born or to be born, any trust constituted primarily for the benefit of such persons or any other descendants, and any corporation of which 90% of the voting rights outstanding and at least 50% of all shares outstanding are controlled by one or more of such persons or trusts; and
- Ms. Marise Paschini, her de facto or legal spouse, any lineal descendant of Marise Paschini, born or to be born, any trust constituted primarily for the benefit of such persons or any other descendants, and any corporation of which 90% of the voting rights outstanding and at least 50% of all shares outstanding are controlled by one or more of such persons or trusts.

7.1.10. **Preferred Shares**

Preferred Shares may be issued, from time to time, in one or more series, as determined by the Board of Directors of the Corporation. The Preferred Shares, if issued, will rank prior to the Multiple Voting Shares and the Subordinate Voting Shares with respect to the payment of dividends and the distribution of assets.

In the event of the dissolution of the Corporation, the distribution of its assets upon its liquidation or the distribution of all or part of its assets among the shareholders, holders of Preferred Shares will be entitled to receive, in cash or in kind, for an amount equal to the value of the consideration paid in respect of such outstanding shares, as credited to the Corporation's issued and paid-up capital account, plus such amount equal to accrued and unpaid dividends, or declared and unpaid dividends and, if any, any amount specified in the articles of the Corporation. Subject to the provisions of the Canada Business Corporations Act, Preferred Shares do not carry voting rights.

7.1.11. **Senior Preferred Shares, Series 1**

Subject to the characteristics specific to all the preferred shares, the Senior Preferred Shares, Series 1, have the following characteristics:

a) **Dividends**

Holders of the Senior Preferred Shares, Series 1, are entitled to receive, for each fiscal year of the Corporation and insofar as the directors so declare, one non-cumulative preferred dividend of a maximum annual amount equal to six percent (6%) of the amount posted to the declared capital amount for such shares at the dividend declaration date. This dividend is not cumulative such that if, for a given fiscal year, the directors do not declare a dividend or only declare part thereof, the right of the holders of the Senior Preferred Shares, Series 1 to the undeclared portion of the dividend for that fiscal year is permanently extinguished.

b) **Conversion Privilege**

Each Senior Preferred Share, Series 1, may, at any time and at the option of the holder, be converted into either one Multiple Voting Share, or one Subordinate Voting Share.

7.2. **Stock Option Plan**

As at January 31, 2021, 5,000 stock options, granted to certain executives and employees and exercisable for Subordinate Voting Shares at a price ranging from \$1.21 per share, were issued and outstanding, in compliance with the Corporation's stock option plan established on July 7, 1999 and amended on June 12, 2007, on April 10, 2013 and on April 8, 2015 (the "Stock Option Plan"). These options have a 10-year life, but are exercisable progressively over a five-year period, following their date of grant.

As at January 31, 2021, all of these 5,000 stock options were exercisable.

In compliance with its Code of Conduct and Ethics, the Corporation has imposed blackout periods during which officers, directors and employees are prevented from trading in the Corporation's securities, which includes exercising options.

Consequently, the Stock Option Plan provides that the expiry date of an option may be the latest of: a fixed expiry date, the tenth business day following the end of a blackout period imposed by the Corporation should the fixed-term expiry date fall within such Corporation-imposed blackout period or within 10 business days thereafter.

8. **MARKET FOR SECURITIES**

The Corporation's Subordinate Voting Shares have been listed on the Toronto Stock Exchange since July 1999, under the DRX ticker symbol. The table below indicates, for each month of the fiscal year ended January 31, 2021, the price ranges and volume traded on the Toronto Stock Exchange of the Subordinate Voting Shares of the Corporation.

Month	High	Low	Total Volume
	\$	\$	
February 2020	1.32	1.10	539,581
March 2020	1.19	0.55	514,166
April 2020	0.94	0.69	191,068
May 2020	0.93	0.73	78,782
June 2020	1.20	0.88	305,842
July 2020	1.19	1.01	159,029
August 2020	1.11	1.02	67,711
September 2020	1.25	1.06	98,242
October 2020	1.21	1.02	246,348
November 2020	1.30	1.12	1,249,261
December 2020	1.65	1.22	812,495
January 2021	1.75	1.41	844,459

9. **ESCROWED SECURITIES**

The table below indicates the number of shares in each class with voting rights of the Corporation which, to its knowledge, are escrowed, as well as the percentage of shares in that class outstanding represented by such number.

Share Description	Number of Escrowed Shares ⁽¹⁾	Percentage of Class
Multiple Voting Shares	14,343,107	100%
Subordinate voting shares	0	0%

(1) Marise Paschini, Jean Paschini and Pierre Paschini, as well as their respective holding companies and family trusts, have entered into a shareholder agreement pursuant to which they have agreed to deposit their shares with the Computershare Trust Corporation of Canada until July 7, 2024, and to instruct Computershare Trust Corporation of Canada to vote their escrowed shares as designated by two of the three following individuals: Marise Paschini, Pierre Paschini and Jean Paschini. The shareholder agreement also provides for certain rights of first refusal among the shareholders.

10. **DIRECTORS AND OFFICERS**10.1. **Directors**

The name and principal occupation of each director sitting on the Corporation's Board at the date hereof, as well as the period of time during which they have been in office is indicated below. The term of office of each director so elected will expire upon the election of his successor unless he resigns from his office or his office becomes vacant by death, removal or other cause.

Name (Province, Country of Residence)	Principal Occupation	Director Since
Jean Paschini Co-Chairman of the Board of Directors (Quebec, Canada)	Co-Chairman of the Board of Directors and Chief Executive Officer of the Corporation	October 1979
Pierre Paschini, P.Eng. (Quebec, Canada)	President and Chief Operating Officer of the Corporation	October 1979
Marise Paschini (Quebec, Canada)	Executive Vice President, Treasurer and Corporate Secretary of the Corporation	October 1979
Marc L. Belcourt, Eng (ret.) ^{(1) (2) (3)} (Quebec, Canada)	Construction Consultant	June 2000
Frank Di Tomaso, FCPA, FCA, ICD.D ^{(1) (2) (3)} Chair of the Audit Committee (Quebec, Canada)	Corporate Director since 2013	May 2015
Michèle Desjardins, MBA, F.Adm.A., C.M.C., ICD.D ^{(1) (2) (3)} Chair of the Compensation, Nominating and Corporate Governance Committee (Quebec, Canada)	President and founder of Koby Consulting Inc. <i>(A family business management consulting services firm)</i>	May 2015
Antonio P. Meti ^{(1) (2) (3)} Co-Chairman of the Board of Directors and Independent Board Leader (Quebec, Canada)	President, G.D.N.P. Consulting Services Inc. <i>(A financial and commercial transactions consulting firm)</i>	April 2008

- (1) Member of the Compensation, Nominating and Corporate Governance Committee.
- (2) Member of the Audit Committee. In accordance with the Canada Business Corporations Act, Section 171, the Corporation is required to form and maintain an Audit Committee.
- (3) In light of differences of opinion as to the Corporation's Strategic Orientation, Mr. Marc L. Belcourt, Ms. Michèle Desjardins, Mr. Frank Di Tomaso and Mr. Antonio P. Meti concluded that a transition to a renewed Board of Directors was becoming appropriate and indicated their intention not to seek a new mandate at the Meeting. Their directorship will therefore expire at the Corporation's next annual meeting of Shareholders on June 9, 2021.

Over the past five years, the above-mentioned directors and officers have held their principal occupation or other functions indicated next to their name, except as follows:

- Concurrently to her duties at Koby Consulting Inc., Ms. Michèle Desjardins was also a Senior Partner at Lansberg Gersick & Associates LLC (a family business management consulting services firm) from 1998 to 2019.

10.2. Board Committees

The Board of Directors currently has two standing committees, namely the Audit Committee whose composition is described in Section 13 "Information on the Audit Committee" section of this AIF, and the Compensation, Nominating and Corporate Governance Committee ("CNG"), composed of the following members:

- Michèle Desjardins, MBA, F. Adm.A., C.M.C., ICD.D, Chair of the Committee
- Marc L. Belcourt, Eng. (ret.)
- Frank Di Tomaso, FCPA, FCA, ICD.D
- Antonio P. Meti

10.3. Executive Officers

As at January 31, 2021, management of the Corporation and its principal subsidiaries was as follows:

Name (Province, Country of Residence)	Principal Occupation
Jean Paschini (Quebec, Canada) ⁽¹⁾	Co-Chairman of the Board and Chief Executive Officer
Pierre Paschini, Eng. (Quebec, Canada) ⁽²⁾	President and Chief Operating Officer
Marise Paschini (Quebec, Canada) ⁽³⁾	Executive Vice President, Treasurer and Corporate Secretary
Jean-François Boursier, CPA, CA (Quebec, Canada) ⁽⁴⁾	Chief Financial Officer
Daniel P. Rooney (Montana, U.S.A.)	President and General Manager, ADF International, Inc., Montana Division

- (1) Jean Paschini is also Vice President of ADF Group USA Inc. and of certain other subsidiaries of the Corporation.
- (2) Pierre Paschini is also President of ADF Group USA Inc. and of certain other subsidiaries of the Corporation.
- (3) Marise Paschini is also Secretary-Treasurer of ADF Group USA Inc. and of certain other subsidiaries of the Corporation.
- (4) M. Jean-François Boursier is also Chief Financial Officer of ADF Group USA Inc. and of certain other subsidiaries of the Corporation.

Over the past five years, the previously mentioned Executive Officers of the Corporation have held the positions or similar functions, within the Corporation or its subsidiaries, except as follows:

- Mr. Daniel P. Rooney was appointed President and General Manager of ADF International, Inc., Montana division, by resolution of the Board of Directors of ADF International, Inc. on May 1st, 2019 (second quarter of fiscal 2020). Prior to this appointment, he acted as manager of ADF International's fabrication plant in Montana for more than 5 years.

10.4. Shareholding

As at January 31, 2021 the Directors and Executive Officers, taken as a whole, directly or indirectly held the beneficial ownership to 14,343,107 Multiple Voting Shares of the Corporation, representing 100% of the total number of shares of this class, and 599,990 Subordinate Voting Shares of the Corporation, representing 3.28% of the total number of shares of this class.

10.5. Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at the date of this AIF, being April 26, 2021, to the knowledge of the Corporation, no director or executive officer of the Corporation, and no shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation:

- is, at the date hereof, or has been, within the 10 years preceding the date of this AIF, director, chief executive officer or chief financial officer of any company, that (i) was subject to an order (as defined by the rules of the securities legislation) that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after that candidate ceased to act in the capacity as director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in that capacity;
- is, at the date hereof, or has been, within the 10 years the date of preceding this AIF, director or executive officer of any company, that, while that person was acting in that capacity, or within one year after that person ceased to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, was subject to or instituted any proceedings, arrangement or compromise with creditors, or for which a receiver, a receiver manager or a trustee was appointed to hold its assets, or
- has, within the 10 years preceding the date of this AIF, become 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 the assets of the director, executive officer or shareholder.
- has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, nor has entered into any settlement agreement with a securities regulatory authority, or
- has been subject to any 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.

11. LITIGATION UNDERWAY

In the normal course of business, the Corporation and its subsidiaries are involved in various claims and legal proceedings. Although the outcome of such matters is not predictable with assurance, the Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a material adverse effect on the Corporation's financial position, results of operations or ability to carry on its business activities.

12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the last three fiscal years and the current fiscal year, the Corporation has not entered into material transactions with individuals who, as at the date hereof, are directors, executive officers or beneficial owners, directly or indirectly, of more than 10% of all classes of voting shares or series of outstanding shares of the Corporation or holding more than 10% of these shares or persons related to the latter or part of the same group.

13. INFORMATION ON THE AUDIT COMMITTEE

13.1. Charter of the Audit Committee

The Audit Committee Charter establishes the roles and responsibilities of the Corporation's Audit Committee. A copy of this Charter is attached as Schedule A to this AIF.

13.2. Members of the Audit Committee

At the date of the present, the Corporation's Audit Committee members are:

- Frank Di Tomaso, FCPA, FCA, ICD.D, Chair of the Committee
- Marc L. Belcourt, Eng.(ret.)
- Antonio P. Meti
- Michèle Desjardins, MBA, F. Adm.A., C.M.C., ICD.D

In accordance with *Regulation 52-110 respecting Audit Committees*, each member of the committee is independent and financially literate.

13.3. Financial Literacy of Audit Committee Members

Each member of the Corporation’s Audit Committee has the ability to read and understand financial statements presenting accounting issues that are generally comparable, in terms of breadth and level of complexity, to accounting issues that could reasonably be raised in the Corporation’s financial statements. The Audit Committee members have provided the Corporation with the following information that substantiates their financial literacy:

- **Mr. Frank Di Tomaso** is a Corporate Director. He is a member of the *Ordre des comptables professionnels agréés du Québec* (formerly *Ordre des comptables agréés du Québec*) since 1972 and member of the Institute of Corporate Directors since 2009. Between 1981 and 2012, he was successively a partner and advisory partner at Raymond Chabot Grant Thornton where he also acted as the Managing Partner Audit - Public companies. He has extensive experience in management and specializes in finance, accounting and certification in various activity sectors.
- **Mr. Marc L. Belcourt** is a consultant for construction companies. He received a Bachelor of Civil Engineering (Applied Sciences) from the Laval University, Quebec (1959) and is a retired member of the *Ordre des Ingénieurs du Québec* and the Ontario Society of Professional Engineers. He has more than 30 years of experience as a construction contractor specializing in structural steel, having been shareholder, director and Secretary-Treasurer of Gamma Equipment Corporation (1965 to 1996) and Constructions AMMB Limited (1965 to 1999), as well as Co-Founder and Vice-President of Mojan (1981) Ltd. (1982 to 1994). In the performance of his duties, he was directly involved in the financial planning, auditing, analysis and evaluation of the financial statements of these companies.
- **Mr. Antonio P. Meti** graduated with honours ("Magna Cum Laude") from the Concordia University (1979) where he received his Bachelor of Commerce, as well as the "Fellow" degree from the Institute of Canadian Banker’s Association (1979). He completed the Executive Program from the University of Michigan, School of Business (1989) and the Advanced Management Program from Harvard University, School of Business (2004). Between 1985 and 2007, Mr. Meti held executive and top management positions at the National Bank of Canada (NBC), where he supervised the bank’s Commercial Banking Activities and International Operations. Mr. Meti left NBC in March 2007, where he held the position of senior vice-president, commercial banking and international operations, and was a member of National Bank of Canada’s executive and credit committees. Today, Mr. Meti is President of G.D.N.P. Consulting Services Inc., a financial and commercial transactions consulting firm.
- **Ms. Michèle Desjardins** has extensive international consulting and management experience, particularly in organizational development, governance structures and management evaluation and coaching. As forestry engineer, she began her career in the industry of pulp and paper until the early 1990s, first with Abitibi-Price, and then with Papiers Inter-Cité. She then held different functions within PricewaterhouseCoopers and the Quebec Securities Commission, before acting as general manager of the *Institut de l'Entreprise Familiale* Institute from 1994 to 1997. From 1998 to 2019, she was a senior partner at Lansberg Gersick & Associates, LLC. Ms Desjardins is the president of Koby Consulting. Ms. Desjardins has a Bachelor of Applied Science with an option in Forest Engineering and a Master of Business Administration from the *Université Laval*, Quebec. She is a Certified Management Consultant and a Fellow member of Quebec’s Institute of Corporate Directors (ICD). She is also a Certified Corporate Director, specialized in public and private family businesses. Ms. Desjardins was also a member of the Board of Directors of the Caisse de dépôt et placement du Québec (a Quebec government Corporation holding and managing large stakes in various public companies) between December 2009 and March 2016, and is a member of the Board of Directors of Canada Post since June 2015 and a member of the Board of Directors of Canassurance Hospital Service Association since March 2017. In the performance of her duties, she was involved, among others, in the financial planning and the analysis and evaluation of the financial statements of various companies.

13.4. External Auditor Service Fees (Broken Down by Category)

The following table indicates the fees billed by the Corporation’s external auditor, PricewaterhouseCoopers, LLP ("PWC"), for services rendered during the 2021 and 2020 fiscal years:

Fiscal Years Ended January 31	2021	2020
(In \$CA)	\$	\$
Categories:		
Audit Fees ⁽¹⁾	197,190	148,189
Audit-Related Fees ⁽²⁾	1,855	2,639
Tax Fees ⁽³⁾	62,398	40,267
All Other Fees ⁽⁴⁾	0	0
TOTAL	261,443	191,095

- (1) "Audit fees" include the total fees for the audit of the annual consolidated financial statements and other audits.
- (2) "Audit-related fees" include the total fees for audit-related services related to audit fees such as advice on accounting standards and financial reporting;
- (3) "Tax fees" include the total fees for the preparation of the income tax returns of the Corporation and its subsidiaries in Canada and the United States and for services in regard to tax planning, tax compliance, capital taxes and sales taxes and consulting services with regard to a foreign subsidiary;
- (4) "Other fees" include the total fees for all services other than those described above.

14. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Corporation's Subordinate Voting Shares is:

Computershare Investor Services Inc.
1500 Robert-Bourassa Boulevard, Suite 700
Montreal, Quebec Canada H3A 3S8

Computershare also has offices in Toronto, Ontario.

15. MATERIAL CONTRACTS

During the fiscal year ended January 31, 2021, the Corporation did not conclude any material contracts outside the normal course of business.

16. INTERESTS OF EXPERTS**16.1. Auditors**

The auditors of the Corporation, PWC are independent within the meaning of the regulations of the Code of Ethics of the "Ordre des comptables professionnels agréés du Québec".

16.2. Compensation Consultant

During the fiscal year ended January 31, 2021 the Corporation did not retain the services of any compensation consulting firm.

However, during the previous fiscal year (ended January 31, 2020), the Corporation retained the services of the compensation consulting firm PCI-Perrault Consulting Inc. to conduct an analysis of the positioning of the Corporation's total compensation for officers and directors against a comparison group to establish the compensation of the Corporation's officers and directors for fiscal 2021 and subsequent years.

The consultants' conclusions and recommendations are referred to in the "Executive Compensation" and "Compensation of Directors" sections of the Management Information Circular dated April 12, 2021, established for the Annual Meeting of Shareholders of the Corporation. At the time the consultant disclosed its conclusions and recommendations, PCI-Perrault Consulting Inc., and its designated specialists did not have any ownership nor any direct or indirect beneficial ownership of the securities or property of the Corporation.

17. ADDITIONAL INFORMATION

Additional information, including the remuneration and indebtedness of directors and executive officers, principal holders of ADF Group's shares, stock options and insider interests in material transactions where applicable, is contained in the Management Information Circular dated April 12, 2021, which has been prepared for the Corporation's Annual Meeting of Shareholders. Furthermore, additional financial information is provided in the financial statements and in the Management's Discussion and Analysis of the Financial Position and Operating Results ("MD&A") for the fiscal year ended January 31, 2021.

Copies of these documents are available free of charge on the SEDAR Website at www.sedar.com.

The Corporation will also provide to any person upon request to its Public Relations department:

- a) when shares of ADF Group are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed in respect of a distribution of the shares of ADF Group:
 - i) one copy of ADF Group's Annual Information Form;
 - ii) one copy of the comparative financial statements of the Corporation for its most recently completed fiscal year together with the accompanying Auditors' Report, and one copy of any interim financial statements of ADF Group subsequent to the financial statements for its most recently completed fiscal year;
 - iii) one copy of ADF Group's Management Information Circular in respect of its most recent Annual Meeting of Shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate; and
 - iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under i, ii, and iii above; or
- b) at any other time, one copy of any other documents referred to in a) i, ii and iii above, provided that ADF Group may require the payment of a reasonable charge if a person who is not a shareholder of ADF Group makes the request.



Copies of these documents and this Annual Information Form may be obtained upon request from ADF Group's Public Relations Department at:

ADF GROUP INC.

Public Relations Department
300 Henry-Bessemer Street
Terrebonne, Quebec J6Y 1T3
Canada

Tel: (450) 965-1911
Toll free: 1 (800) 263-7560
Fax: (450) 965-8558
Email: infos@adfgroup.com

This Charter establishes the composition and functioning, the general objectives as well as the authority, the roles and responsibilities of the Audit Committee of ADF Group Inc. (the "Corporation"). The authorities, roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Corporation and its subsidiaries.

1. COMPOSITION AND FUNCTIONING

- a) The Audit Committee (the "Committee") is composed of a minimum of three (3) and a maximum of five (5) directors of the Corporation, who are all independent, within the meaning of applicable law, and are financially literate.
- b) "Financial literacy" means the ability to read and understand financial statements presenting accounting issues that are generally comparable, in terms of breadth and level of complexity, to accounting issues that could reasonably be raised in the Corporation's financial statements.
- c) The Committee's member and president are appointed by the Board of Directors (the "Board").
- d) A member can resign his seat on the Committee and he may be removed from office and replaced at any time by the Board and he ceases to serve as a member of the Committee when he no longer acts as an officer of the Corporation. When a vacancy occurs within the Committee, and his seat is not filled, the remaining members exercise all of the Committee's authorities, providing they have quorum.
- e) The Committee meets at the request of its Chair, at least four times per year (at least one every quarter) or as often as needed to examine matters falling within its responsibilities referred to it by the Board.
- f) At every meeting of the Committee, the quorum established is a majority of members.
- g) The Committee shall keep proper minutes of its proceedings. These minutes must be signed by its Chair and entered in the minute book of the Corporation.
- h) The Committee has to report to the Board of Directors on or about its work, activities and recommendations at the meeting of the Board of Directors following the meeting of the Committee
- i) Subject to the Board's prior approval, the Committee may engage independent legal counsels or any other external consultant, at the expense of the Corporation, if it deemed necessary to assist the Committee in its duties. The Committee may set the compensation of such advisors.

2. GENERAL OBJECTIVES

The Committee's general objectives are as follows:

- a) To assist the Board in performing its duties, more particularly, to ensure that the Corporation's management assumes its responsibilities regarding:
 - the production of reliable financial information;
 - the identification of the Corporation's principal risks and the implementation of appropriate systems for risk management;
 - the integrity of the Corporation's internal controls and management information systems;
 - the Corporation's compliance with requirements of the stock exchanges, government agencies as well as laws and regulations; and
 - the application of a communication policy with shareholders and the general public;
- b) To establish effective communication channels between the Board, management and the external auditor;
- c) To reinforce the independent status of the external auditor; and
- d) To ensure the integrity of the published financial reports.

3. AUTHORITY, ROLES AND RESPONSIBILITIES

3.1. Monitoring of External Auditors

- a) The Committee recommends to the Board:
 - the appointment of the external auditor in order to establish, or deliver an audit report, or render other audit services, review or certification of the Corporation;
 - the mandate and fees of the external auditor.
- b) The external auditor is independent of the Corporation, its directors, officers and employees and reports directly to the Committee.
- c) The Committee oversees and reviews the work performed by the external auditor, its audit plans, its service fees and results of its audits as well as the special mandates assigned thereto. To that regard, the Committee may at any time directly communicate with the external auditor. The Committee meets at least once a year the external auditor, without the presence of Corporation's management.
- d) The Committee approves the non-audit services that may be provided to the Corporation or its subsidiaries, subject to the following exceptions:
 - in accordance with the laws, regulations and general instructions and other policies governing the services of the external auditor;
 - in accordance with the policies, preliminary approval procedures, the Committee may adopt from time to time with regard to non-audit services.

- e) The Committee must be informed when the Corporation's management is seeking an opinion from an accounting firm other than the appointed external auditor, on matters that would normally fall within the mandate of the external auditor, unless such opinions are requested by the lenders or other creditors of the Corporation.
- f) The Committee ensures that the external auditor obtained the full cooperation of the Corporation's employees and officers. In this regard, the Committee settles disagreements between the Corporation's management and the external auditor concerning financial reporting.
- g) The Committee reviews, the case may be, the letter of recommendation issued by the external auditor, as well as the Corporation's management reactions and the measures taken by management to correct the noted deficiencies.
- h) The Committee discusses the acceptability and the quality of the accounting principles of the Corporation with the external auditor.
- i) The Committee reviews questions relating to the appointment of a new external auditor, when applicable.
- j) The Committee reviews and approve hiring policies or the retention of services by the Corporation regarding business partners, employees and former partners and employees of the current and former external auditor of the Corporation.

3.2. Financial Reporting

- a) The Committee reviews the Corporation's financial statements, MD&A and press releases disclosing the Corporation's annual and quarterly net income, and recommends their adoption by the Board, prior to their publication.
- b) In addition to the annual and quarterly financial statements, the annual and quarterly MD&A, and the press releases mentioned above, the Committee reviews all documentation containing financial information, audited or not, amongst other, prospectuses and the Annual Information Form, and approves these documents or recommends their approval by the Board, as the case may be, prior to their publication.
- c) The Committee ensures that adequate procedures are in place to review the Corporation's public disclosure of financial information extracted or derived from its financial statements, other than the financial information referred to in sections 3.2, a) and b) herein above, and periodically assesses the adequacy of those procedures.
- d) The Committee reviews the external auditor's reports.
- e) The Committee, together with the Corporation's management and the external auditor, reviews the different accounting policies and the changes proposed to those policies, as well as the different estimates performed by management that could have a material impact on the financial information.
- f) The Committee, together with the Corporation's management and the external auditor, reviews all important decisions with regards to the evaluation or presentation of the financial information.
- g) The Committee reviews the accounting treatment of material transactions outside the normal course of business.
- h) The Committee ensures coordination between the Corporation's management and stock exchanges, government authorities and the external auditor.

3.3. Internal Controls

- a) The Committee, through communications with the external auditor, ensures the effectiveness of the internal controls and the reliability of the financial information disclosed.
- b) The Committee remains informed, through the external auditor, of any weaknesses in the systems that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Corporation or from applicable laws and regulations.
- c) The Committee periodically reviews the financial management's organization chart, the circumstances surrounding the departure of officers in charge of finance, as well as the appointment of individuals to these functions.
- d) The Committee reviews the financial and accounting aspects of transactions between related parties.

3.4. Risk Management

- a) The Committee ensures that the Corporation's executives identify the principal risks of the Corporation's business and implement appropriate systems to manage these risks.
- b) The Committee, together with the Corporation's executives, conducts periodical reviews of identified risks as well of the measures implemented by the latter to monitor, mitigate or eliminate these risks.
- c) The Committee periodically reviews the most important legal disputes in which the Corporation, or its subsidiaries, is involved and makes sure the Committee and the Board are kept informed of the progress of these disputes.

3.5. Regulation Compliance

The Committee checks with the executives of the Corporation to ensure that the Corporation complies with stock exchanges, governmental bodies, as well as with law and regulation.



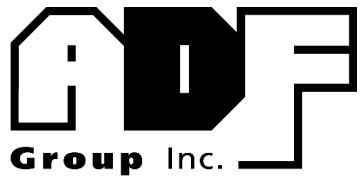
3.6. Complaints

- a) The Committee establishes a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters.
- b) The Committee establishes a procedure for the confidential transmittal, on condition of anonymity, by the Corporation's employees of concerns regarding questionable accounting or auditing matters.

3.7. General Provisions

- a) The Committee may perform any other duty which may be assigned to it by the Board in accordance with this Charter, the Corporation's by-laws, and applicable laws and regulations.
- b) The responsibilities of the Committee extend to the Corporation and its subsidiaries.

Adopted April 13, 2005
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Revised without modification, April 11, 2018
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