



MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE FINANCIAL POSITION AND OPERATING
RESULTS

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

Three-Month and Nine-Month Periods
Ended October 31, 2024

Toronto Stock Exchange: TSX/DRX

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Forward-Looking Statements

Management of ADF Group Inc. wishes to inform the reader that this document contains forward-looking statements within the meaning of applicable securities laws, in which Management's expectations regarding ADF Group Inc.'s future performance may be discussed. These forward-looking statements include information concerning ADF Group's probable or foreseeable future operating results and financial position and involve certain risks and uncertainties with regard to their future realization. These forward-looking statements are based on currently available data in regard to competition, financial position, economic conditions and operating plans.

The principal risks and uncertainties that could affect ADF Group Inc.'s results, such that those results could differ materially from those expressed in any forward-looking statements, are presented in Sections "Current Economic Environment" and "External Factors to Which the Corporation's Performance is Exposed" of the Management's Discussion and Analysis of the Financial Position and Operating Results (hereinafter "MD&A Report") for the fiscal year ended January 31, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND OPERATING RESULTS

1. GENERAL

The purpose of this management's discussion and analysis of the financial position and operating results (hereinafter "MD&A Report") is to provide the reader with an overview of the changes in the financial position of ADF Group Inc. ("ADF", "ADF Group" or "the Corporation") between February 1, 2024, and October 31, 2024. It also compares the operating results and cash flows for the three-month and nine-month periods ended October 31, 2024, to those of the same period of the previous fiscal year. This MD&A Report covers all major events that occurred between February 1, 2024, and December 11, 2024, on which date ADF Group Inc.'s Board of Directors approved the unaudited interim condensed consolidated financial statements, as well as the MD&A Report for the Three-Month and Nine-Month Periods ended October 31, 2024.

This MD&A Report should be read in conjunction with the Corporation's Unaudited Interim Condensed Consolidated Financial Statements and the notes thereto for the three-month and nine-month periods ended October 31, 2024, as well with the Audited Consolidated Financial Statement and Management's Discussion and Analysis of the Financial Position and Operating Results Report for the Fiscal Year Ended January 31, 2024.

The unaudited interim condensed consolidated financial statements and the comparative information for the three-month and nine-month periods ended October 31, 2024, have been prepared in accordance with the International Financial Reporting Standard issued by the International Accounting Standards Board ("IFRS Accounting Standards") and applicable to interim financial reports, including International Accounting Standard 34 *Interim Financial Reporting*. The material accounting policies applied by the Corporation in accordance with IFRS are presented in Note 2 to the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month and Nine-Month Periods ended October 31, 2024.

The Corporation reports its results in Canadian dollars. All amounts in this MD&A Report are expressed in Canadian dollars, except where otherwise indicated.

2. FORWARD-LOOKING STATEMENTS

In order to provide shareholders and potential investors with additional information regarding ADF, in particular Management's assessment of future plans and operations, certain statements in this MD&A Report are forward-looking statements subject to risks, uncertainties and other important factors that could cause the Corporation's actual performance to differ from those expressed in or implied by these forward-looking statements.

Such factors include, but are not limited to the impact of economic conditions in Canada and the United States; industry conditions including amendments in laws and regulations; increased competition; potential shortfall of qualified personnel or managers; availability and fluctuations in commodity prices; foreign exchange or interest rate fluctuations; stock market volatility; and the impact of accounting policies issued by Canadian, U.S. and international standard setters. Some of these factors are further discussed under Section 18 "External Factors to Which the Corporation's Performance is Exposed" in this MD&A Report. It should be noted that the list of factors that may affect future growth, results and performance, provided in this MD&A Report, is not exhaustive. The reader should not place undue reliance on forward-looking statements.

The expectations expressed by the forward-looking statements are based on information available to the Corporation on the date such statements were made. However, there can be no assurance that such estimates will prove to be correct. All subsequent forward-looking statements made, whether written or verbally, by the Corporation or persons acting on its behalf, are expressly qualified in their entirety by the caveats referred to above. Unless otherwise required by applicable securities legislation, the Corporation expressly disclaims any intention, and assumes no obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

3. GENERAL OVERVIEW

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 infrastructure. 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-metre (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-metre (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) area for preparation and detailing work.

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, and projects subject to fast-track schedules. ADF Group's commitment to deliver every project in accordance with the industry's highest quality standards constitutes a core aspect of the Corporation's mission.

4. **COMMERCIAL POSITIONING**

ADF Group serves a diversified client base in the non-residential construction market in Canada and the United States, including general contractors, project owners, engineering firms and project architects, structural steel erectors, and other steel structure fabricators.

5. **MARKET TRENDS**

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.

At the time of writing this MD&A, it is still too early to identify any strong trends resulting from the outcome of the U.S. election or possible tariffs. That said, the green energy sector will most likely see its growth slow. Notwithstanding this point and given the infrastructure needs on the U.S. side and the announced investment programs, including for the modernization of U.S. airports, we continue to see the markets served by ADF in a favorable manner. Slowing inflation rates in Canada and the U.S., as well as lower interest rates, should also encourage investment south and north of the border, providing opportunities for our Corporation.

6. **SIGNIFICANT EVENTS OF THE THREE-MONTH AND NINE-MONTH PERIODS ENDED OCTOBER 31, 2024**

6.1. **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.

6.2. **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.

6.3. **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. ADF Group paid the purchase price from its available cash.

7. SIGNIFICANT EVENTS THAT OCCURRED SINCE OCTOBER 31, 2024

7.1. Normal Course Issuer Bid (NCIB)

On December 11, 2024, the Corporation's Board of Directors authorized a share repurchase bid. On December 11, 2024, the Corporation also announced that the Toronto Stock Exchange (TSX) had accepted its Notice of Intention to Proceed with a NCIB. For more details, please refer to the press release issued by the Corporation, a copy of which can be found on the Corporation's website (www.adfgroup.com) under the section "Investors/Documentation Center" and Section 25 "Subsequent Event".

7.2. 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.

8. EXCHANGE RATE

The Corporation is subject to foreign currency fluctuations from the translation of revenues, expenses, assets and liabilities of its foreign operations and from commercial transactions denominated in foreign currencies. Average monthly rates (considered a reasonable approximation to actual rates at the date of transactions) are used to translate revenues (except for foreign exchange forward contracts) and expenses for the periods mentioned, while closing rates translate assets and liabilities.

During the 3-month and 9-month periods ended October 31, 2024, and during each of the last four quarters, the Corporation used the following exchange rates between the Canadian and U.S. dollars:

(CA\$/US\$)	Consolidated Statements of Income and Comprehensive Income		Consolidated Statements of Financial Position
	Quarterly	Cumulative	
Third quarter (October 31, 2023)	1.3576	1.3488	1.3871
Fourth quarter (January 31, 2024)	1.3523	1.3497	1.3397
First quarter (April 30, 2024)	1.3575	1.3575	1.3746
Second quarter (July 31, 2024)	1.3696	1.3636	1.3809
Third quarter (October 31, 2024)	1.3656	1.3643	1.3916

The Canadian dollar has lost value against the U.S. dollar over the periods analyzed.

Although the Corporation enters into foreign exchange contracts from time to time and according to its internal policy in order to hedge the foreign exchange risk, these exchange rate variations have had a positive impact of \$0.3 million and \$1.9 million on the gross margin for the 3-month and 9-month periods ended October 31, 2024 respectively, and generated a foreign exchange loss of \$0.5 million and \$1.3 million respectively on the Consolidated Statement of Income for the same periods.

9. NON-GAAP FINANCIAL MEASURES AND OTHER FINANCIAL MEASURES

This MD&A Report is based on results prepared in accordance with IFRS Accounting Standards and includes non-GAAP financial measures and other financial measures. Non-GAAP financial measures provide useful additional information, but do not have standardized meanings established in accordance with GAAP. Readers should be careful not to confuse or substitute them with performance measures prepared in accordance with GAAP. In addition, readers should avoid comparing these non-GAAP financial measures to similarly titled measures provided or used by other issuers. When such indicators are presented, they are defined, and the reader is notified.

The Corporation uses the following indicators to measure its operating performance and the achievement of objectives:

Periods Ended October 31,	3 months		9 months	
	2024	2023	2024	2023
Non-GAAP financial measures				
Adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA) (in thousands of dollars)	\$24,032	\$17,769	\$72,045	\$40,444
Adjusted EBITDA margin (as a percentage of revenues)	30.1%	21.6%	27.5%	16.7%
Supplementary financial measures				
Gross margin (as a percentage of revenues)	30.4%	24.4%	31.7%	21.1%

As at	October 31, 2024	January 31, 2024
Supplementary financial measures		
Working capital (in thousands of dollars)	\$105,388	\$110,100
Working capital ratio	2.22:1	2.04 :1
Order backlog (in thousands of dollars)	\$330,328	\$510,892

9.1. Adjusted EBITDA and Adjusted EBITDA Margin

The adjusted EBITDA and the adjusted EBITDA margin show the extent to which the Corporation generates profits from operations, without considering the following items:

- Net financial expenses;
- Income taxes expense;
- Foreign exchange loss, and
- Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets.

Net income is reconciled with adjusted EBITDA in the table below:

	3 months		9 months	
Periods Ended October 31,	2024	2023	2024	2023
(In thousands of dollars)	\$	\$	\$	\$
Net income	16,432	11,198	47,697	27,111
Income taxes expense	5,359	2,079	17,578	5,040
Net financial expenses	244	354	910	1,821
Amortization	1,535	1,460	4,552	4,338
Foreign exchange loss	462	2,678	1,308	2,134
Adjusted EBITDA	24,032	17,769	72,045	40,444
— As a % of revenues ⁽¹⁾	30.1%	21.6%	27.5%	16.7%

(1) The adjusted EBITDA margin results from dividing adjusted EBITDA by revenues.

Adjusted EBITDA for the 3-month and 9-month periods ended October 31, 2024, when compared with the same periods ended a year earlier, increased by \$6.3 million and \$31.6 million, respectively. These increases are mainly attributable to the net income and the related income taxes expenses.

These variations will be explained in more detail in the next sections.

9.2. Gross Margin as a Percentage of Revenues

The gross margin as a percentage of revenue indicator is used by the Corporation to assess the level of profitability for a given period based on the project mix for that same period. This indicator is subject to fluctuations in project prices and also in the operational efficiency of the Corporation. The indicator of gross margin as a percentage of revenues results from dividing gross margin by revenues.

In general, the Corporation aims to improve this indicator but recognizes that its fluctuation depends on the type of project signed and several other factors, including the economic context.

9.3. Working Capital and Working Capital Ratio

The working capital indicator is used by the Corporation to assess whether current assets are sufficient to meet current liabilities. Working capital is equal to current assets, less current liabilities, whereas the working capital ratio is calculated by dividing current assets by current liabilities.

Generally, Management's goal is to achieve a working capital ratio of at least 2.0:1. As at October 31, 2024 and January 31, 2024, this ratio has exceeded this goal. The Corporation establishes the achievement of this goal on the pursuit of its strategy focusing on the execution of contracts generating positive cash flows throughout their execution.

However, the Corporation also recognizes that the growth of its order backlog adds some pressure on working capital, thus explaining the level of this ratio in relation to the Corporation's long-term objective. It should be noted that the drawing up and/or revision of this corporate goal depends on several factors, such as the economic context and development projects that might materialize.

9.4. Order Backlog

The order backlog is a measure used by the Corporation to assess future revenue levels. The order backlog includes firm orders obtained by the Corporation, either through a firm contract or a formal notice to proceed confirmed by the client. The order backlog disclosed by the Corporation therefore includes the portion of confirmed contracts that have not been put into production.

In general, the Corporation aims to improve this indicator but recognizes that its fluctuation is dependent on several factors, including the economic context. In addition, as the Corporation carries out projects that vary in complexity and duration, upward or downward fluctuations from quarter to quarter may occur. In view of this, changes in the order backlog must be analyzed over several quarters and not only from one quarter to the next.

10. ANALYSIS OF OPERATING RESULTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED OCTOBER 31, 2024

10.1. Revenues and Gross Margin

3-Month Periods Ended October 31,	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Revenues	79,952	82,143	(2,191)	(2.7)
Cost of goods sold	55,645	62,071	(6,426)	(10.4)
Gross margin	24,307	20,072	4,235	21.1
— As a % of revenues ⁽¹⁾	30.4%	24.4%		6.0

(1) Gross margin as a percentage of revenues is a supplementary financial measure. Refer to the Section 9 “Non-GAAP Financial Measures and Other Financial Measures” of this MD&A Report, for definition of this metric.

9-Month Periods Ended October 31,	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Revenues	262,233	242,629	19,604	8.1
Cost of goods sold	178,989	191,328	(12,339)	(6.5)
Gross margin	83,244	51,301	31,943	62.3
— As a % of revenues ⁽¹⁾	31.7%	21.1%		10.6

(1) Gross margin as a percentage of revenues is a supplementary financial measure. Refer to the Section 9 “Non-GAAP Financial Measures and Other Financial Measures” of this MD&A Report, for definition of this metric.

a) Revenues

Revenues during the 3-month period ended October 31, 2024, totalled \$80.0 million, down by \$2.2 million over the same period ended October 31, 2023.

Revenues during the 9-month period ended October 31, 2024, totalled \$262.2 million, up by \$19.6 million or 8.1% compared with the same period ended October 31, 2023.

Revenues are recognized progressively based on costs incurred to date relative to the total estimated costs at completion on the various projects executed by the Corporation during the periods concerned. In addition, and given that the Corporation carries out projects that differ in complexity and duration, upward or downward fluctuations from one quarter to the next may occur. In light of this, revenue growth, as well as the order backlog, must be analyzed over several quarters rather than from one quarter to the next.

In that respect, the \$2.2 million, or 2.7%, decrease in revenues for the quarter ended October 31, 2024, over the same period last year is not a concern for the Corporation, especially given that revenues for the 9-month period ended October 31, 2024, are \$19.7 million higher than a year ago. In addition, and as explained in the MD&A Report for the periods ended July 31, 2024, ADF's revenue level was negatively impacted by delays from a customer in site preparation. These revenues are naturally not lost but rather moved forward in time. Given that installation schedules are difficult to compress over time, these missing revenues risk being moved forward to the next fiscal year.

Furthermore, the variation in the foreign exchange rate during the 3-month and 9-month periods closed October 31, 2024, had a positive impact of \$0.6 million and \$3.6 million respectively on the level of revenues.

In terms of economic dependency, 75% of the Corporation's revenues during the 9-month period ended October 31, 2024, were realized with two (2) clients (54% of the Corporation's revenues, were realized with two (2) clients for the 9-month ended October 31, 2023), each having represented 10% or more of the Corporation's revenues.

The following table presents the breakdown of revenues for each of these clients:

9-Month Periods Ended October 31,	2024 ⁽¹⁾	2023 ⁽¹⁾
(In thousands of dollars)	\$	\$
Client A	128,494	—
Client B	67,785	—
Client C	—	89,926
Client D	—	40,213
	196,279	130,139

(1) From United States

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.

b) Gross Margin

The gross margin, in dollar value, increased by \$4.2 million during the 3-month period ended October 31, 2024, compared with the same period of the previous fiscal year. Gross margin as a percentage of revenues ⁽¹⁾ went from 24.4% during the 3-month period ended October 31, 2023, to 30.4% during the same period ended October 31, 2024.

For the 9-month period ended October 31, 2024, gross margin stood at \$83.2 million or 31.7% of revenues compared with \$51.3 million or 21.1% of revenues for the same period a year earlier.

(1) Gross margin as a percentage of revenues is a supplementary financial measure. Refer to the Section 9 "Non-GAAP Financial Measures and Other Financial Measures" of this MD&A Report, for definition of this metric.

The improvement in margins is in line with the increase observed in recent quarters and is largely attributable to a better absorption of fixed costs, in line with the increase in fabrication volume, the continued favorable impact of the investments in automation at ADF's plant in Terrebonne, Quebec, and a favorable mix of projects. In fact, since the beginning of the current fiscal year, the mix of products in fabrication was particularly favorable.

As described in Section 15 "Order Backlog", the fabrication hours are not only the Corporation's core activity but are also its most value-added activity. To that effect, revenues during the 3-month and 9-month periods ended October 31, 2024, were comprised of 36% and 33% respectively of fabrication hours, compared with 42% and 37% respectively for the 3-month and 9-month periods ended October 31, 2023.

Increases or decreases in raw material (mainly steel) prices do not generally have a material impact on the gross margin since in some of the contracts in hand, the clients supply the steel to be transformed by ADF, whereas protection clauses with regard to price changes are usually included in contracts where ADF supplies the steel. In addition, the natural hedge attributable to revenues and the purchase of raw materials in U.S. dollars mitigates the impact of exchange rate fluctuations.

10.2. Selling and Administrative Expenses

3-Month Periods Ended October 31	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Selling and administrative expenses	1,810	3,763	(1,953)	(51.9)
— As a % of revenues	2.3%	4.6%		(2.3)

9-Month Periods Ended October 31	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Selling and administrative expenses	15,751	15,195	556	3.7
— As a % of revenues	6.0%	6.3%		(0.3)

During the 3-month period ended October 31, 2024, selling and administrative expenses amounted to \$1.8 million, posting a decrease of \$2.0 million compared with the same period ended October 31, 2023. For the 9-month period ended October 31, 2024, these expenses stood at \$15.8 million, which is \$0.6 million higher than the same period a year earlier.

This variation is mostly explained by the adjustment in the market value of Differed Share Units (DSU) and in Performance Share Units (PSU). Compared with the 3-month and 9-month periods ended October 31, 2023, these adjustments, including the cost of grants, decreased selling and administrative expenses by \$2.9 million for the 3-month period ended October 31, 2024, while they increased selling and administrative expenses by \$0.1 million for the 9-month period closed on the same date, in line with the variation in the Corporation's share price during these analyzed periods.

Selling and administrative expenses as a percentage of revenues for the 3-month and 9-month periods ended October 31, 2024, are 2.3% and 6.0% respectively, compared with 4.6% and 6.3% respectively for the comparable periods a year earlier.

10.3. Amortization

In accordance with IFRS Accounting Standards, amortization expense is included in cost of goods sold and selling and administrative expenses. However, Management considers it appropriate to continue separately commenting on the trend in amortization expense since it is considered a significant, although non-cash, component in the analysis of the Corporation's profit margins.

3-Month Periods Ended October 31,	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Amortization	1,535	1,460	75	5.1
— As a % of revenues	1.9%	1.8%		0.1

9-Month Periods Ended October 31,	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Amortization	4,552	4,338	214	4.9
— As a % of revenues	1.7%	1.8%		(0.1)

The amortization expense for the 3-month and 9-month periods ended October 31, 2024, was \$1.5 million and \$4.6 million respectively, compared with \$1.5 million and \$4.3 million respectively for same periods ended October 31, 2023. This variation is in line with the limited level in capital investment over the past year.

The amortization expense for the analysed periods was distributed as follows:

3-Month Periods Ended October 31,	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Amortization expense included in cost of goods sold	1,204	1,113	91	8.2
Amortization expense included in selling and administrative expenses	331	347	(16)	(4.6)
Total amortization	1,535	1,460	75	5.1

9-Month Periods Ended October 31,	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Amortization expense included in cost of goods sold	3,582	3,384	198	5.9
Amortization expense included in selling and administrative expenses	970	954	16	1.7
Total amortization	4,552	4,338	214	4.9

10.4. Net Financial Expenses

3-Month Periods Ended October 31,	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Net financial expenses	244	354	(110)	(31.1)
— As a % of revenues	0.3%	0.4%		(0.1)

9-Month Periods Ended October 31,	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Net financial expenses	910	1,821	(911)	(50.0)
— As a % of revenues	0.3%	0.8%		(0.5)

Net financial expenses for the 3-month and 9-month periods ended October 31, 2024, totaling \$0.2 million and \$0.9 million respectively, are \$0.1 million and \$0.9 million lower than for the corresponding periods a year earlier, in line with the average debt balance during the respective periods, net of the interest income from the Corporation's excess liquidities.

After the close of the quarter ended July 31, 2023, the Corporation entered into interest rate options for a par value of \$10.0 million to cover fluctuations in interest rates greater than 5.5% (based on the one-month CORRA) of its long-term floating rate debt denominated in Canadian dollars, until August 23, 2026. These options are in addition to those taken in October 2022, also for a face value of \$10.0 million covering fluctuations in interest rates above 4.5% (based on the one-month CORRA).

10.5. Foreign Exchange Loss

3-Month Periods Ended October 31,	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Foreign exchange loss	462	2,678	(2,216)	(82.7)
— As a % of revenues	0.6%	3.3%		(2.7)

9-Month Periods Ended October 31,	2024	2023	Changes 2024/2023	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Foreign exchange loss	1,308	2,134	(826)	(38.7)
— As a % of revenues	0.5%	0.9%		(0.4)

The foreign exchange loss recorded during the quarter ended October 31, 2024, includes a \$0.8 million foreign exchange gain on ongoing operations and a foreign exchange loss of \$1.2 million relating to the fair value of financial derivatives. During the 3-month period ended October 31, 2024, a \$0.8 million foreign exchange gain on the translation of foreign subsidiaries was recorded in Comprehensive Income.

The foreign exchange loss recorded during the 9-month period ended October 31, 2024, includes a \$2.1 million foreign exchange gain on ongoing operations and a foreign exchange loss of \$3.4 million relating to the fair value of financial derivatives. During the 9-month period ended October 31, 2024, a \$3.2 million foreign exchange gain on the translation of foreign subsidiaries was recorded in Comprehensive Income.

The foreign exchange gain recorded during the quarter ended October 31, 2023, included \$1.9 million foreign exchange gain on ongoing operations and a \$4.6 million foreign exchange loss relating to the fair value of financial derivatives. During the 3-month period ended October 31, 2023, a \$3.4 million foreign exchange gain on the translation of foreign subsidiaries was recorded in Comprehensive Income. The foreign exchange loss recorded during the 9-month period October 31, 2023, included a \$0.1 million foreign exchange gain on ongoing operations and a \$2.3 million foreign exchange loss relating to the fair value of financial derivatives. During the 9-month period ended October 31, 2023, a \$2.6 million foreign exchange gain on the translation of foreign subsidiaries was recorded in Comprehensive Income.

The Corporation is exposed to exchange rate fluctuations between the Canadian and U.S. dollars since a significant portion of its revenues is generally recorded in U.S. dollars.

During the 3-month and 9-month periods ended October 31, 2024, 90% and 87% respectively of revenues were realized in U.S. dollars (88% and 90% respectively during the 3-month and 9-month periods ended October 31, 2023).

Considering the improvement in U.S. markets and our facilities in Great Falls, Montana, the Corporation expects that the percentage of its revenues in U.S. dollars should remain at a fairly high level in the fiscal year ending January 31, 2025.

10.6. Income Taxes Expense

3-Month Periods Ended October 31, (In thousands of dollars and in percentages)	2024	2023	Changes 2024/2023	
	\$	\$	\$	%
Income taxes expense	5,359	2,079	3,280	157.8
— As a % of revenues	6.7%	2.5%		4.2

9-Month Periods Ended October 31, (In thousands of dollars and in percentages)	2024	2023	Changes 2024/2023	
	\$	\$	\$	%
Income taxes expense	17,578	5,040	12,538	Pos.
— As a % of revenues	6.7%	2.1%		4.6

The effective tax rates for the 3-month and 9-month periods ended October 31, 2024, were 24.6% and 26.9% respectively, compared with the Corporation's Canadian effective rate, which is 27%.

These effective rates come mainly from the mix of profits or losses from ADF's different subsidiaries, according to their legal and tax jurisdictions.

Given the increase in its taxable income over the last few quarters, the Corporation has exhausted, as at October 31, 2024, all of its operating loss carry forwards from previous fiscal years, which will now result in income taxes expense in the coming quarters in the different jurisdictions where the Corporation executes contracts.

10.7. Net Income, Basic and Diluted Earnings per Share

	3 months		9 months	
Periods Ended October 31, (In thousands of dollars and in dollars per share)	2024	2023	2024	2023
	\$	\$	\$	\$
Net income	16,432	11,198	47,697	27,111
— As a % of revenues	20.6%	13.6%	18.2%	11.2%
Basic and diluted earnings per share	0.55	0.34	1.53	0.83

The change in net income during the 3-month and 9-month periods ended October 31, 2024, compared with the same period a year ago, is for the most part explained by the elements previously mentioned.

11. COMPARATIVE INFORMATION FOR THE LAST EIGHT QUARTERS

The trends observed in the analysis of quarterly results do not necessarily represent those of the future results of the Corporation. ADF's fabrication activities are not, as such, subject to seasonal fluctuations. However, the non-residential construction market in which the Corporation is active goes through upward and downward cycles.

Overall, quarterly fluctuations in the following indicators result mainly from the changes in the revenue mix and accrued costs within different projects and for every given period, together with the lags between the recognition of costs and revenues, where appropriate, that could result from the use of estimates based on the percentage-of-completion method.

More specifically, and in light of the results for the last eight (8) quarters presented hereinafter, these quarterly fluctuations to another are mostly explained by the fabrication schedules of the different projects underway. Considering that revenues is recognized progressively based on costs incurred to date relative to the total estimated costs at completion on the various projects executed by the Corporation, revenue and operating results can differ significantly from quarter to quarter because of these execution schedules.

Fiscal Years 3-Month Periods Ended	2025			2024				2023
	3 rd Quarter (10.31.2024)	2 nd Quarter (07.31.2024)	1 st Quarter (04.30.2024)	4 th Quarter (01.31.2024)	3 rd Quarter (10.31.2023)	2 nd Quarter (07.31.2023)	1 st Quarter (04.30.2023)	4 th Quarter (01.31.2023)
(In thousands of dollars and in dollars per share)	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	79,952	74,881	107,400	88,394	82,143	80,215	80,271	51,501
Gross margin	24,307	27,625	31,312	21,620	20,072	17,779	13,450	9,037
— As a % of revenues ⁽¹⁾	30%	37%	29%	24%	24%	22%	17%	18%
Adjusted EBITDA ⁽²⁾	24,032	24,914	23,099	15,495	17,769	12,644	10,031	5,873
— As a % of revenues ⁽²⁾	30%	33%	22%	18%	22%	16%	12%	11%
Income before income taxes expense	21,791	22,226	21,258	14,255	13,277	10,949	7,925	3,918
Net income	16,432	16,000	15,265	10,511	11,198	10,542	5,371	2,343
— Basic and diluted per share	0.55	0.51	0.47	0.32	0.34	0.32	0.16	0.07

(1) Gross margin as a percentage of revenues is a supplementary financial measure. Refer to the Section 9 “Non-GAAP Financial Measures and Other Financial Measures” of this MD&A Report, for definition of this metric.

(2) Adjusted EBITDA and adjusted EBITDA margin (as a percentage of revenues) are non-GAAP financial measures. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare the Corporation’s financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Section 9 “Non-GAAP Financial Measures and Other Financial Measures” of this MD&A Report, for definition of these metrics and the reconciliation to the most comparable IFRS Accounting Standards.

12. CASH FLOW AND FINANCIAL POSITION

The Corporation has a sound financial position and is on a solid footing to address its financial needs. Taking into account its cash and cash equivalents position, its credit facilities and the level of planned capital spending, the Corporation does not expect any liquidity risk in a foreseeable future.

As at October 31, 2024, cash and cash equivalents totalled \$65.5 million, down by \$6.9 million compared with January 31, 2024.

In addition, the Corporation did not use its credit facility as at October 31, 2024 and January 31, 2024.

Given the Corporation’s favorable financial position, the size of its order backlog and its cash flow generation profile, the Board of Directors is evaluating the options available to the Corporation with respect to the use of excess cash to create value for shareholders.

As such and as explained in Section 6.3 hereinabove, the Corporation repurchased in June 2024 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 (\$49.3 million including related fees). These shares were previously held by Jean Paschini, Pierre Paschini and Marise Paschini, members of the Corporation’s Board of Directors and Senior Management team, through their respective management companies.

Furthermore, on June 10, 2024, the Corporation’s Board of Directors approved the amendment to its Dividend Policy to increase its semi-annual dividend from \$0.01 per share to \$0.02 per share. The amendment applied to the dividend payment for October 17, 2024.

Finally, and as explained in Section 7.1 of this MD&A Report, the Corporation’s Board of Directors has authorized an NCIB to repurchase shares. On December 11, 2024, the Corporation also announced that the TSX had accepted its Notice of Intention to Proceed with an NCIB.

Even with these disbursements, and in light of the expected cash flow generation in coming quarters, the Corporation believes that available cash will exceed the sums required to support the growth and execution of its order backlog on hand as at October 31, 2024 and to meet its financial commitments for fiscal 2025.

12.1. Operating Activities

The Corporation's operating activities are summarized as follows:

	3 months		9 months	
Periods Ended October 31,	2024	2023	2024	2023
(In thousands of dollars)	\$	\$	\$	\$
Net income adjusted for non-cash items	20,171	18,306	73,480	41,876
Changes in non-cash operating working capital items:				
Accounts receivable	(27,530)	(9,445)	2,082	11,945
Contract assets	(3,939)	(7,341)	16,553	(4,482)
Inventories	1,625	(1,472)	1,363	(2,747)
Prepaid expenses and other current assets	810	723	(1,135)	(2,464)
Accounts payable and other current liabilities	5,817	(5,682)	(1,526)	(1,678)
Contract liabilities	(260)	294	(31,688)	2,838
Others	(3)	(15)	(8)	(20)
	(23,480)	(22,938)	(14,359)	3,392
Income taxes (paid) recovery	(3,457)	—	(5,823)	475
Cash flows (used) from operating activities	(6,766)	(4,632)	53,298	45,743

a) Net Income Adjusted for Non-Cash Items

Net income adjusted for non-cash items totalled \$20.2 million during the 3-month period ended October 31, 2024, which is \$1.9 million higher than for the 3-month period ended October 31, 2023. This variation is for the most part explained by the increase in net income, net of investment taxes credits and the variation in stock-based compensation.

For the 9-month period ended October 31, 2024, net income adjusted for non-cash items was \$73.5 million, up by \$31.6 million compared to the same period a year earlier, mainly for the same reasons.

b) Change In Non-Cash Working Capital Items

The change in non-cash working capital items required liquidities of \$23.5 million during the 3-month period ended October 31, 2024. This cash outflow is mainly explained by the increase in accounts receivable (\$27.5 million) and in contract assets (\$3.9 million), net of the decrease in accounts payable and other current liabilities (\$5.8 million).

For the 9-month period ended October 31, 2024, the change in non-cash working capital items required cash of \$14.4 million. This cash outflow is mostly attributable to decrease in contract assets (\$16.6 million), net of the decrease in contract liabilities (\$31.7 million).

All these variations are in line with the level of activity and the billing schedule for the periods analyzed.

The change in non-cash working capital items required \$22.9 million during the 3-month period ended October 31, 2023. This cash outflow is mainly explained by the increase in accounts receivable (\$9.4 million) and contract assets (\$7.3 million) and the decrease in accounts payable and other current liabilities (\$5.7 million). For the 9-month period ended October 31, 2023, the change in non-cash working capital items generated liquidities of \$3.4 million. This variation is mainly explained by decrease in accounts receivable (\$11.9 million) net of the increase in contract assets (\$4.5 million), in inventories (\$2.7 million) and in prepaid expenses and other current assets (\$2.5 million).

12.2. Investing Activities

The Corporation's investing activities are summarized as follows:

	3 months		9 months	
Periods Ended October 31,	2024	2023	2024	2023
(In thousands of dollars)	\$	\$	\$	\$
Acquisition of property, plant and equipment	(1,445)	(3,197)	(7,090)	(4,677)
Acquisition of intangible assets	(212)	(160)	(558)	(527)
Others	1	27	324	151
Cash flows used in investing activities	(1,656)	(3,330)	(7,324)	(5,053)

During the 3-month and 9-month periods ended October 31, 2024, liquidities of \$1.7 million and \$7.3 million, respectively, were primarily used for the upgrade of the fabrication equipment at ADF's plants in Terrebonne, Quebec and in Great Falls, Montana.

During the 3-month and 9-month periods ended October 31, 2023, liquidities of \$3.3 million and \$5.1 million, respectively, were used primarily for the addition of property, plant and equipment and intangible assets.

The Corporation estimates total capital expenditures to reach approximately \$8.5 million for the 2025 fiscal year, which will be committed primarily to maintaining production equipment current at ADF's fabrication facilities in Terrebonne, Quebec, and Great Falls, Montana, USA.

12.3. Financing Activities

The Corporation's financing activities were as follows:

Periods Ended October 31,	3 months		9 months	
	2024	2023	2024	2023
(In thousands of dollars)	\$	\$	\$	\$
Repayment of long-term debt	(801)	(585)	(2,274)	(1,750)
Payments of lease liabilities	(164)	(172)	(518)	(519)
Shares repurchase and cancellation	(100)	—	(48,381)	—
Dividends paid	(598)	(327)	(924)	(653)
Interests paid	(764)	(966)	(2,403)	(2,482)
Others	—	—	—	—
Cash flows used in financing activities	(2,427)	(2,050)	(54,500)	(5,404)

During the 3-month and 9-month periods ended October 31, 2024, financing activities required \$2.4 million and \$54.5 million in liquidities respectively, compared with a cash outflow of \$2.1 million and \$5.4 million respectively during the same periods last fiscal year.

For the 9-month period ended October 31, 2024, these liquidities were mainly required in connection with the purchase, for cancellation purposes, of 2,766,287 Subordinate Voting Shares (including 2,266,287 Multiple Voting Shares converted into Subordinate Voting Shares). See Section 13 "Capital Stock" below for more details.

12.4. Debt Covenants

As at October 31, 2024, the Corporation met all of the covenants with its lenders, and still did at the date hereof. Management expects it will continue to respect its commitments during the fiscal year 2025.

12.5. Contractual Obligations

No significant change has occurred in contractual obligations since the publication of the tables summarizing the information relating to contractual obligations in Section 13.6 of the annual MD&A Report for the fiscal year ended January 31, 2024.

13. CAPITAL STOCK

Information on the outstanding shares:

	Subordinate Voting Shares		Multiple Voting Shares ⁽¹⁾		Total Outstanding Shares	
	Number	\$	Number	\$	Number	\$
(In thousands of dollars and in number of shares)						
As at January 31, 2024	18,297,099	52,126	14,343,107	16,001	32,640,206	68,127
Shares conversion	2,266,287	2,538	(2,266,287)	(2,538)	—	—
Shares repurchase	(2,766,287)	(4,373)	—	—	(2,766,287)	(4,373)
As at October 31, 2024	17,797,099	50,291	12,076,820	13,463	29,873,919	63,754

(1) These shares carry 10 votes per share.

As indicated in Section 6 "Significant Events During the Three-Month and Nine-Month Periods Ended October 31, 2024", the Corporation purchased for cancellation purposes, 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. In addition to the \$2.8 million impact on capital stock, the total consideration had an impact of \$0.1 million on contributed surplus and \$44.9 million on retained income, including \$1.4 million for the fees related to this share repurchase.

14. DIVIDENDS

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

On September 11, 2024, the Board of Directors of the Corporation approved the payment of a semi-annual dividend of \$0.02 per share that was paid on October 17, 2024, to Shareholders of Record, as of September 27, 2024.

15. ORDER BACKLOG

ADF Group's order backlog ⁽¹⁾ totalled \$330.3 million as at October 31, 2024, compared with \$339.3 million on the same date a year earlier and \$510.9 million on January 31, 2024. The change is mainly attributable to the execution of contracts, net of contractual changes and the impact of foreign exchange.

The order backlog is a supplementary financial measure. Refer to the Section 9 "Non-GAAP Financial Measures and Other Financial Measures" of this MD&A Report, for the definition of this metric.

In addition, as explained in Section 10.1 "Revenue and Gross Margin" and given that the Corporation carries out projects that differ in complexity and duration, upward or downward fluctuations from quarter to quarter may occur. In light of this, revenue growth, as well as the order backlog, must be analyzed over several quarters rather than from one quarter to the next.

As at October 31, 2024, 35% of the order backlog consisted of fabrication hours – the Corporation's core business and most value-added activity – compared with 48% as at January 31, 2024. Most of the contracts on hand as at October 31, 2024, will be progressively executed between now and the end of the fiscal year ending January 31, 2026.

16. FINANCIAL POSITION

As at October 31, 2024, the Corporation had a more than adequate financial position. The Corporation's solid consolidated statement of financial position allowed it to obtain, when required, the necessary bonding for the award of large-scale contracts. This represents a major advantage for ADF within its markets.

The following table provides details on the major changes in the Consolidated Statement of Financial Position between January 31, 2024 and October 31, 2024.

Sections	Changes (In millions of dollars)	Explanatory Notes
Cash and cash equivalents	(6.9)	Refer to Section 12 "Cash Flows and Financial Position" in this MD&A Report.
Accounts receivable	0.9	Variation in invoicing level in line with activity level and work progress schedules.
Contract assets, net of contract liabilities	15.2	Net difference between the work progress and progressive revenue billing; the change reflecting the progress schedule. These variations do not include any readjustment, being either a change in the work progress or change in the price estimate.
Property, plant and equipment, intangible assets and right-of-use assets	4.5	Net change from acquisition and disposal of property, plant and equipment and intangible assets (\$7.6 million), and foreign exchange impact (\$1.5 million), net of amortization (\$4.6 million).
Accounts payable and other current liabilities	2.4	Change in line with the level of activity at the respective closing dates.
Long-term debt and lease liabilities (including current portions)	(2.5)	Change coming from the reimbursement of long-term debts (\$2.3 million) and lease liabilities (\$0.5 million) net of foreign exchange impact and other miscellaneous items (\$0.3 million).
Deferred income taxes assets net of deferred income taxes liabilities	(1.4)	Variations in timing differences between taxes and accounting of certain items.

17. CURRENT ECONOMIC ENVIRONMENT

Although the trends in certain markets served by the Corporation are good, certain external elements could lead to uncertainty regarding the economic context. In times of economic uncertainty, the Corporation is faced with the following challenges:

- Its business segment is strongly dependent on project owners' capacity to finance their projects. For lack of financing, certain projects can be delayed or simply abandoned. Although the Corporation strives to mitigate this risk by focusing its marketing efforts on projects whose financing is most likely to materialize, it has no control over financial market trends, and
- Certain project owners who secured financing on the start-up of projects could be forced to cease the work pursuant to the withdrawal of financing, due to a lack of capital of either the project lender or the owner. The Corporation mitigates this risk by ensuring that amounts due are diligently collected and, insofar as possible, maintaining at all times a positive cash flow for every project. Moreover, the Corporation does business with owners who are financially solid. At the date hereof, no project of the Corporation is subject to such constraints.

From a financing point of view, the Corporation has a sound financial position and currently respects all its financial covenants. It expects it will continue to do so during the next 12 months. Although the investment program in previous years represents a greater investment, capital expenditures are closely monitored by Management. The Corporation does not anticipate any liquidity problems, in particular since its credit facility is issued by a Canadian chartered bank with a solid credit rating, and the Corporation's major clients are leaders in their respective fields. Based on the foregoing, the Corporation maintains its short-term prospects (see Section 26 "Outlook") and does not currently foresee any short-term elements that could compromise its course of business.

That being said, the Corporation will continue to use caution and will closely monitor the situation (see Sections 18 "External Factors to Which the Corporation's Performance is Exposed" and 26 "Outlook").

18. EXTERNAL FACTORS TO WHICH THE CORPORATION'S PERFORMANCE IS EXPOSED**18.1. Global Pandemic**

A pandemic outbreak, as COVID-19 demonstrates, must now be considered in external factors that may influence ADF's performance. Although the type of pandemic or future variant is innumerable, and the impacts of these pandemics on the sector in which our Corporation operates can be multiple, the Corporation will now have to monitor this new risk. The measures taken by ADF to minimize the impacts of COVID-19 on all operations will serve as the basis for future years and will need to be adjusted, if necessary, according to the potential impacts of future pandemics.

18.2. Exchange Rate

The exchange rate fluctuation between the Canadian and U.S. dollars has an impact on the Corporation's results. Thus, a \$0.5 million and a \$1.3 million foreign exchange loss were recorded in income for the 3-month and 9-month periods ended October 31, 2024, respectively, compared with a \$2.7 million and a \$2.1 million foreign exchange loss for the 3-month and 9-month periods ended October 31, 2023, respectively.

In order to minimize the impact of exchange rate fluctuations on its results, the Corporation implemented the following protective measures:

- Issuance of debts in U.S. dollars;
- When advantageous, the raw material (steel) and welding products required for fabrication are purchased in U.S. dollars, and
- A foreign exchange policy to protect a portion of the net exchange risk between cash inflows and outflows denominated in U.S. dollars.

18.3. Operating Risks and Uncertainties

ADF's markets are subject to several risk and uncertainty factors, which could have an impact on its business, financial position and operating results. These risks and uncertainties include, but are not limited to the following factors, which are further detailed in the Section 21 "External Factors to Which the Corporation's Performance is Exposed" in the MD&A Report for the fiscal year ended January 31, 2024:

- Uncertainties relating to the world economy including the impact of conflicts on it;
- Bonding capacity and irrevocable letters of credit, and
- Operational risks and uncertainties that could have an impact on the Corporation's financial position and operating results.

19. FINANCIAL INSTRUMENTS

A significant number of items in the Corporation's Consolidated Statement of Financial Position include financial instruments. The Corporation's financial assets consist of cash, cash equivalents, accounts receivable, contract assets, as well as derivative financial instruments, whose fair market value is positive. Financial liabilities include credit facility, accounts payable and other current liabilities, contract liabilities, long-term debt and derivative financial instruments, whose fair market value is negative.

Derivative financial instruments are typically used to manage the Corporation's foreign exchange and interest rate risk exposure. They are generally comprised of foreign exchange forward contracts, currency options and interest rate swaps.

The Corporation is mostly exposed to credit, liquidity and market risks, including exchange rate and interest rate risks, when using financial instruments. A description of how the Corporation manages these risks is included in Note 23 "Financial Risk Management" in the Corporation's Audited Consolidated Financial Statements for the Fiscal Year Ended January 31, 2024, and has remained unchanged for the interim period ended October 31, 2024.

20. CONTROLS AND PROCEDURES

In accordance with National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, disclosure controls and procedures have been designed to provide reasonable assurance that the information that must be presented in Corporation's interim and annual reports is accumulated and communicated to management on a timely basis, including the Chief Executive Officer and the Chief Financial Officer, so that appropriate decisions can be made regarding disclosure. Internal control over financial reporting has also been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS Accounting Standards.

During the quarter ended October 31, 2024, no changes were made to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

21. MATERIAL ACCOUNTING POLICIES, UNCERTAINTY RELATING TO ESTIMATES AND CRITICAL ACCOUNTING JUDGMENTS

The unaudited interim condensed consolidated financial statements have been prepared using the same accounting policies as the ones used in the preparation of the Corporation's audited consolidated financial statements for the fiscal year ended January 31, 2024, except for amendments to accounting standard IAS 1 —*Presentation of Financial Statements* (for more detail, refer to Note 2.1 of the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month and Nine-Month Periods Ended October 31, 2024).

Refer the Corporation's Audited Consolidated Financial Statements for the Fiscal Year Ended January 31, 2024, and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month and Nine-Month Periods Ended October 31, 2024, for more information about the material accounting policies, uncertainty relating to estimates, as well as the critical accounting judgements used to prepare the financial statements.

22. 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 and Great Falls facilities were built on vacant lands. The operations that could have a potential impact on the environment are welding, which generates smoke, and equipment maintenance, which generates waste oil, and industrial coating, which generate fumes and vapours. 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 the necessary environmental certificates of authorization for its facilities and for all expansion phases subsequently carried out.

Moreover, as part of the construction of its 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.

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.

During the past few months, the Corporation has taken steps to obtain its ISO 14001 certification for its complex located in Terrebonne, Quebec. As outlined in Section 7.2 of this MD&A Report, and subsequent to the close of the quarter ended October 31, 2024, the Corporation obtained this certification in December 2024.

For the 3-Month and 9-month periods ended October 31, 2024 and 2023, and taking into account the preceding paragraph, 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.

23. SUSTAINABLE DEVELOPMENT

During the fiscal year ended January 31, 2024, the Corporation began a process to adopt a Sustainable Development Policy. Established around the three ESG axes (environment, social and governance), ADF will identify in the coming months the key objectives for each of these three axes while endowing itself with targets and means to achieve these targets.

We have since implemented several initiatives that will allow us to move forward in this process, including setting up a Sustainable Transition committee. This committee, which is made up of ADF employees, will allow the Corporation to keep its employees up to date with the latest developments, while allowing ADF Management to have ongoing feedback.

The Corporation has also retained the services of an external firm to assess how ADF manages its energy, and measures its Scope 1, 2 and 3 greenhouse gas (GHG) emissions, water and residual materials for all ADF Group facilities, both in Canada and in the United States. The results of this assessment (scopes 1 and 2) were presented in the Corporation's Sustainable Development Report published with its other disclosure documents dated January 31, 2024. Management is continuing to analyze this information including finalizing the data for Scope 3, which will allow to incorporate the Corporation's targets into the sustainable development objectives that it will adopt in the coming quarters. During the fiscal year ended January 31, 2024, the Corporation also published its first Report on Forced Labor and Child Labor in Supply Chains, its Confidentiality and Protection of Personal Information Policy, Environmental Policy, as well as its Suppliers' Code of Conduct. All of these documents are available on the Corporation's website at www.adfgroup.com.

Several other initiatives, including the recycling and composting of waste generated by ADF's operation have been set in motion. The Corporation will continue to provide regular quarterly update in its MD&A Reports, including the findings of the report on energy and scope 1, 2 and 3 GHG, water and residual materials, and possible solution and objectives to improve its overall performance.

24. HUMAN RESOURCES

As at October 31, 2024, the Corporation employed a total of 545 people across its head office, fabrication complex and paint shop in Terrebonne, Quebec, Canada, and its office, fabrication plant and paint shop in Great Falls, Montana, U.S.A., and as well as various construction sites in United States.

25. SUBSEQUENT EVENT

With the approval of the Toronto Stock Exchange and the *Autorités des marchés financiers* ("AMF"), the Board of Directors authorized, on December 11, 2024, the Corporation to put in place the normal course issuer bid in order to repurchase Subordinate Voting Shares in the normal course of its business. The Corporation plans 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.

26. OUTLOOK

Once again, we closed the 3-month and 9-month periods ended October 31 with excellent results.

Revenues for the 9-month period are 8% higher than at the same time last year, and gross margins, in dollars and as a percentage of revenue, adjusted EBITDA and net income, for the 3-month and 9-month periods are up compared with the same periods ended a year ago. ADF's cash position remains strong, and with working capital of more than \$105 million, we are well positioned to weather the ups and downs of the economy.

As mentioned previously, it is still early to fully understand the impacts of the U.S. election, including the potential impact of tariffs. However, and as we have always done, we have the assets and talents to meet these challenges, including our fabrication complex in Great Falls, Montana, in the United States. We will continue to monitor the situation and make the necessary decisions in order to continue the growth of ADF Group.

27. **ADDITIONAL INFORMATION**

The Corporation regularly discloses information through press releases, quarterly and annual reports and the Annual Information Form, available on the Corporation's website at www.adfgroup.com and the SEDAR+ (System for Electronic Document Analysis and Retrieval) website at www.sedarplus.ca.

Mr. Jean-Francois Boursier, CPA

Ms. Marise Paschini

/ Signed /

/ Signed /

Chief Financial Officer

Executive Vice-President, Treasurer and Corporate Secretary

Terrebonne, Quebec, Canada, December 11, 2024

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE TO THE READERS

These unaudited interim condensed consolidated financial statements have been prepared by the Management of ADF Group Inc. and have not been reviewed by the independent auditor.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	October 31, 2024	January 31, 2024
(In thousands of Canadian dollars)	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	65,483	72,379
Accounts receivable	78,782	77,844
Current income taxes assets	42	115
Contract assets	29,260	44,862
Inventories	12,370	13,534
Investment taxes credits	1,009	3,112
Prepaid expenses and other current assets	4,500	3,730
Total current assets	191,446	215,576
Non-current assets		
Property, plant and equipment	90,643	86,615
Right-of-use assets	21,431	21,173
Intangible assets	4,117	3,925
Deferred income taxes assets	—	266
Other non-current assets	10	1,050
Total assets	307,647	328,605
LIABILITIES		
Current liabilities		
Accounts payable and other current liabilities	57,887	55,441
Current income taxes liabilities	5,546	—
Contract liabilities	15,394	46,168
Other current liabilities	2,541	—
Current portion of lease liabilities	788	827
Current portion of long-term debt	3,902	3,040
Total current liabilities	86,058	105,476
Non-current liabilities		
Long-term debt	39,213	42,138
Lease liabilities	2,490	2,839
Deferred income taxes liabilities	17,001	15,876
Other non-current liabilities	138	146
Total liabilities	144,900	166,475
SHAREHOLDERS' EQUITY		
Capital stock (Note 3)	63,754	68,127
Contributed surplus	6,330	6,435
Accumulated other comprehensive income	11,456	8,283
Retained income	81,207	79,285
Total shareholders' equity	162,747	162,130
Total liabilities and shareholders' equity	307,647	328,605

The accompanying notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

ON BEHALF OF THE BOARD OF DIRECTORS,

Director

Director

/ Signed /

/ Signed /

Jean Paschini

Guy Pelletier, CPA, ASC

CONSOLIDATED STATEMENTS OF INCOME

	3 months		9 months	
Periods Ended October 31,	2024	2023	2024	2023
(In thousands of Canadian dollars, except the number of shares and the amounts per share)	\$	\$	\$	\$
Revenues (Note 6)	79,952	82,143	262,233	242,629
Cost of goods sold	55,645	62,071	178,989	191,328
Gross Margin	24,307	20,072	83,244	51,301
Selling and administrative expenses	1,810	3,763	15,751	15,195
Net financial expenses	244	354	910	1,821
Foreign exchange loss	462	2,678	1,308	2,134
	2,516	6,795	17,969	19,150
Income before income taxes expense	21,791	13,277	65,275	32,151
Income taxes expense	5,359	2,079	17,578	5,040
Net income for the period	16,432	11,198	47,697	27,111
Earnings per share				
— Basic and diluted per share	0.55	0,34	1.53	0,83
Weighted Average number of outstanding basic and diluted shares (in thousands)	29,874	32,640	31,227	32,640

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months		9 months	
Periods Ended October 31,	2024	2023	2024	2023
(In thousands of Canadian dollars)	\$	\$	\$	\$
Net income for the period	16,432	11,198	47,697	27,111
Other comprehensive income (loss):				
Exchange differences on translation of foreign operations ^(a)	830	3,369	3,173	2,554
Comprehensive income for the period	17,262	14,567	50,870	29,665

a) Will subsequently be reclassified to net income.

The accompanying notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Income	Total
(In thousands of Canadian dollars)	\$	\$	\$	\$	\$
Balance, February 1, 2023	68,127	6,435	8,107	42,316	124,985
Net income for the period	—	—	—	27,111	27,111
Other comprehensive income	—	—	2,554	—	2,554
Comprehensive income for the period	—	—	2,554	27,111	29,665
Dividends	—	—	—	(653)	(653)
Balance, October 31, 2023	68,127	6,435	10,661	68,774	153,997

	Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Income	Total
(In thousands of Canadian dollars)	\$	\$	\$	\$	\$
Balance, February 1, 2024	68,127	6,435	8,283	79,285	162,130
Net income for the period	—	—	—	47,697	47,697
Other comprehensive income	—	—	3,173	—	3,173
Comprehensive income for the period	—	—	3,173	47,697	50,870
Repurchase and cancellation of shares (Note 3)	(4,373)	(105)	—	(44,851)	(49,329)
Dividends	—	—	—	(924)	(924)
Balance, October 31, 2024	63,754	6,330	11,456	81,207	162,747

The accompanying notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	3 months		9 months	
Periods Ended October 31,	2024	2023	2024	2023
(In thousands of Canadian dollars)	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income for the period	16,432	11,198	47,697	27,111
Non-cash items:				
Amortization of property, plant and equipment and intangible assets	1,351	1,274	3,997	3,771
Amortization of right-of-use assets	184	186	555	567
Loss on derivative financial instruments	799	4,550	2,745	2,478
Foreign exchange gain	(982)	(2,602)	(2,783)	(1,935)
Share-based compensation	(2,244)	621	2,416	2,298
Income taxes expense	5,359	2,079	17,578	5,040
Net financial expenses	244	354	910	1,821
Investment taxes credits (Note 4)	(1,601)	—	(1,601)	—
Others	629	646	1,966	725
Net income adjusted for non-cash items	20,171	18,306	73,480	41,876
Changes in non-cash working capital items (Note 4)	(23,480)	(22,938)	(14,359)	3,392
Income taxes (paid) recovery	(3,457)	—	(5,823)	475
Cash flows (used) from operating activities	(6,766)	(4,632)	53,298	45,743
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(1,445)	(3,197)	(7,090)	(4,677)
Acquisition of intangible assets	(212)	(160)	(558)	(527)
Others	1	27	324	151
Cash flows used in investing activities	(1,656)	(3,330)	(7,324)	(5,053)
FINANCING ACTIVITIES				
Repurchase and cancellation of shares (Note 3)	(100)	—	(48,381)	—
Repayment of long-term debt	(801)	(585)	(2,274)	(1,750)
Payment of lease liabilities	(164)	(172)	(518)	(519)
Dividends paid	(598)	(327)	(924)	(653)
Interests paid	(764)	(966)	(2,403)	(2,482)
Cash flows used in financing activities	(2,427)	(2,050)	(54,500)	(5,404)
Impact of fluctuations in foreign exchange rate on cash flows	294	1,820	1,630	1,505
Net change in cash and cash equivalents during the period	(10,555)	(8,192)	(6,896)	36,791
Cash and cash equivalents, beginning of the period	76,038	52,176	72,379	7,193
Cash and cash equivalents, end of the period	65,483	43,984	65,483	43,984

The accompanying notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three-Month and Nine-Month Periods Ended October 31, 2024, and 2023

All tabular figures are in thousands of Canadian dollars (CA\$) and in dollars per share, unless otherwise specified.

NOTE 1 NATURE OF BUSINESS

ADF GROUP INC. ("ADF", "ADF Group" or "the Corporation") is the parent company and is incorporated under the *Canada Business Corporations Act*. Its head office is located at 300 Henry-Bessemer Street, in Terrebonne, Quebec. The Corporation's securities are traded on the Toronto Stock Exchange under the ticker symbol DRX. The Corporation operates two fabrication plants and two paint shops, in Canada and in the United States. The Corporation concentrates its activities in the design and engineering of connections, fabrication, including industrial coating, and the installation of complex steel superstructures, 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 infrastructure.

These present unaudited interim condensed consolidated financial statements were approved by the Corporation's Board of Directors on December 11, 2024, and were signed on its behalf.

NOTE 2 BASIS OF PRESENTATION

2.1 Statement of Compliance

These Unaudited Interim Condensed Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards issued by the *International Accounting Standards Board* ("IFRS Accounting Standards"), and applicable to interim financial reports, including International Accounting Standard 34, *Interim Financial Reporting*.

These unaudited interim condensed consolidated financial statements are intended to provide an update on the January 31, 2024 annual consolidated financial statements. Accordingly, these financial statements do not include all of the information required for annual financial statements and must be read in conjunction with the Corporation's Annual Consolidated Financial Statements as at January 31, 2024.

These financial statements have been prepared using the same accounting policies as outlined in Note 2 to the Corporation's Audited Consolidated Financial Statements for the Fiscal Year Ended January 31, 2024, except for income taxes in interim periods, which are calculated using the tax rate that would be applicable to expected annual results in each jurisdiction and the following changes in accounting policies:

- The amendments to IAS 1 specify the criteria for classifying debt and other liabilities as current or non-current. The amendments help determine whether, in the statement of financial position, debt and other liabilities whose settlement date is uncertain should be classified as current (expected to be settled or likely to be settled within the next year) or non-current. The amendments also clarify the classification requirements for debt that an entity can settle by converting it into equity securities.
- The amendments to IAS 1 clarify that restrictive covenants to be complied with after the balance sheet date do not affect the classification of debts as current or non-current at the balance sheet date. Instead, the amendments require an entity to disclose such restrictive covenants in the notes to the financial statements.

The following amendments to existing accounting policies were adopted by the Corporation on February 1, 2024, and had no impact on the Corporation's interim consolidated financial statements.

2.2 Basis of Measurement

These Unaudited Interim Condensed Consolidated Financial Statements have been prepared under the historical cost convention, except for the evaluation of certain financial instruments measured at the fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.3 Functional and Reporting Currency

Items included in each of the Corporation's entities financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Corporation's functional currencies are the Canadian dollar for its Canadian entity, and the U.S. dollar for its U.S. entities. These Unaudited Interim Condensed Consolidated Financial Statements are presented in Canadian dollars, which is the Corporation's reporting currency.

2.4 Estimation Uncertainty and Critical Accounting Judgements

The preparation of financial statements in accordance with IFRS Accounting Standards requires Management to make judgements in the application of accounting policies used and to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the periods. Because financial reporting involves accounting judgements and entails the use of estimates, actual results could differ from those estimates. Underlying estimates and assumptions are periodically reviewed, and the impact of any changes is immediately recognized.

The types of significant estimates, judgments and assumptions made by Management in applying the Corporation's accounting policies are the same as those applied and described in the Note 3 to the Consolidated Financial Statements for the Fiscal Year Ended January 31, 2024.

2.5 New IFRS Accounting Standards Not Yet Adopted

In May 2024, the IASB issued amendments to *IFRS 9 - Financial Instruments* and *IFRS 7 - Financial Instruments: Disclosures* in order to:

- Specify the recognition and derecognition date of certain financial assets and liabilities (new exception for certain financial liabilities settled through an electronic cash transfer);
- Clarify and add additional guidance to determine whether a financial asset meets the criterion for principal repayments and interest payments;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as instruments with characteristics related to the achievement of environment, social and governance targets); and
- Update the disclosures requirements for equity instruments designated at fair value through other comprehensive income.

For the Corporation, the standard will be effective for the fiscal year beginning on February 1st, 2026, and earlier application is permitted. Retrospective application is only permitted if the Corporation can do it without resorting to knowledge acquired afterwards.

The Corporation has not yet begun to assess the potential impact of these amendments.

NOTE 3 CAPITAL STOCK

Information on the outstanding shares:

	Subordinate Voting Shares		Multiple Voting Shares ⁽¹⁾		Total Outstanding Shares	
(In thousands of CA\$ and in number of shares)	Number	\$	Number	\$	Number	\$
As at January 31, 2024	18,297,099	52,126	14,343,107	16,001	32,640,206	68,127
Shares conversion	2,266,287	2,538	(2,266,287)	(2,538)	—	—
Shares repurchase and cancellation	(2,766,287)	(4,373)	—	—	(2,766,287)	(4,373)
As at October 31, 2024	17,797,099	50,291	12,076,820	13,463	29,873,919	63,754

(1) These shares carry 10 votes per share.

On June 13, 2024, the Corporation entered into private agreements with three members of the Corporation's Board of Directors and management team, through their respective management companies, providing for the repurchase, 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 \$47,884,000, paid on June 17, 2024 and allocated as follows:

- \$4,373,000 against capital stock, consisting of 2,266,287 Subordinate Voting Shares at an average book value of \$1.12 per share, for a total of \$2,538,000, as well as 500,000 Subordinate Voting Shares at an average book value of \$3.67, for a total of \$1,835,000.
- \$105,000 as a reduction of contributed surplus; and
- \$43,406,000 against retained income.

Moreover, an additional amount of \$1,445,000 was reduced from retained income, representing the costs relating to this repurchase including the 2% share repurchase tax.

NOTE 4 SUPPLEMENTAL CASH FLOWS INFORMATION

4.1 Change in Non-Cash Working Capital Items

The following table sets out in detail the components of the "Change in non-cash working capital items":

	3 months		9 months	
Periods Ended October 31,	2024	2023	2024	2023
(In thousands of CA\$)	\$	\$	\$	\$
Accounts receivable	(27,530)	(9,445)	2,082	11,945
Contract assets	(3,939)	(7,341)	16,553	(4,482)
Inventories	1,625	(1,472)	1,363	(2,747)
Prepaid expenses and other current assets	810	723	(1,135)	(2,464)
Accounts payable and other current liabilities	5,817	(5,682)	(1,526)	(1,678)
Contract liabilities	(260)	294	(31,688)	2,838
Other	(3)	(15)	(8)	(20)
Change in non-cash working capital items	(23,480)	(22,938)	(14,359)	3,392

4.2 Non-Cash Transactions

Investment taxes credits of \$1,601,000 was recorded against salary expenses during the 9-month period ended October 31, 2024 (\$4,801,000 against property, plant and equipment for the 9-month period ended October 31, 2023).

Shares repurchase costs of \$948,000, including the 2% share repurchase tax, undisbursed and included in accounts payable as at October 31, 2024 have been eliminated from financing activities.

Investment taxes credits of \$749,000 and \$4,742,000, was used during the 3-month and 9-month periods ended October 31, 2024, respectively, to reduce income taxes payable (\$1,126,000 for the 9-month period ended October 31, 2023).

NOTE 5 FINANCIAL INSTRUMENTS

5.1 Derivative Financial Instruments

During the 9-month period ended October 31, 2024, derivative financial instruments that were indexed to CDOR have been amended to be indexed to CORRA in connection with the reform of interbank rates and the discontinuation of the publication of CDOR rates on June 28, 2024.

5.2 Fair Value Hierarchy of Financial Assets and Liabilities

The Corporation classifies the fair value measurements of its financial assets and liabilities using the following fair value hierarchy, which has been defined as follows:

- Fair value - Level 1: Quoted price (unadjusted) in active markets for identical assets or liabilities.
- Fair value - Level 2: Valuation technique based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Fair value - Level 3: Valuation technique requiring the use of unobservable inputs that have a material effect on the measurement.

For all financial instruments measured at fair value, the Corporation classified fair value measurements at level 2, as their valuation is primarily based on observable inputs.

NOTE 6 SEGMENTED INFORMATION

The Corporation operates one operational sector, being, the non-residential construction industry, primarily in the United States and Canada. This sector includes the following areas of expertise: 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.

	3 months		9 months	
Periods Ended October 31,	2024	2023	2024	2023
(In thousands of CA\$)	\$	\$	\$	\$
Revenues				
Canada	8,184	10,042	34,366	23,614
United States	71,768	72,101	227,867	219,015
	79,952	82,143	262,233	242,629

As at	October 31, 2024	January 31, 2024
(In thousands of CA\$)	\$	\$
Non-current assets ⁽¹⁾		
Canada	68,306	69,359
United States	47,895	43,404
	116,201	112,763

(1) The non-current assets mainly include property, plant and equipment, intangible assets, right-of-use assets, investment taxes credits and others non-current assets.

Revenues from external clients were allocated to each country on the basis of the project's location.

During the 9-month ended October 31, 2024, 75% of the Corporation's revenues was realized with two (2) clients, each representing 10% and more of its revenues (54% with two (2) clients during the 9-month ended October 31, 2023).

The following table presents the breakdown of revenues for each of these clients:

9-Month Periods Ended October 31,	2024 ⁽¹⁾	2023 ⁽¹⁾
(In thousands of CA\$)	\$	\$
Client A	128,494	—
Client B	67,785	—
Client C	—	89,926
Client D	—	40,213
	196,279	130,139

(1) From United States

NOTE 7 SUBSEQUENT EVENT

7.1 Normal Course Issuer Bid (NCIB)

With the approval of the Toronto Stock Exchange and the Autorité des marchés financiers (AMF), the Board of Directors authorized, on December 11, 2024, the Corporation to put in place the NCIB in order to repurchase Subordinate Voting Shares in the normal course of its business. The Corporation plans to repurchase, for cancellation, between December 16, 2024 and December 15, 2025, up to 1,770,707 Subordinate Voting Shares, representing approximately 10% of securities held by the public as at December 2, 2024.



QUARTERLY REPORT

Three-Month and Nine-Month Periods Ended October 31, 2024

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

Ce document est aussi disponible en français.

Toronto Stock Exchange : TSX/**DRX**
