

ADF Group Inc.

Annual Information Form

Fiscal Year Ended January 31, 2025

Dated April 25, 2025

Terrebonne, Quebec, Canada

1.	DATE OF INFORMATION	1
2.	ADVISORY CAUTION	1
3.	CORPORATE STRUCTURE.....	1
4.	GENERAL DEVELOPMENT OF BUSINESS	2
5.	DESCRIPTION OF BUSINESS.....	5
6.	DIVIDEND POLICY	13
7.	CAPITAL STRUCTURE	13
8.	MARKET FOR SECURITIES	16
9.	ESCROWED SECURITIES.....	16
10.	DIRECTORS AND OFFICERS.....	17
11.	LITIGATION UNDERWAY	18
12.	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	19
13.	INFORMATION ON THE AUDIT COMMITTEE	19
14.	TRANSFER AGENT AND REGISTRAR	20
15.	MATERIAL CONTRACTS.....	20
16.	INTERESTS OF EXPERTS	20
17.	ADDITIONAL INFORMATION	21
	APPENDIX A – AUDIT COMMITTEE CHARTER	22

ANNUAL INFORMATION FORM

1. **DATE OF INFORMATION**

Unless otherwise indicated, the information contained in this Annual Information Form ("AIF") is effective as at January 31, 2025. This AIF sets forth the results for the fiscal years ended January 31, 2025, 2024 and 2023. All dollar amounts appearing in this AIF are in Canadian dollars unless another currency is specified.

2. **ADVISORY CAUTION**

Certain statements in this AIF 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 AIF. 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 AIF 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."

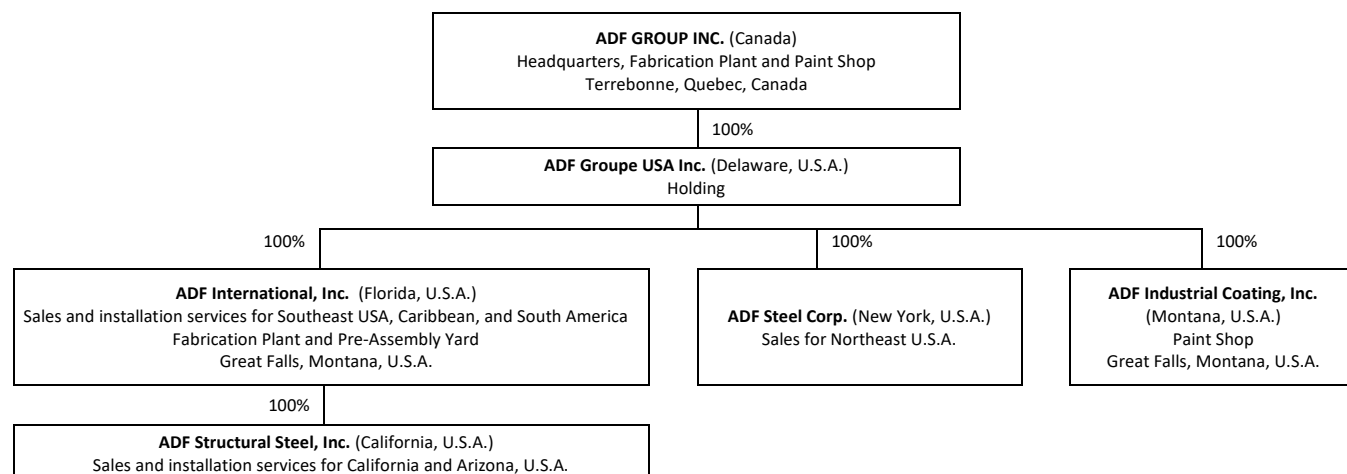
On April 1, 1999, in order to proceed with an initial public offering, the Corporation filed articles of amendment to eliminate certain private-company restrictions.

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, 2025, by indicating the jurisdiction of constitution of each entity, the percentage of voting rights held in each subsidiary as well as a short description.



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, 2023

a) Dividend

On April 11, 2022, the Corporation's Board of Directors approved a semi-annual dividend of \$0.01 per share, which was paid on May 17, 2022, to shareholders of record as at April 29, 2022.

On September 7, 2022, the Corporation's Board of Directors approved a semi-annual dividend of \$0.01 per share, which was paid on October 18, 2022, to shareholders of record as at September 29, 2022.

b) New Financing

On January 14, 2022, and January 18, 2022, the Corporation obtained two bank loans from *Investissement Québec* ("IQ"), totaling \$20.0 million, for the financing of its capital expenditure program previously announced by the Corporation, and initiated during the fiscal year ended January 31, 2022.

c) Forgiveness of a COVID-19- Related Loan

In May 2022, the Corporation obtained the forgiveness of an initial loan of \$1.3 million (US\$1.0 million) issued to one of its U.S. subsidiaries. This forgiveness resulted in the recognition of a government grant, mostly against salary expense in the second quarter ended July 31, 2022.

d) New Contracts

On June 7, 2022, the Corporation announced the signing of new major contracts, all in the automotive sector in the U.S. Midwest region, with a total value of \$90.0 million. These new orders consist in the fabrication, including the supply of raw materials (steel) and industrial coating, as well as the design and engineering of connections, and the delivery of steel structures used in the construction of new, large surface industrial facilities. Fabrication work on these new projects characterized by high tonnage and tight completion schedules, began at ADF's Terrebonne plant.

On December 14, 2022, the Corporation announced the signing of new major contracts in the industrial, transportation and public infrastructure sectors worth a total of \$228 million. All these new orders consist in the design and engineering of connections, the fabrication, which encompasses the supply of raw materials (steel) and industrial coating, and the delivery of the various steel structures and heavy steel components, as part of new construction projects in the United States and in the greater Montreal area. The fabrication work of these new contracts, all characterized by a very high tonnage and tight schedules, should extend until the end of the 2023 calendar year. Both of the Corporation's fabrication plants and paint shops in Terrebonne, Quebec and in Great Falls, Montana will be called upon to carry out these major contracts.

On December 14, 2022, the Corporation also announced that it was removing from its order backlog a major project valued at \$131 million in the southeastern United States concluded in June 2019. The steel erection work of the steel structure of a commercial multi-storey building was scheduled to begin in early 2020. However, due to the pandemic, this project has been delayed. Although this project is still ongoing and the owners have reiterated their commitment and confidence in ADF, the Corporation's management considers its decision prudent. As soon as the owners officially confirm the restart of their project, ADF's management will update and reintegrate this project into its order backlog when the time comes. It should be noted that very little costs were incurred by ADF for this project, and that this withdrawal from the order backlog therefore had no impact on the Corporation's financial results.

On January 6, 2023, the Corporation also announced additional work worth a total of \$30 million to the scope of work on one of the fabrication contracts already signed in the industrial sector in the United States. Following a request from the client, the new work was added to ADF's initial contract and is part of the project's original completion schedule, which is expected to begin shortly and extend until the end of 2023. The additional work will be carried out by ADF's team in Terrebonne.

On January 31, 2023, ADF Group's order backlog totalled \$376.5 million.

e) Interest Rate Options

On October 18, 2022, the Corporation entered into interest rate options for a nominal value of \$10.0 million to hedge interest rate fluctuations greater than 4.5% (based on one-month CDOR) on its long-term floating rate debt, denominated in Canadian dollars, until October 23, 2025.

4.2.2. Fiscal Year Ended January 31, 2024

a) Dividends

On April 12, 2023, the Corporation's Board of Directors approved a semi-annual dividend of \$0.01 per share, which was paid on May 17, 2023, to shareholders of record as at April 28, 2023.

On September 6, 2023, the Corporation's Board of Directors approved a semi-annual dividend of \$0.01 per share, which was paid on October 17, 2023, to Shareholders of Record as at September 29, 2023.

b) New Financing

On April 28, 2023, the Corporation entered into a new agreement with its Canadian financial institution for its Canadian operating credit facility which increased from \$30.0 million to \$40.0 million. This amount remains subject to a margination calculation, but only when the Corporation needs to draw over \$20.0 million. All other terms and conditions remain similar to the previous terms.

c) New Contracts

On May 30, 2023, the Corporation announced the signing of a series of new contracts in the United States worth a total of \$142.0 million. The largest contract of this series of new orders, in terms of value, is for the first phase of a construction project in the pharmaceutical industry of the Midwest region. This contract consists in the design and engineering of connections, fabrication, including the supply of steel and the industrial coating, as well as the installation of the steel structure of a new large industrial building.

On December 11, 2023, the Corporation announced the signing of a series of new orders in Canada and the U.S. totaling \$234.0 million. The Corporation's management also announced that it has reached an agreement with the same client for the second phase of the above-mentioned construction project. This major new contract is the largest in this series of new orders in terms of value. The nature and scope of work in this second phase of the project is similar as the first phase and consists of the design and engineering of the connections, the fabrication work, including the supply of the steel and industrial coating, as well as the erecting of the steel structure and heavy steel components of a large-surface industrial-type building. Fabrication will begin in February 2024 and will extend over a period of approximately 15 months. This series of new orders also includes the award of a new contract in the Southeastern region of the United States, which consists of, among other things, fabrication, including industrial coating, and the delivery of the steel structure of a new industrial building for a global manufacturing company in the aluminum sector. This project will extend over a 6-month period. In closing, ADF Group also announced the award of two new contracts in Canada, one in the public infrastructure sector and one in the industrial sector.

On January 31, 2024, ADF Group's order backlog totalled \$510.9 million.

d) Interest Rate Options

On August 11, 2023, the Corporation entered into interest rate options for a par value of \$10.0 million to cover fluctuations in interest rate greater than 5.5% (based on the one-month CDOR) of its long-term floating rate debt denominated in Canadian dollars until August 23, 2026.

e) **Ratification of the Collective Bargaining Agreement for Unionized Personnel at ADF's Terrebonne Plant**

On December 3, 2023, unionized employees at ADF's plant in Terrebonne, Quebec, ratified the renewal of the collective agreement for a period of five (5) years, following an agreement in principle reached on November 13, 2023. The agreement covers 189 employees.

f) **U.S. Revolving Credit**

Given the Corporation's liquidity, the U.S. revolving credit was not renewed and is therefore no longer available as at January 31, 2024.

4.2.3. Fiscal Year Ended January 31, 2025

a) **Dividends**

On April 10, 2024, the Corporation's Board of Directors approved the payment of a semi-annual dividend of \$0.01 per share, which was paid on May 15, 2024, to Shareholders of Record as at April 26, 2024.

On September 11, 2024, the Corporation's Board of Directors approved the payment of a semi-annual dividend of \$0.02 per share, which was paid on October 17, 2024, to shareholders of record as at September 27, 2024.

b) **New Contracts**

On May 28, 2024, the Corporation announced the award of a series of new orders in Quebec, in Western Canada and the U.S. Midwest totaling \$90.0 million. A portion of these contracts comes from additional work relating to the second phase of a contract previously announced in December 2023, which consists of the design and engineering of connections, fabrication including industrial coating, the supply of the steel, as well as erecting of steel structure and heavy steel components of a very large-surface industrial building. Fabrication work began in February 2024. This project will extend over a period of approximately 12 months. These contracts also included a project in the industrial sector in Quebec as well as a contract awarded in Western Canada in the public infrastructure sector.

On September 24, 2024, the Corporation announced the signing of a series of new orders in Quebec and the U.S. Midwest totaling \$55.0 million. As part of a major contract in the pharmaceutical sector in the Midwest region, ADF's management announced that it has entered into another commercial agreement with its client for additional work similar to the other contracts mentioned above, and which concerns the construction of the steel structure of an industrial type building that is also part of the second phase. Fabrication work will begin in the coming months. This additional work will be carried out over a period of approximately eight (8) months. This series of new orders also included structural steel fabrication contracts in various regions of Quebec, all in the industrial sector.

On January 31, 2025, ADF Group's order backlog totalled \$293.1 million.

c) **Cash Utilization Strategy**

On June 10, 2024, the Corporation's Board of Directors announced its cash utilization strategy, including the intention to repurchase up to 3,000,000 shares and the amendment to its Dividend Policy to increase the semi-annual dividend from \$0.01 per share to \$0.02 per share. The amendment has been applied to the dividend payment of October 17, 2024.

On June 13, 2024, the Corporation announced that it had reached private agreements with Jean Paschini, Pierre Paschini and Marise Paschini, members of the Corporation's Board of Directors and Senior Management team, through *Les Placements Jean et Diane Paschini Inc.*, *Gestion P.R. Paschini Inc.*, *Les Placements M.A.P.S. Inc.* and *Groupe JPMP Inc.*, providing for the purchase, for cancellation purposes, of an aggregate of 2,766,287 Subordinate Voting Shares (including 2,266,287 Multiple Voting Shares converted into Subordinate Voting Shares), at a price of \$17.31 per share, for a cash consideration of \$47.9 million. The purchase price represented an 8.5% discount to the closing price of the Subordinate Voting Shares on the Toronto Stock Exchange on June 12, 2024, which was recommended by an external advisor to the Special Committee of the Board of Directors of ADF Group (Special Committee composed of independent directors and created to review the terms of the share repurchase and to make a recommendation to the Board of Directors with respect thereto). The Corporation paid the purchase price from its available cash. Jean, Pierre and Marise Paschini did not participate in the Board of Directors' deliberations or vote with respect to the share repurchase. A favorable decision has been obtained from the *Autorité des marchés financiers* ("AMF") to exempt the Corporation from the requirements applicable to issuer bids under applicable legislation. This decision also provided that this repurchase would not be taken into account in calculating the maximum annual aggregate limit of any normal course issuer bid of Subordinate Voting Shares in the year following such repurchase.

d) **Normal Course Issuer Bid (NCIB)**

On December 12, 2024, with the approval of the TSX and the AMF, the Corporation announced the implementation of a normal course issuer bid ("NCIB") in order to repurchase Subordinate Voting Shares. The Corporation is authorized to repurchase, for cancellation, between December 16, 2024, and December 15, 2025, up to 1,770,707 Subordinate Voting Shares, representing approximately 10% of the securities held by the public as at December 2, 2024. All repurchases under the NCIB are made on the open market through the facilities of the TSX or by such other means as may be authorized by the applicable securities' regulatory authority, including repurchases outside of the facilities of the TSX pursuant to exemption orders under applicable securities legislation or issued by securities regulatory authorities. Security holders may obtain a copy of the Notice of Intention to Make a NCIB free of charge, by contacting the Corporation's secretary.

e) **Certification ISO 14001:2015 (ISO 14001)**

On December 2, 2024, the Corporation obtained its ISO 14001 certification for its complex located in Terrebonne, Quebec. ISO 14001 is a recognized international standard for environmental management. This achievement illustrates the Corporation's commitment to adopting and promoting sustainable practices throughout its operations, solidifying its position as a responsible leader in the steel industry.

f) **New Board and Committee Member Nomination**

On January 31, 2025, Mr. Luc Reny was appointed as an independent member of the Corporation's Board of Directors and also as a member of the Corporation's Compensation, Nominating and Governance Committee and Audit Committee.

4.3. **Events That Occurred After January 31, 2025**

a) **Impact from New U.S. Tariffs**

After the close of the Corporation's fiscal year ended January 31, 2025, the President of the United States issued executive orders directing the United States to impose new tariffs on imports from Canada, Mexico, China, and other countries. It is unclear whether and when the changes to the current tariffs will be applied and whether other factors will allow all or part of the tariffs to be passed on to the market. The Corporation is assessing the direct and indirect impacts on its business, its results and its financial position, of such tariffs, of retaliatory duties or other trade protectionist measures implemented as the situation evolves, and these impacts could be material.

b) **Dividend**

On April 9, 2025, the Corporation's Board of Directors approved a semi-annual dividend of \$0.02 per share, payable on May 15, 2025, to Shareholders of Record as at April 24, 2025.

c) **New Contracts**

On February 26, 2025, the Corporation announced a series of new orders in Quebec and the United States for a total value of \$120.0 million. The largest of this series of new orders consists in the fabrication and installation of steel structures and heavy steel components as part of a major renovation program for a sports complex in the Western U.S.A. This series of new orders also includes contracts for various steel structures in the recreational sector also in the Western U.S.A., as well as in Quebec for a major client for which ADF has completed various other contracts in recent months and years.

d) **Work-Sharing Program**

Given the projects in the pipeline and the manufacturing schedule, the Corporation has applied for and received authorization from Service Canada to implement a Work-Sharing program for some of its employees at its manufacturing plant in Terrebonne. The program came into effect on April 22, 2025, and will allow some employees to benefit from the Employment Insurance program to compensate for reduced working hours. This program, after discussion with the union executive, was approved by the Corporation's unionized employees by a vote held on April 12, 2025. This program will allow the Corporation to closely manage its costs until the manufacturing phase of the recently announced projects begins. As a result, approximately 200 employees will see their working hours reduced by 50% to 60%; hours that will be compensated by the government program.

4.4. **Outlook for the Current Fiscal Year (Ending January 31, 2026)**

Before looking ahead to the next fiscal year, it is worth taking the time to fully appreciate the excellent fiscal year that ended January 31, 2025. Building on the strategic investments made during the past few years, which have given it unparalleled flexibility and operational efficiency, the Corporation ended fiscal 2025 with a sharp increase in revenues, margins, adjusted EBITDA and net income compared to the fiscal year ended a year ago. Given the liquidity generated by these results, the Corporation has been able to buyback, as of the date of this AIF, a total of 3,910,790 Subordinate Voting Shares, while maintaining a more than adequate financial position at the turn of the current fiscal year, which promises to be challenging.

As at the date of this AIF, the U.S. tariffs are having a negative impact on the Corporation's profitability. While some exemptions are available and products fabricated at the plant in Great Falls, Montana, are not directly affected by these tariffs, the direct impact of these additional costs and the uncertainty about their values and scope are already impacting the Corporation's operations. Although the Corporation announced \$120.0 million in new contracts at the very beginning of the current fiscal year, the uncertainty caused by the imposition of U.S. tariffs is delaying the conclusion of new commercial agreements, and in this context, the Corporation is compelled to take certain contingency measures, including the implementation of a Work-Sharing program at the plant located in Terrebonne, Quebec. In this sense, the Corporation can already confirm that revenues for the fiscal year ending January 31, 2026, will be down, mainly in the first quarters, and that our margins will also be affected by the direct and indirect impacts of U.S. tariffs.

Notwithstanding these elements, and given its geographic diversity and operational excellence, the Corporation will continue its efforts to grow its order backlog, navigating through economic and commercial announcements and changes in its markets.

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, when applicable.
- 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 committed to its quality policy which aims to maintain an up-to-date Quality Management System which will enable it to ensure that its products and services will be delivered to customers in compliance with contractual requirements, while promoting productivity and workforce health and safety requirements.

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.

Since 1999, the Corporation has held ISO 9001 certification for its quality management system has at its Terrebonne facilities. The Corporation also has certifications from the American Institute of Steel Construction ("AISC"), namely the certifications *Building Fabricator — Bridge Fabricator - Advanced — Fracture Critical Endorsement — Complex Coating Endorsement 1 - Enclosed* for its Terrebonne facilities, the certifications *Building Fabricator — Complex Coating Endorsement 1 - Enclosed* for its Great Falls, Montana facilities and the certification *Erector* (with the *Metal Deck Endorsement*) for its structural steel erection operations in the United States through its U.S. subsidiary ADF International, Inc.

The Corporation also maintains its CSA W47.1 certification "Certification of Companies for Fusion Welding of Steel" in Division 1 by the Canadian Welding Bureau.

Since December 2024, the Corporation has held its ISO 14001 certification for its complex located in Terrebonne, Quebec. ISO 14001 is a recognized international standard for environmental management.

These certifications allow the Corporation to qualify for practically any structural steel project in North America and abroad and attest to the Corporation's commitment to adopting and promoting sustainable practices throughout its operations, solidifying its position as a responsible leader in the steel industry.

f) **Contract Execution and Billing**

The execution of contracts usually extends over a period of 3 to 18 months. The Corporation's contracts are primarily based on fixed price. It is less common nowadays to see clients financing the cost of raw material (steel). Billing is generally carried out monthly based on the advancement of the work and the commitment of certain specific expenses such as payment for engineering work, drawings or the supply of steel.

The Corporation also tends to regularly invoice costs incurred due to contract modifications or additions required by the client during the project. Customer billing terms are negotiated individually and are generally payable by customers within 15 to 60 days after the invoice date.

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), including 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 2025 and 2024 fiscal years.

Fiscal years ended January 31,	2025	2024
(In thousands of \$CA)	\$	\$
Revenues		
Canada	40,836	36,060
United States	298,796	294,963
	339,632	331,023

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 dependence, during the fiscal year ended January 31, 2025, ADF has realized 78% of its revenues from two (2) clients, for respective amounts of \$170.4 million, and \$93.4 million all from the United States, each accounting for 10% or more of the Corporation's revenues. Only one of these clients was among the clients representing more than 10% of revenues for the fiscal year ended January 31, 2024.

During the fiscal year ended January 31, 2024, ADF has realized 69% of its revenues from four (4) clients, for respective amounts of \$92.2 million, \$48.7 million, 45.7 million and \$42.1 million all from the United States, each accounting for 10% or more of the Corporation's revenues. Only one of these clients was among the clients representing more than 10% of revenues for the fiscal year ended January 31, 2023.

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, the Corporation 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, 2025, the Corporation employed a total of 561 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., as well as the various construction sites in the United States.

The Terrebonne plant employees are unionized. The current union obtained its certification on May 3, 2013. On December 3, 2023, the unionized employees ratified the renewal of the collective agreement for a period of five (5) years that will expire on November 9, 2028.

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 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 square meters (630,000 square feet)	Owner
1925 N.W. 15 th Street, Unit A Pompano Beach, Florida, USA	Sales office and equipment warehouse	1 226 square meters (13 200 square feet)	Owner
1900 Great Bear Avenue ⁽¹⁾ Great Falls, Montana, U.S.A.	Structural steel fabrication plant	9,290 square meters (100,000 square feet)	Owner
1904 Great Bear Avenue Great Falls, Montana, U.S.A.	Paint and industrial coating shop	4,460 square meters (48,000 square feet)	Owner
W 15 Street Rosamond, California, U.S.A.	Storage yard for equipment and materials	37,717 square meters (405,979 square feet)	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 existing laws and regulations and ensures to perform in the normal course of business, the investments required to meet the highest standards.

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. Finally, in December 2024, the Corporation obtained its ISO14001 certification for its site in Terrebonne, Quebec.

During the fiscal year ended January 31, 2022, as part of the new financing that the Corporation obtained, the Corporation conducted phase I and phase II environmental assessments at its Terrebonne, Quebec site, which did not identify any deficiencies or contaminants requiring corrective action in accordance with applicable environmental standards.

For the fiscal years ended January 31, 2025 and 2024, taking into account 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.

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 industry includes the products and services related to 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. This sector also encompasses public works, including the construction and renovation of infrastructure and buildings, notably, hydroelectric dams, airports, bridges and overpasses. It should be noted that the demand in this sector is related to business cycles. Generally, there are more private projects 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. Generally, structural steel accounts for about 10% to 20% of a project's total cost, depending on the project's nature. Structural steel offers a number of advantages when compared to other materials, which explains its increasing use in the construction of complex structures. These advantages include durability, speed of installation, greater flexibility in fast-track projects, lower installation and maintenance costs, as well as its high strength/weight ratio as a result of improved alloys.

Generally, there are more complex steel structure projects in the United States than in Canada, which can result in a certain dependence of the Corporation on the U.S. market.

Despite the uncertainty related to the tariffs, the Corporation continues to see opportunities in its markets. The recent announcement of new contracts totaling \$120 million (see Section 4.3 c) of this AIF) reflects these opportunities. However, the Corporation is already feeling some of its clients' concerns about the different tariffs and their potential future impacts on the total cost of the projects. These concerns, as mentioned or explained in various sections of this AIF (see, among others, in Sections 4.3 a) and 4.4 above and 5.10 a) hereinafter), are already being felt in the Corporation's discussions with these potential customers.

Moreover, the impact of these tariffs, including the announcements of April 2nd, could lead to certain inflationary pressures, including increases in central bank prime rates, which could, in the longer term, decrease the announcements of new projects in the Corporation's markets. These signs are not currently observed, but the Corporation will be on the lookout for any changes and, in the meantime, will continue its efforts to grow its order backlog

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.

The Corporation 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;
- A unique fully robotic fabrication line at its Terrebonne plant in Quebec;
- 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 (Loi sur les contrats des organismes publics or "LCOP"), as amended by the Public Contract Integrity Act (Loi sur l'intégrité en matière de contrats publics) 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 initially issued in favor of the Corporation on March 13, 2013, and has been renewed every three (3) years ever since. The authorization was notably renewed on April 25, 2023 for a 3-year period until April 24, 2026. However, as a result of amendments to the LCOP which entered into force on June 2, 2023, the duration of the validity of the authorization was extended by two (2) additional years, i.e. until April 24, 2028. These amendments to the LCOP extended the duration of authorizations from 3 years to 5 years, but now require companies to submit an annual update of their information. In accordance with this new requirement, the Corporation has submitted its annual updates within the required deadlines.

Originally, this authorization was issued by the Quebec capital markets authority (*Autorité des Marchés Financiers* or "AMF"), which was responsible for administering the POC Act at the time. Since 2019, as a result of legislative changes, the AMF's powers over public contracts have been transferred to the new public procurement authority (*Autorité des marchés publics* or "AMP"). Companies that hold such an AMP authorization are registered in the Register of Companies Authorized to Contract or Subcontract (*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 AIF, 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, 2025.

a) Trade Tariffs

There can be no assurance that the steel products manufactured by the Corporation will not be subject to trade tariffs or other protectionist measures in the countries to which they are exported, as demonstrated by the recent turnaround in the situation in the United States, historically the Corporation's main market (see, among others, in Sections 4.3 a), 4.4 and 5.8 of this AIF).

b) 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.

c) 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.

d) 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.

e) 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.

f) 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.

g) 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 available, 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.

h) 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, beside the trade tariffs mentioned above, ADF's operations in the United States can be affected by changes in the interpretation of current regulations or by certain protectionist administrative practices with respect to provisions aimed either at encouraging or prioritizing the purchase of products from the United States or at reducing and monitoring imports of foreign products (Buy American Act and Buy America Act). However, this risk is somewhat mitigated by the fact that the Corporation owns and operates a plant in Great Falls, Montana.

i) 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.

j) 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.

k) 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.

l) Revenue Concentration

As indicated in Section 5.2 "Principal Markets" of this AIF, during the fiscal year ended January 31, 2025, 78% of the Corporation's revenues were realized with two (2) 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.

m) 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.

n) 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.

o) Control by Principal Shareholders, Directors and Officers

As at January 31, 2025, Ms. Marise Paschini, Mr. Jean Paschini and Mr. Pierre Paschini beneficially owned all (100%) of the outstanding Multiple Voting Shares, which represented 87,6% of the voting rights attached to all outstanding shares.

As at April 25, 2025 being the date of this AIF, taking into account the reduction of the outstanding Subordinate Voting Shares resulting from the cancellation of the Subordinate Voting Shares that have been repurchased by the Corporation under the NICB described in Section 4.2.3. d) of this AIF since January 31, 2025, the Multiple Voting Shares beneficially owned by Ms. Marise Paschini, Mr. Jean Paschini and Mr. Pierre Paschini now represent approximately 87,9% 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 has maintained its strategy of reinvesting its liquidity in its continuing operations, 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, from fiscal year 2012, to start declaring and paying a cash dividend on a semi-annual basis. This policy has been 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.

Moreover, as previously mentioned in Section 4.2.3. c) of this AIF on June 10, 2024, the Corporation's Board of Directors announced its cash utilization strategy, including, among others, the amendment to its Dividend Policy to increase the semi-annual dividend from \$0.01 per share to \$0.02 per share. The amendment has been applied to the dividend payment of October 17, 2024 (in the second semester of fiscal year 2025.)

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
	\$	\$	\$	\$	\$	\$
2023	0.01	0.01	0.02	0.01	0.01	0.02
2024	0.01	0.01	0.02	0.01	0.01	0.02
2025	0.01	0.02	0.03	0.01	0.02	0.03

In addition, in accordance with this policy, the Corporation's Board of Directors approved on April 9, 2025, the payment of a semi-annual dividend of \$0.02 per share, payable on May 15, 2025, to shareholders on record as at April 24, 2025.

7. CAPITAL STRUCTURE

7.1. Authorized and Outstanding Capital

On January 31, 2025, 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 17,075,797 were issued and outstanding, representing 12.4% 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 12,076,820 were issued and outstanding, representing 87.6% 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.

On April 25, 2025, being the date of this AIF, taking into account the reduction in the number of outstanding Subordinate Voting Shares resulting from the cancellation of the Subordinate Voting Shares that have been repurchased by the Corporation under the NICB described in Section 4.2.3. d) of this AIF since January 31, 2025, the Corporation's authorized capital consists of:

- an unlimited number of Subordinate Voting Shares (carrying one (1) voting right per share) without par value, of which 16,652,596 are issued and outstanding, representing 12.1% 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 12,076,820 are issued and outstanding, representing 87.9% 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 are 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 are 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.

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, 2025, 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 2024	10.33	7.90	2,476,813
March 2024	10.45	7.93	2,167,466
April 2024	15.20	8.84	2,897,038
May 2024	18.15	13.68	2,765,039
June 2024	20.80	14.80	4,164,002
July 2024	16.42	12.54	3,566,888
August 2024	14.16	12.30	1,904,965
September 2024	14.55	10.55	3,501,583
October 2024	10.98	9.09	2,336,191
November 2024	10.74	8.00	2,162,031
December 2024	10.76	8.50	3,077,863
January 2025	10.07	7.95	2,832,400

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	12,076,820	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, 2029, 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 (Quebec, Canada)	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
Jean Rochette, MBA, ASC ^{(1) (2)} (Quebec, Canada)	President and Director of Distribution Assisto Canada Inc.	June 2021
Guy Pelletier, CPA, ASC ^{(1) (2)} (Quebec, Canada)	Corporate Director	June 2021
Myriam Blouin ^{(1) (2)} (Quebec, Canada)	Human Resources Consultant, AXE HO (from June 2016 to November 2017 and again since July 2019)	June 2021
Richard Martel, Esq. ^{(1) (2)} (Quebec, Canada)	Lawyer	June 2021
Danilo D'Aronco, P.Eng. M.Eng. (Quebec, Canada)	Consulting engineer for the firms D'Aronco Pineau Hébert Varin Inc., Sigmax Inc. and AXNOR Consultants Inc.	June 2021
Luc Reny, CFA (Québec, Canada)	Vice-president, Human Resources and administration Power Corporation of Canada	January 2025

(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.

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:

- **Mr. Jean Rochette** has been President and Director of Distribution Assisto Canada Inc. since 2019. From 2008 to 2022, he was also President and Director of Neptune Products Inc. Both companies specialize in the manufacture and marketing of bathroom products.
- **Mr. Danilo D'Aronco** was a partner of the engineering firm D'Aronco Pineau Hébert Varin Inc. from 1992 until the end of 2021. He was president of this company and of Sigmax Inc., specializing in the coordination and preparation of shop drawings and assembly drawings for the steel structure fabrication industry, until December 31, 2021. From 2013 to 2021, he was also a shareholder and Vice-President of AXNOR Consultants Inc. specializing in telecommunications infrastructures. Since December 31, 2021, he has retired from senior management and shareholding of these companies but remains employed by these same companies as a consulting engineer.

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:

- Myriam Blouin., Committee Chair
- Jean Rochette, MBA, ASC
- Guy Pelletier, CPA, ASC
- Richard Martel, Esq.
- Luc Reny, CFA

10.3. Executive Officers

As at January 31, 2025, management of the Corporation and its principal subsidiaries was as follows:

Name (Province, Country of Residence)	Principal Occupation
Jean Paschini (Quebec, Canada) ⁽¹⁾	Chairman of the Board of Directors 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 (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 Chairman of the Board of Directors, President and Chief Executive Officer of ADF International, Inc. and 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 aforementioned Executive Officers of the Corporation have held the positions or similar functions, within the Corporation or its subsidiaries.

10.4. Shareholding

As at January 31, 2025, the Corporation's Directors and Executive Officers then in office, taken as a whole, directly or indirectly held the beneficial ownership to 12,076,820 Multiple Voting Shares of the Corporation, representing 100% of the total number of shares of this class, and 90,025 Subordinate Voting Shares of the Corporation, representing 0,53% of the total number of shares of this class.

As at April 25, 2025, being the date of this AIF, taking into account the reduction in the number of outstanding Subordinate Voting Shares resulting from the cancellation of the Subordinate Voting Shares that have been repurchased by the Corporation under the NICB described in Section 4.2.3. d) of this AIF since January 31, 2025, the same 90,025 Subordinate Voting Shares directly or indirectly beneficially owned by the Corporation's Directors and Executive Officers currently in office now represents 0,54% of the total number of shares of this class.

10.5. Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at April 25, 2025, being the date of this AIF, 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 (including the company in respect of which the Management Information Circular dated April 14, 2023 is being prepared), 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;
- 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, except for the share repurchase announced on June 13, 2024, as more fully described in Section 4.2.3 c) titled "Cash Utilization Strategy" of this AIF.

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:

- Guy Pelletier, CPA, ASC, Committee Chair
- Jean Rochette, MBA, ASC
- Myriam Blouin.
- Richard Martel, Esq.
- Luc Reny, CFA

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. Guy Pelletier**, CPA, ASC is a Corporate Director. He is a member of the Ordre des comptables professionnels agréés du Québec. Since April 2015, Mr. Pelletier has retired from the firm Deloitte where he had an outstanding career spanning nearly 35 years. He joined Touche Ross (a predecessor firm to Deloitte) in 1980 and became a partner in 1990. He. As a partner in the audit practice, he had the responsibility of managing complex audit and related services assignments to a number of clients, both private and public, in many different industries, but particularly in the manufacturing sector. In addition to being an expert in the field of financial reporting, he also developed expertise in capital markets and regulatory matters. He has also advised many senior executives and company Boards on, amongst others, matters related to corporate governance and audit committee effectiveness. After retiring from Deloitte, from May 2015 to February 2018, he served as a member of the Board and chair of the audit committee of Napec inc. From 2015 to 2017, he was a member of the management committee of Institut des Administrateurs de Sociétés du Québec. In June 2016, he successfully completed the Directors' program at Université Laval and obtained the designation of Administrateur de sociétés certifié (ASC). Mr. Pelletier served, until October 2021, as a member of the Board of Directors and chair of the audit committee of La Fondation de l'Université de Sherbrooke.
- **Mr. Jean Rochette**, MBA, ASC received a bachelor's degree in management from Laval University in 1983, holds an MBA from the University of Sherbrooke received in 1992 and graduated from the College of Corporate Directors of Laval University in 2007. From 2008 to 2022, Mr. Rochette was President and Director of Neptune Products Inc. and since 2019 has been President and Director of Distribution Assistos Canada Inc. Both companies specialize in the manufacture and marketing of bathroom products. Mr. Rochette served as Vice President and General Manager at MAAX Inc. (formerly the Toronto Stock Exchange: MXA) in North America from January 2000 to March 2005. From February 1996 to October 1999, he was President and CEO for Ralston Purina in France. He was a member of the Board of Directors and Chair of the Compensation Committee of Opsens Inc. (TSXV: OPS) from 2006 to 2010 and a member of the Board of Directors and Chair of the Governance and Human Resources Committee of Napec Inc. from 2013 to 2018 and also a director of the company Strélinova from 2016 to 2017. Between January 2014 and March 2023, he was a Director of the Sustainable Industries Council. Since 2015, he has been a director of the M3 Mortgage Group and has been associated with the Quebec Manufacturing Fund II, s.e.c., an investment fund in partnership with the Caisse de dépôt et placement du Québec (CDPQ), whose mission is to invest in manufacturing companies and help them in their development. As part of his duties as a business leader and corporate director, he has been involved in financial planning as well as in the analysis and evaluation of financial statements.
- **Ms. Myriam Blouin** has more than 35 years of experience in Human Resources, both as a consultant (from June 2016 to November 2017 and again since July 2019) and in management positions. She notably held the positions of Executive Vice President, Organizational Alignment and Human Resources at Ivanhoé Cambridge from 2017 to 2019 and Senior Vice President, Talent Management and Organizational Development, for Caisse de dépôt et placement du Québec (CDPQ) from 2010 to 2016. At both Ivanhoé Cambridge and CDPQ, Ms. Blouin was responsible for all human resources activities, establishing the HR strategic framework and guiding the teams in talent management, total compensation, competency development and many other human capital-related areas. She also worked for Rio Tinto Alcan, the world leader in aluminum production, for more than 24 years, from 1986 to 2010. There, she held several roles, including Director of Human Resources for the Business Development and Growth unit, responsible for major aluminum smelter development projects around the world. Her duties included a five-year stint in Australia, where she successively held the positions of Manager, Human Resources, for the company's Gove Operations, and Director, Human Resources, for its Bauxite & Alumina Pacific Operations division. In

her various successive senior management roles, she has been involved not only in human resources but also in financial planning and in the analysis and evaluation of the financial statements of the various companies where she has worked.

- **Mr. Richard Martel**, Esq. is a lawyer. A law graduate from McGill University, Mr. Martel was admitted to the Quebec Bar in 1970. Very quickly specialized in administrative law and labor law, he was a senior partner at Fasken Martineau for over 35 years, until his retirement from the firm in 2017. He was director of the labor law group, member of the firm's board of directors, member of the executive committee and participated in the expansion of the organization through various interprovincial mergers. As part of his management duties within the firm, he was involved in financial planning as well as in the analysis and evaluation of the firm's financial statements.
- **Mr. Luc Reny**, CFA holds a Bachelor of Commerce degree from the Laval University and an Executive MBA from the University of Sherbrooke. He also holds a Chartered Financial Analyst (CFA) diploma from the CFA Institute in Virginia, USA. He obtained his Corporate Director Certification (ASC) from the Collège des administrateurs in February 2017. Mr. Reny act as Vice-President, Human Resources, and Administration of Power Corporation since 2005. He is also President of Square Victoria Real Estate Inc. Mr. Reny joined Power Corporation in 1989, where he successively served as Financial Analyst, Executive Assistant to the President, and Head of administration. Mr. Reny began his career in 1983 with the Asset Management and Equity Market sectors of the Caisse de dépôt et placement du Québec (CDPQ), as a financial analyst until 1989. Mr. Reny is a member of the Board of Directors and Chairman of the Audit Committee of Liberty Springs Inc. He is also a member of the Advisory Committee of Gestion B, family office of the Bourgeois family. He was a member of the Board of Directors and Audit Committee of Square Victoria Communications Group Inc. and La Presse Itée until July 2018. He was also a member and Chairman of the Board of Napec Inc. and a member of the Board of Directors of Biogénie S.R.D.C. Inc., Vision IP, Groupe Neptune and Les Remparts de Québec. Over the years, Mr. Reny has participated in numerous fundraising activities for various charitable organizations. Most recently, he was a cabinet member of the Major Fundraising Campaign for Université Laval. He is currently Chairman of the Board of Directors of the Armand-Frappier Foundation and a member of the Boards of Directors of the Olo Foundation and the Baxter & Alma Ricard Foundation.

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 2025 and 2024 fiscal years:

Fiscal Years Ended January 31	2025	2024
(In \$CA)	\$	\$
Categories:		
Audit Fees ⁽¹⁾	325,135	230,857
Audit-Related Fees ⁽²⁾	2,666	2,077
Tax Fees ⁽³⁾	80,261	121,852
All Other Fees ⁽⁴⁾	16,050	16,050
TOTAL	324,112	370,836

(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 with respect to the Corporation and its subsidiaries in Canada and the United States.

(4) "Other fees" include the total fees for all services other than those described above, in particular for services related to disclosure relating to sustainable development (for fiscal year 2024) and for services related to the continuous disclosure review by the regulatory authorities (for fiscal year 2025).

14. TRANSFER AGENT AND REGISTRAR

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

Computershare Investor Services Inc.
650 de Maisonneuve Boulevard West, 7th floor
Montreal (Quebec) H3A 3T2

Computershare also has offices in Toronto, Ontario.

15. MATERIAL CONTRACTS

During the fiscal year ended January 31, 2025, 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, 2025, as in the previous fiscal year ended January 31, 2024, the Corporation continued to retain the services of the compensation consulting firm Gallagher Quebec Compensation Inc. (having previously done business successively under the names of PCI-Perrault Consulting Inc. and PCI Compensation Consulting) (hereinafter referred to as "Gallagher") to finalize a positioning analysis initiated and mostly conducted during fiscal year 2024 in anticipation of fiscal year 2025 in order to validate *a posteriori* the competitiveness of the total compensation policies applied during fiscal year 2024 and at the beginning of fiscal year 2025 with respect to the Corporation's Executives and Directors compared with a reference group.

The consultants' mandate and conclusions are referred to in the "Executive Compensation" and "Compensation of Directors" sections of the Management Information Circular dated April 14, 2025, established for the Annual Meeting of Shareholders of the Corporation. At the time the consultant disclosed its conclusions, Gallagher 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, and insider interests in material transactions where applicable, is contained in the Management Information Circular dated April 14 2025, 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, 2025.

Copies of these documents are available free of charge on the SEDAR+ Website at www.sedarplus.ca. The Corporation will also provide to any person upon request to its Public Relations department:

17.1. 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:

- a) one copy of ADF Group's Annual Information Form;
- b) 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;
- c) 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
- d) 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 a), b) and c) above; or

17.2. At any other time, one copy of any other documents referred to in paragraphs 17.1) a), b) and c) 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 AIF 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

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

APPENDIX A – AUDIT COMMITTEE CHARTER

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.

Annual Information Form

Fiscal Year Ended January 31, 2025

The electronic version of this document is available at www.adfgroup.com and www.sedarplus.ca.

Ce document est également disponible en français.

ADF GROUP INC.

300 Henry-Bessemer, Terrebonne, Quebec, Canada J6Y 1T3

T. (450) 965-1911 / 1 (800) 263-7560

infos@adfgroup.com / www.adfgroup.com

[Toronto Stock Exchange: TSX | DRX](#)