



ANNUAL INFORMATION FORM

For the fiscal year ended March 31, 2023

June 15, 2023

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FORWARD-LOOKING STATEMENTS

Certain statements contained under the headings “Description of the Business” and “General Development of the Business over the last three fiscal years” of this annual information form constitute forward-looking statements. These statements relate to future events or the Corporation’s future performance, business or opportunities. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words “aim”, “anticipate”, “assumption”, “believe”, “continue”, “expect”, “foresee”, “forecast”, “guidance”, “intend”, “may”, “plan”, “predict”, “should”, “will” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct, and such forward-looking statements included in this annual information form should not be unduly relied upon. Unless otherwise required by applicable securities laws, 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. These statements only hold true as of the date of this annual information form and reference is made to the “Risk Factors” subheading for further discussion about the inherent risks and uncertainties surrounding future expectations. These factors should not be construed as exhaustive.

Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about:

- Supply chain, the aerospace industry and the economy in general;
- The impact of worldwide general economic conditions;
- Industry conditions including changes in laws and regulations;
- The level of competition;
- The lack of availability of qualified personnel or management;
- The availability of commodities and fluctuations in commodity prices;
- Financial and operational performance of suppliers and customers;
- Foreign exchange or interest rate fluctuations; and
- The impact of accounting policies issued by international standard setters.

Currency

All amounts in this Annual Information Form are in Canadian dollars, unless otherwise indicated.

1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

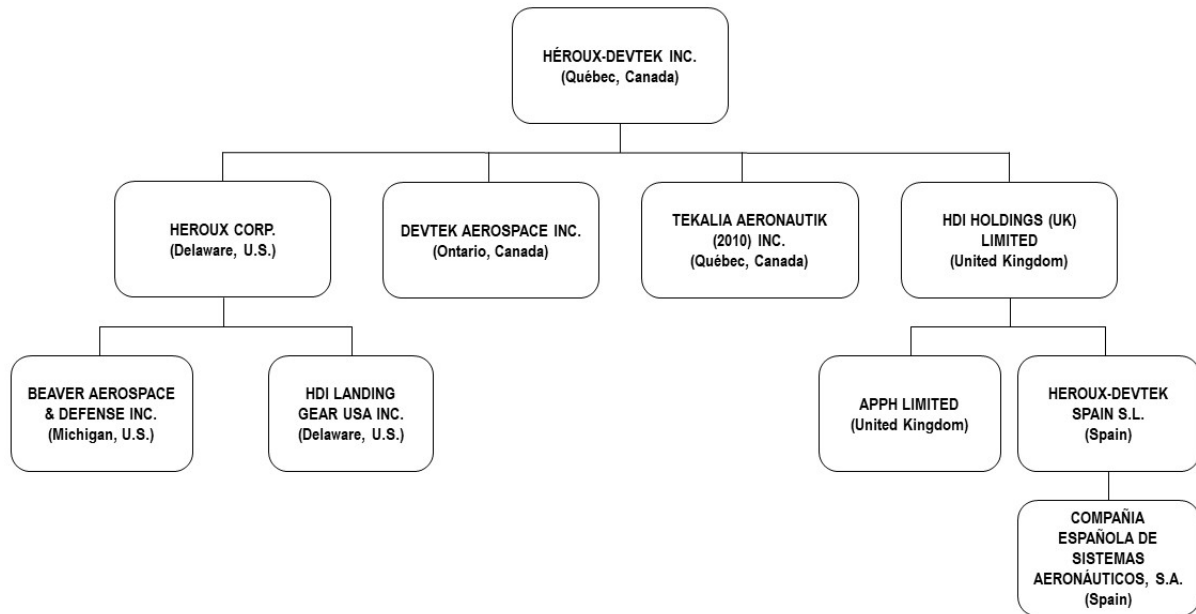
Héroux-Devtek Inc. (the “**Corporation**” or “**Héroux-Devtek**”) was initially incorporated on March 17, 1942 by letters patent issued pursuant to Part I of the *Companies Act* (Québec) under the name Héroux Machine Parts Limited. Supplementary letters patent amending the Corporation’s borrowing powers, name and share capital, among other provisions, were issued on July 6, 1943, August 17, 1947, March 13, 1967, May 25, 1978 and December 15, 1978. The Corporation was continued under Part IA of the *Companies Act* (Québec) by a certificate of continuance dated September 30, 1982. The Corporation is now subject to the *Business Corporations Act* (Québec) which was enacted on February 14, 2011.

On June 26, 1985, the Corporation amalgamated with 2320-4894 Québec Inc., a management company incorporated by the Corporation’s then two senior executives, Gilles Labbé and Sarto Richer, in connection with the sale by Bombardier Inc. of its shares in the Corporation. In June 2000, the Corporation announced the successful completion of its take-over bid for all the shares of Devtek Corporation (“**Devtek**”), a public company whose shares were listed on the Toronto Stock Exchange (the “**TSX**”). Devtek was a Toronto-based manufacturer of systems, assemblies, and components for the aerospace industry. Following this, articles of amendment were filed on September 8, 2000 to change the Corporation’s name to its current name, effective June 12, 2000.

The Corporation has its principal and registered offices at 1111 Saint-Charles Street West, Suite 600, West Tower, Longueuil, Québec, J4K 5G4. The Corporation’s fiscal year-end is March 31st. Unless indicated otherwise, “Corporation” or “Héroux-Devtek” when used hereinafter refer to Héroux-Devtek Inc. and its subsidiaries.

1.2 Subsidiaries and Inter-corporate Relationships

The following organization chart shows the simplified corporate structure of the Corporation and its subsidiaries, all of which are wholly-owned, either directly or indirectly. The subsidiaries not listed here are holding or dormant entities that do not generate operating revenues or hold any operating assets.



2. DESCRIPTION OF THE BUSINESS

2.1. Business Overview

The Corporation is an international company specializing in the design, development, manufacture and repair and overhaul ("R&O") of landing gear, hydraulic and electromechanical flight control actuators, custom ball screws and fracture-critical components. The Corporation has also built a strong, well-recognized design engineering team. Héroux-Devtek is the third largest landing gear company in the world based on sales, supplying both the civil and defence market segments.

2.2. Aerospace Segment

The Aerospace segment is divided into two main markets: the civil market and the defence market. Defence aircraft are manufactured by many of the same original equipment manufacturers ("OEM") as commercial aircraft but are mainly sold to governments.

While as a whole, this means that Héroux-Devtek's customers remain OEMs from an original equipment standpoint, this means that the demand for aircraft varies according to different factors. Commercial and business aircraft demand can be forecasted based on passenger travel and gross domestic product ("GDP"), whereas defence aircraft demand is driven by geopolitical climate and defence budgets.

Travel recovers and defence spending increases amid rising geopolitical tensions

With several countries removing COVID-related travel restrictions early in 2022, global passenger traffic staged a strong recovery last year. International air travelers returned in numbers, more than doubling from prior year levels, even though travel conditions were more difficult¹. Consumer demand highlighted the resilience of the airline sector, despite higher ticket prices and prolonged airport queues as a result of the capacity constraints and delays restoring global air travel infrastructure to pre-COVID levels.

Meanwhile, defence spending maintained its momentum in 2022, growing for the eighth consecutive year. Russia's invasion of Ukraine has brought attention to the potential for military conflicts and prompted numerous countries to substantially increase their military expenditures, with some announcing long-term plans to increase their spending levels over periods spanning up to a decade.

¹ Source : Passenger Demand Recovery Continued in December 2022 & for the Full Year, IATA, February 6, 2023

Production environment impacted by supply challenges and inflation

These positive advances in commercial air travel and global defence spending boosted the backlog of aircraft manufacturers and suppliers to near record levels, setting the industry up nicely for years to come. The aerospace production environment on the other hand had a challenging year in 2022. Russia and Ukraine are major producers of rare metals essential for critical aerospace components, including titanium. As a result of their conflict, lead times for the procurement of these rare metals increased significantly in 2022, limiting their supply and causing the aerospace supply chain to incur costs and inefficiencies due to shortages and efforts to find and qualify new sources.

Energy costs rose sharply as a consequence of the Russia-Ukraine conflict as well, particularly in Europe, where many countries are striving to find alternative energy supplies to oil and gas from Russia. The lower supply and redistribution of demand to other sources drove up prices and contributed to the overall inflationary pressures affecting production costs.

In North America, government stimulus combined with supply chain disruptions and high demand from consumers drove inflation over 6%, a significant departure from the relatively low inflationary environment of the previous decade.

Lastly, central banks worldwide increased benchmark interest rates in an effort to curb inflationary pressures, increasing the cost of capital for leveraged firms and putting some financially fragile suppliers at risk. It is anticipated that supply chain obstacles will persist throughout the year.

Civil Market

Passenger activity

According to data from international Air transport Association ("IATA"), global passenger traffic in 2022 (measured in revenue passenger kilometers or RPKs) rose 64.4% compared to 2021². Full-year 2022 traffic was at 68.5% of pre-pandemic (2019) levels. Within this, international traffic in 2022 climbed 152.7% versus 2021 and reached 62.2% of 2019 levels.

Global production backlog and long-term perspectives

Globally, the civil aircraft backlog stood at 11,817³ at the end of December 2022, a 3.2% decline from the same time last year, but still representing many years of production at current rates. Deliveries totaled 1,185 civil aircraft, a 24.6% increase from 2021, as production capabilities improved following the lifting of pandemic restrictions. According to Boeing's projections, the global aviation industry is expected to require a total of 41,170 new airplanes over the next 20 years in order to meet growing demand and improve the global fleet's fuel efficiency. Single-aisle aircraft are estimated to account for approximately 75% of this total, while widebody aircraft are projected to represent around 18%⁴.

Business jets

In contrast to the impact of COVID-19 on the market for large commercial aircraft, the delivery of business jets has shown notable resilience. Business jet manufacturers managed to deliver a total of 712 units in 2022, representing a marginal increase of only two units compared to 2021. However, it is worth noting that their collective billings experienced a significant growth of 5.8%, amounting to US\$22.9 billion in 2022⁵.

Honeywell's Global Business Aviation Outlook projects an increase in the demand for new business jets. The forecast indicates that between 2023 and 2032, up to 8,500 new business jet deliveries are anticipated, with an estimated value of US\$274 billion. These figures reflect a significant 15% rise in both deliveries and expenditures compared to the corresponding 10-year forecast made one year prior⁶.

Air cargo

Global demand for air cargo took a step back in 2022 from 2021 levels which were unusually elevated due to the onset of COVID-19, but overall the levels were close to the 2019 performance. Throughout the entire year, the global demand, measured in cargo tonne-kilometers (CTKs), decreased by 8.0% compared to 2021, with a slightly larger decline of 8.2% for international operations. When compared to 2019, there was a decrease of 1.6% in both global and international air cargo demand⁷.

Boeing forecasts that air cargo will grow more than 60% through 2041, implying an average compound rate of 4.1% per year, an upward revision of 0.1% compared their 2021 forecast. They estimate that robust market growth in East Asia, acceleration of global e-commerce and evolution of supply chains will be key drivers over the forecast period⁸.

² Source: Passenger Demand Recovery Continued in December 2022 & for the Full Year, IATA, February 6, 2023

³ Source: Airbus and Boeing Report December and Full-Year 2022 Commercial Aircraft Orders and Deliveries, January 16, 2023

⁴ Source: Commercial Market Outlook 2022–2041, Boeing, July 16, 2022

⁵ Source: GAMA Releases 2022 Aircraft Shipment and Billing Report, GAMA, February 22, 2023

⁶ Source: Honeywell Forecast Shows Strong Growth For Business Aviation As Purchase Plans Increase Sharply, Honeywell, October 16, 2022

⁷ Source: Air Cargo Closes 2022 Near Pre-Pandemic Levels, IATA, February 6, 2023

⁸ Source: World Air Cargo Freighter Industry Forecast (WACF) 2022-2041, Boeing, November 1, 2022

Defence Market

Military expenditures

Total global military expenditure rose 3.7% in 2022 to reach a new high of US\$2,240 billion, with the three largest spenders — the United States, China and Russia—accounted for 56% of the total⁹.

Global spending grew by 19% from 2013 to 2022 and has risen every year since 2015. Russia's invasion of Ukraine was a major driver of the growth in spending in 2022, with military expenditure in Europe rose by 13% during the year, which was the largest annual increase in the post-cold war era¹⁰. The exceptional growth was largely driven by substantial increases in Russian and Ukrainian spending, but many other European countries, such as France, Germany and the UK boosted their military budgets as well. This trend is expected to continue, as a number of countries made pledges to boost their military spending, in some cases for several years¹¹.

Between 2021 and 2022, United States ("U.S.") military expenditure grew by 8.8% in nominal terms, but the 8.1% inflation rate in the same period, the highest annual level since 1981, meant that real-terms expenditure went up by only 0.7%¹². In spite of the marginal real-terms increase, spending still totaled US\$877 billion, representing 3.5% of GDP.

Early indications suggest additional budget increases, as on March 9, 2023, the Biden-Harris Administration submitted a proposed Fiscal 2024 Budget request of US\$842 billion for the Department of Defense, an increase of US\$26 billion over 2023 levels and US\$100 billion more than 2022. Of this amount, US\$61.1 billion is earmarked for air power, including fighter jets¹³.

Fighter jets

According to Teal Group, the fighter and attack aircraft segment is currently experiencing its strongest performance in nearly three decades. This growth is primarily attributed to factors such as aging fleets, heightened global tensions, extensive aircraft utilization, and the ramp-up of the F-35 program. As a result, the demand for fighters is expected to continue expanding in the foreseeable future. They forecast the production of 4,677 fighters worth US\$349.8 billion in 2022 dollars between 2022 and 2031. For comparison, a total of 2,605 fighter jets worth US\$207.3 billion, in 2021 dollars, were built between 2011 and 2020¹⁴.

The Lockheed Martin F-35 has come to dominate this market and, according to Teal Group, will capture 46% of the market by value over the next ten years. Other programs, such as the F-18, F-15, Gripen and Eurofighter are expected to make up 10% of the balance¹⁵.

Military transport aircraft

Production of military transport aircraft is set to remain stable over the next decade. Smaller transport aircraft such as the Airbus CN-235/C295, which is projected to reach its production peak in 2027, will represent nearly 44% of total production. This growth will drive the small transport aircraft segment to surpass the production of medium-sized aircraft like the Lockheed C-130J, which is anticipated to decline by half over the next decade. Limited aircraft production represents an opportunity for the MRO (Maintenance, Repair, and Overhaul) and spare parts businesses¹⁶.

Military helicopter

The military rotorcraft market is projected to experience a marginal increase over the next 10 years, with the number of rotorcraft produced rising from 409 in 2022 to 427 by 2031. The peak production is expected to occur in 2027, reaching a total of 525 units. Similar to the military transport aircraft segment, the market is still dominated by older helicopter models such as the Boeing AH-64, which was first introduced in 1965, and the Sikorsky UH60L/M, with its initial model introduced in 1974. In 2009, to address the need for modernization, the U.S. Army undertook the Future Vertical Lift program. This initiative aims to develop a new family of military helicopters for various purposes, including attack, reconnaissance, and long-range assault, with the intention of replacing the majority of existing army helicopters¹⁷.

On the other hand, the United States Navy declared Full Rate Production for the CH-53K program in December 2022, a decision that is expected to increase the production to more than 20 helicopters annually in the coming years¹⁸.

Refer to *Forward-Looking Statements* for further information regarding forward-looking statements and related risks.

⁹ Source: World military expenditure reaches new record high as European spending surges, SIPRI, April 24, 2023

¹⁰ Source: Trends in world military expenditure, 2022, SIPRI, April 2023

¹¹ Source: World military expenditure passes \$2 trillion for first time, Stockholm International Peace Research Institute, April 25, 2022

¹² Source: Trends in world military expenditure, 2022, SIPRI, April 2023

¹³ Source: Department of Defense Releases the President's Fiscal Year 2024 Defense Budget, U.S. Department of Defense, March 2023

¹⁴ Source: World Military & Civil Aircraft Briefing, Teal Group Corporation, December 2022

¹⁵ Source: World Military & Civil Aircraft Briefing, Teal Group Corporation, December 2022

¹⁶ Source: World Military & Civil Aircraft Briefing, Teal Group Corporation, July 2022

¹⁷ World Military & Civil Aircraft Briefing, Teal Group Corporation, December 2022

¹⁸ Source: U.S. Marines' CH-53K King Stallion cleared for full-rate production, The Defense Post, Dec 27, 2022

2.3. Decentralized Operations

The Corporate Office, located in Longueuil, Quebec, is involved in all major business development decisions, including strategic and long term goals for the Corporation, mergers and acquisitions, regulatory matters, IT technology, HR, finance, tax, legal matters, internal audit and public reporting. The Corporate Office also provides valuable supervisory, administrative services and leadership monitoring to the various business units' key management personnel. Business units otherwise have their own operational, financial and personnel management and act in a decentralized manner under a common framework of processes and controls.

The specialization of each operating site is as follows:

St-Hubert	Québec, Canada	Center of excellence for design engineering, product support and technical expertise including a state-of-the-art testing facility.
Longueuil	Québec, Canada	Center of excellence for R&O activities and for the finishing and assembly of landing gear.
Laval	Québec, Canada	Center of excellence for manufacturing and assembly of actuators and manufacturing of small to medium landing gear components.
Montréal	Québec, Canada	Center of excellence for surface treatment of aerospace components.
Kitchener	Ontario, Canada	Center of excellence for manufacturing of medium to large complex landing gear components.
Cambridge	Ontario, Canada	Center of excellence for manufacturing ultra-large-scale complex landing gear components.
Toronto	Ontario, Canada	Center of excellence for electronic enclosures, heat exchangers and cabinets.
Everett	Washington, U.S.	Center of excellence for final assembly of landing gear.
Springfield	Ohio, U.S.	Center of excellence for manufacturing of medium to large complex landing gear and titanium components.
Strongsville (Greater Cleveland)	Ohio, U.S.	Center of excellence for the finishing and assembly of landing gear.
Livonia	Michigan, U.S.	Center of excellence for design and manufacture ball screws and electro-mechanical linear actuators system.
Runcorn	Cheshire, U.K.	Center of excellence for R&O activities, finishing and assembly of landing gear, product support, testing and design engineering.
Nottingham	Nottinghamshire, U.K.	Center of excellence for manufacturing of small to medium landing gear components.
Madrid	Spain	Center of excellence for designing, engineering, assembly and support for landing gear and actuation systems
Seville	Spain	Center of excellence for assembly and installation of aircraft components at customer assembly lines.

Competition

The markets in which the Corporation is active are characterized by tough competition with respect to price, delivery deadlines and quality of products and services.

The Corporation ranks third in the world in the landing gear manufacturing market based on sales volume. It is also involved in the landing gear and servomechanism R&O market. It is one of the largest independent providers of R&O services for military aircraft landing gear. Héroux-Devtek's main competitors are Safran Landing Systems, Collins Aerospace, Liebherr, and AAR Corporation.

Management is of the opinion that the Corporation has a number of advantages over its competitors, such as its flexible and cost-effective management structure, its renowned quality, the reputation of its products and services, its international presence (North America and Europe) and its strong engineering team.

Marketing Approach

The majority of the Corporation's business comes from aircraft OEMs or end users or distributors. A critical success factor is to take part in aircraft development programs from the beginning. Usually, this participation starts at the design stage, allowing it to enter programs as a risk-sharing partner.

Sales opportunities are derived from maintaining strong customer relationships, gathering market intelligence and attending various trade shows and operator conferences.

Customer Base

The Corporation serves a broad range of customers in the different markets in which it operates, mainly OEMs and Tier 1 system suppliers. The customer base includes Airbus, Boeing, Dassault Aviation, Embraer, Leonardo, Lockheed Martin, Saab, Safran Landing Systems, Collins Aerospace and end users in the aftermarket where its largest customer is the U.S. Air Force.

Principal Customers

The top 4 of Héroux-Devtek's customers represent approximately 46% of consolidated sales, including one customer representing 15% of its consolidated sales. No other customer accounted for more than 10% of the Corporation's consolidated sales in the fiscal year ended March 31, 2023.

Raw Material, Components and Parts

The raw materials, components and parts required to manufacture and assemble Héroux-Devtek's products are procured from suppliers or manufactured in the Corporation's facilities. Héroux-Devtek enters into procurement agreements with its suppliers when appropriate, sometimes for long terms or the life of programs, aiming for terms and conditions that provide cost certainty and that are commensurate with Héroux-Devtek's customer agreements. In some cases, the raw materials components and parts are provided by the OEMs. In the last year, inflation and the global supply chain disruptions have put pressure on the availability and the price of raw materials, components and parts.

Research and Development

The Corporation's research and development ("R&D") costs for the year ended March 31, 2023 usually relate to specific development programs and are therefore included in these contracts' costs.

2.4. Human Resources

The following table shows the total number of employees of the Corporation as at March 31, 2023 and 2022:

<u>Operations/Corporate Office</u>	<u>Number of Employees as at March 31,</u>	
	<u>2023</u>	<u>2022</u>
Operations	<u>1,781</u>	1,766
Corporate Office	<u>25</u>	26
Total	<u>1,806</u>	<u>1,792</u>

2.5. Environmental Matters

The Corporation's activities are subject to certain environmental laws and regulations associated with risks to the environment and human health. The Corporation is confident that it is in substantial compliance with all applicable environmental laws and regulations. As part of its environmental management system, the Corporation carries out Environmental Compliance Audits ("ECA") with external environmental auditors at least once every three years at all its manufacturing sites. In particular, five manufacturing plants of the Corporation are considered to be of higher potential environmental risk, due to the nature of their operations, which include various plating and chemical processes. These plants are audited on a yearly basis. ECAs were performed in 7 manufacturing sites in calendar year 2022 and an additional 12 ECAs are planned in calendar year 2023. All non-compliance findings identified either during these audits, or as part of the day-to-day operations, were or are being corrected in a timely manner. No non-compliance issues or findings reported in the ECAs represent unusual risks to the operations of the Corporation.

In addition, certain environmental conditions that may result from spills or discharge limit exceedances identified as part of the day-to-day operations have been reported to government authorities when required. In all such cases, corrective measures were explored and solutions were or are being implemented. Management of the Corporation is confident that it has taken all appropriate actions to maintain the level of risk within acceptable limits at all its manufacturing plants.

The Corporation's Environmental Policy is communicated to all employees. Héroux-Devtek's lean management structure allows them to be in very close proximity to its operations and ensures effective and comprehensive two-way communications between all organizational levels.

The Corporation is committed to making all necessary investments in order to continually meet or exceed all environmental requirements and standards.

2.6. Health and Safety

The safety of Héroux-Devtek's employees is a core value of the Corporation. While compliance with applicable legal requirements represents a minimum, management prefers to establish standards which may impose even more stringent obligations. The Corporation also believes that senior management plays a vital role in establishing a culture that supports occupational health and safety programs and initiatives.

Accordingly, Héroux-Devtek is committed to eliminating all work-related injuries and illnesses by providing a safe and healthy workspace and proactively identifying and addressing all inherent risks. The Corporation's health and safety programs combine clear leadership by management, the participation of all employees and functions, and the use of appropriate safety equipment and technology in all stages of operations. Héroux-Devtek encourages employees to play an active role in identifying hazards and to offer suggestions or ideas to improve the safety program.

2.7. Risk Factors

The Corporation's business, financial condition and results of operations could be materially adversely affected by any of the risks and uncertainties described below. The risks and uncertainties as well as certain of the Corporation's risk mitigation policies and measures are described in the section entitled "*Risk Management*" of the Corporation's Management's Discussion and Analysis for the fiscal year ended March 31, 2023 (filed on SEDAR at www.sedar.com), which is hereby incorporated in, and forms part of, this annual information form. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently believes to be immaterial may also adversely affect its business.

3. GENERAL DEVELOPMENT OF THE BUSINESS OVER THE LAST THREE FISCAL YEARS

The following events and conditions have affected the general development of the business of the Corporation over the last three fiscal years.

Fiscal Year ended March 31, 2021 (Fiscal Year 2021)

On May 5, 2020, the Corporation announced restructuring initiatives in light of the COVID-19 pandemic's significant negative impact on demand for commercial aerospace products. These initiatives, which were forecast to cost approximately \$12 million, affected 15% of the Corporation's workforce, or approximately 315 employees, and included the closure of the Alta Precision and APPH Wichita facilities.

On October 5, 2020, the Corporation announced that its CESA subsidiary in Spain had been awarded a major multi-year contract by The Boeing Company to manufacture new actuation components for several commercial aircraft platforms. The contract scope includes the supply of production requirements and spare parts for the 787, 777, 777X, 767 (including the Tanker version), and 747. This award also led to full qualification by Boeing of CESA's design capabilities and special processes, enabling further potential opportunities.

Fiscal Year ended March 31, 2022 (Fiscal Year 2022)

On May 6, 2021, the Corporation announced that it was selected by Dassault Aviation to design, develop and manufacture the landing gear system for the new Falcon 10X's landing gear. The agreement also includes the delivery of spare parts and aftermarket services for the life of the program.

On June 17, 2021, the Corporation announced the extension of its Senior Secured Syndicated Revolving Credit Facility (the "**Revolving Facility**") and its Unsecured Subordinated Term Loan Facility (the "**Term Loan Facility**") with the Fonds de solidarité FTQ. The Revolving Facility was extended to a new five-year term, now maturing in June 2026. Aside from this 18-month extension, the accordion feature which allowed the Corporation to draw an additional \$100 million, subject to lenders' approval, has been increased to \$200 million. The Term Loan Facility has been extended three years from the initial term and now matures in September 2028.

On October 28, 2021, the Corporation announced that it has entered into an agreement with aircraft manufacturer Lockheed Martin for the development of landing gears for its next generation of defence aircraft. The new contract will focus on the development of a completely new generation of landing gears.

On November 8, 2021, the Corporation announced a six-year extension of its contract with Boeing to supply complete landing gear systems for the Boeing 777 and 777X family.

Fiscal Year ended March 31, 2023 (Fiscal Year 2023)

On August 5, 2022, the Corporation announced a major contract with Boeing for the repair and overhaul of the main landing gear and side braces for the F/A-18 E/F super Hornet and the EA-18G Growler. The first phase of the contract covers 40 aircraft and is expected to be followed by options for the sustainment of the complete U.S. Navy fleet of over 600 aircraft.

On November 11, 2022, the Corporation announced a contract with Embraer to design, develop and manufacture the main deck cargo door actuation system for the E190F and E195F Freighter conversion program. The agreement will be fulfilled by Héroux-Devtek's team in Spain and includes the delivery of spare parts and aftermarket services for the life of the program.

4. DIVIDENDS

Over the last three fiscal years, the Corporation did not pay dividends on any of its securities. The Corporation does not intend to pay dividends on any of its securities in the foreseeable future.

5. DESCRIPTION OF CAPITAL STRUCTURE

Authorized Share Capital

The Corporation's authorized share capital consists of an unlimited number of common shares, 34,107,073 of which were outstanding as at March 31, 2023, and an unlimited number of first preferred shares and second preferred shares (collectively the "**Preferred Shares**"), none of which were outstanding as at March 31, 2023.

Preferred Shares

The Preferred Shares are issuable at any time in one or more series as the Corporation's Board of Directors may determine. The Preferred Shares, when issued, shall have preference over the Common Shares with respect to the payment of dividends and return of capital. The Second Preferred Shares shall rank junior to the First Preferred Shares with respect to the payment of dividends and return of capital. Subject to the provisions of the *Business Corporations Act* (Québec), the holders of Preferred Shares are neither entitled to receive notice of or attend any meeting of shareholders of the Corporation, nor to vote at any such meeting.

Common Shares

Subject to the rights, privileges, restrictions and conditions applicable to the Preferred Shares as a class, the common shares entitle their holders: (i) to vote, on the basis of one vote per common share held, whenever a shareholders' vote is held; (ii) to receive any dividend declared by the Corporation other than dividends declared on the Preferred Shares; and (iii) to share proportionately in the remaining assets of the Corporation in the event of its liquidation or dissolution.

6. MARKET FOR SECURITIES

The common shares are listed and posted for trading on the TSX under the symbol "HRX". The following table indicates the price ranges at the close of the market on the TSX and volume traded on the TSX on a monthly basis for each month of the most recently completed fiscal year:

Period	High	Low	Volume (Common Shares)
2022			
April	18.10	15.29	397,500
May	16.52	13.46	592,500
June	16.41	12.99	501,200
July	14.53	12.80	470,900
August	15.07	12.39	644,200
September	13.70	11.52	364,700
October	12.91	11.20	404,600
November	13.89	11.65	329,500
December	13.65	12.51	522,200
2023			
January	15.02	13.00	679,400
February	16.51	12.79	958,200
March	13.70	12.55	457,500

Prior Sales

For additional information with respect to prior sales during the fiscal year 2023 of each class of securities not listed, please refer to the section entitled "**Issued Capital**" in the Management's Discussion and Analysis of the Corporation for the fiscal year ended on March 31, 2023 on the Corporation's Web site at www.herouxdevtek.com or on SEDAR at www.sedar.com.

Normal Course Issuer Bid and Share Purchases for Cancellation

Normal Course Issuer Bids ("NCIB") enable the Corporation to purchase up to 10% of the public float of the Corporation's common shares for cancellation on the open market through the facilities of the TSX and through alternative trading systems, as well as outside the facilities of the TSX by private agreements pursuant to exemption orders issued by securities regulators. A copy of the Corporation's Notice of Intention relating to its NCIB may be obtained free of charge from the Secretary. See the heading Additional Information at the end of this annual information form. The Corporation believes that NCIB are flexible means to optimize the capital allocation and provide immediate value for shareholders while not compromising future growth initiatives.

Fiscal 2022 NCIB

On May 20, 2021, the Corporation announced a NCIB for the purchase for cancellation of up to 2,412,279 shares (the "Fiscal 2022 NCIB"). The Corporation was authorized to purchase common shares under the Fiscal 2022 NCIB commencing on May 25, 2021 until May 24, 2022, or until such earlier date when the Corporation will either have acquired the maximum number of common shares allowable under the Fiscal 2022 NCIB or elected to terminate the NCIB. The Corporation completed the amount of repurchases and cancellation allowed under the Fiscal 2022 NCIB and 2,412,279 shares were repurchased at an average cost per share of \$17.83 for a total cost of \$43.0 million. The repurchased shares included 804,000 common shares purchased for cancellation from 2945-0228 Québec inc. ("2945"), a holding corporation controlled by Mr. Gilles Labbé, for cash consideration of \$14.6 million. The repurchase was made pursuant to an exemption order issued by the Autorité des marchés financiers, the securities regulator for the Province of Quebec, and was considered within the annual aggregate limit that the Corporation was entitled to repurchase under the Fiscal 2022 NCIB.

Fiscal 2023 NCIB

In May 2022, the Corporation filed a notice with the TSX of its intention to initiate a new NCIB for purchase and cancellation of up to 1,896,079 of its issued and outstanding common shares (the "Fiscal 2023 NCIB"). The Corporation was authorized to purchase common shares commencing on May 25, 2022 and until May 24, 2023, or until such earlier date when the Corporation will either have acquired the maximum number of common shares allowable under the Fiscal 2023 NCIB or elected to terminate the NCIB. As at May 24, 2023, the Corporation had purchased for cancellation 583,903 common shares for approximately \$7.8 million at a weighted average price of \$13.44 per common share.

7. SHARES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Under a shareholders' agreement dated November 13, 2014 between 2945 and Caisse de dépôt et placement du Québec ("CDPQ"), (the "Shareholders Agreement"), if and when 2945 holds 2,600,000 or less common shares of the Corporation, CDPQ will enjoy a right of first opportunity to purchase any common shares of the Corporation that 2945 intends to transfer. The Shareholders Agreement also provides that the parties must obtain the prior written consent of the other party to exercise the voting rights attached to their common shares of the Corporation on certain matters relating *inter alia* to: changes in the nature of the operations of the Corporation; amendments to the Corporation's Articles or by-laws or changes to its capital structure; and, in certain circumstances, the distribution of assets by the Corporation. The Shareholders Agreement may be terminated by written consent of the parties or if any of the party become insolvent, bankrupt or is dissolved, if CDPQ's participation in the Corporation is less than 10% or if 2945's participation in the Corporation is less than 5%.

On November 13, 2014, Héroux-Devtek and CDPQ also entered into an investor rights agreement (the "Investor Rights Agreement"), under which CDPQ enjoys, among others, a preemptive right, a right to recommend a candidate to be elected to the Board of Directors of the Corporation and a right to obtain certain information subject to an obligation of confidentiality and to applicable securities laws.

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of class	Number of securities subject to a contractual restriction on transfer	Percentage of class
Common Shares	2,600,000	7.62%

8. DIRECTORS AND EXECUTIVE OFFICERS

The names, provinces and countries of residence of the directors and executive officers of the Corporation as at March 31, 2023, their principal occupations and the year in which each director first became a director are set out below.

Directors

All directors have served continuously as a director since they were first elected or appointed. The present term will expire immediately prior to the election of directors at the next Annual Meeting of Shareholders, which is scheduled to be held on August 8, 2023.

Name	Principal Occupation during the five preceding years	Director Since	Common Shares held as at March 31, 2023
Nathalie Bourque ⁽¹⁾ Québec, Canada	Corporate Director. From 2012 to 2020, member of the board and of the human resources and corporate governance committee of Alimentation Couche-Tard Inc. From 2017 to February, 2020, member of the board and of the audit committee and chair of the human resources and corporate governance committee of Hexo Corporation. From 2005 to 2015, Vice President, Public Affairs and Global Communications at CAE Inc. Prior to 2005, partner at NATIONAL Public Relations.	2015	20,280
Martin Brassard Québec, Canada	President and Chief Executive Officer, Héroux-Devtek Inc. since June 2019; Executive Vice-President and Chief Operating Officer from November 2014 to June 2019.	2019	251,504
Ted Di Giorgio ⁽¹⁾ Québec, Canada	Corporate director. Mr. Di Giorgio, FCPA, was a partner at Ernst & Young, where he worked for 35 years until he retired in 2021. During his career, he led the audits of many publicly traded companies in various sectors, including the aerospace, financial services and technology sectors. He has also served on the board of several not-for-profit organizations.	2023	—
Didier Evrard ⁽¹⁾ France	Corporate Director. A 40-year European aerospace veteran, from 2015 to 2018, Mr. Evrard served as Executive Vice President and Head of Programs at Airbus Commercial Aircraft. From 2007 to 2015, he was Head of the A350 XWB Program. Between 2002 and 2007, he acted as Program Lead at defence conglomerate MBDA. Since his retirement in 2019 he acts as a consultant for various aerospace companies. Since April 2022, member of the Monitoring Committee of MECA DEV SAS (Mécachrome) becoming chairman since July 2022. He is also chair of the monitoring committee of Tecalemit Group SAS acting as an operating partner of Tikehau ACE Capital.	2021	—
Gilles Labbé Québec, Canada	Executive Chairman of the Board of Héroux-Devtek. From 1989 to 2019, President and Chief Executive Officer of the Corporation. Since 2010, member of the board of directors and chair of the audit and risk management committee of CGI Inc.	1985	2,974,477 ⁽³⁾
Louis Morin ⁽¹⁾ Québec, Canada	Since June 2010, President of Busrel Inc., North-American supplier of promotional items. Up to March 31, 2009, Vice President and Chief Financial Officer of Quebecor Inc. From December 2003 until January 2006, he was the Chief Financial Officer of Bombardier Recreational Products Inc. From April 1999 until February 2003, Mr. Morin was the Senior Vice President and Chief Financial Officer of Bombardier Inc. where he was working since 1982.	2008	20,000
James J. Morris ⁽²⁾ California, U.S.	Corporate Director and consultant. Up to December 31, 2006, Vice President Engineering and Manufacturing for Boeing Commercial Airplanes.	2013	46,500
Brian A. Robbins ⁽²⁾ Ontario, Canada	Executive Chairman, Exco Technologies Limited.	2000	50,000 ⁽⁴⁾
Annie Thabet ⁽²⁾ Québec, Canada	Corporate Director and partner at Celtis Capital Inc. since 2003. More than 35 years namely in asset management, private equity and venture capital, mergers, acquisitions, and financing transactions. Her past experiences include AT Capital, an investment management company she founded in 1998, Société générale de financement du Québec and PricewaterhouseCoopers. Ms Thabet is also a director of Transcontinental Inc., Russel Metals Inc. and Manac Inc. She also serves on the board of directors of the Institute for governance (IGOPP) and the BRP Center of Advanced Technologies – Sherbrooke University. She previously served on the board of directors of The Jean Coutu Group and is a former Chair of the board of the Institute of Corporate Directors – Québec.	2021	3,670
Beverly Wyse ⁽¹⁾ Washington, U.S.	Corporate Director and consultant. Over 30 years of experience at The Boeing Company, including as President of Shared Services, Vice President and General Manager of Boeing South Carolina and Vice President and General Manager of the 737 and 767 programs. Chair of the board of trustees of Olin College of Engineering, and also a director and member of the audit, ESG and remuneration committees of IperionX Limited.	2019	13,800

(1) Member of the Audit Committee.

(2) Member of the Human Resources and Corporate Governance Committee.

(3) 2,847,538 common shares included in this number are held by 2945-0228 Québec Inc. This company is controlled by Mr. Gilles Labbé.

(4) 40,000 common shares included in this number are held by 1155924 Ontario Limited, a company wholly-owned by Mr. Brian A. Robbins and family.

Executive Officers

Executive Officer's Name	Position in the Corporation	Number of Common Shares held as at March 31, 2023
Gilles Labbé Québec, Canada	Executive Chairman of the Board	2,974,477 ⁽¹⁾
Martin Brassard Québec, Canada	President and Chief Executive Officer	251,504
Stéphane Arseneault Québec, Canada	Vice-President and Chief Financial Officer	66,439 ⁽²⁾

(1) 2,847,538 common shares included in this number are held by 2945-0228 Québec Inc. This company is controlled by Mr. Gilles Labbé.

(2) 1,100 common shares included in this number are held by Marisa Alfieri, the spouse of Mr. Stéphane Arseneault.

As at March 31, 2023, the directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over 3,446,670 common shares representing approximately 10.1% of the outstanding common shares of the Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the Corporation's knowledge, no director or executive officer of the Corporation is, at the date of this annual information form, or has been, within 10 years before the date of the annual information form, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (ii) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

To the Corporation's knowledge, no director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, at the date of this annual information form, or has been, within 10 years before the date of the annual information form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

In addition, to the knowledge of the Corporation, no director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has, within 10 years before the date of this annual information form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the directors, executive officers or shareholders.

Furthermore, to the knowledge of the Corporation, no director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

9. INTEREST OF EXPERTS

Ernst & Young LLP is the independent auditor who prepared the Auditors' Report to the shareholders of the Corporation under Canadian generally accepted auditing standards. Ernst & Young LLP has confirmed to the Corporation that it is independent within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*. These rules are equivalent or similar to Rules of Professional Conduct applicable to chartered professional accountants in the other provinces of Canada.

10. THE AUDIT COMMITTEE

The Board of Directors has reviewed this section and is of the view that the Corporation complies with the requirements prescribed in *National Instrument 52-110 - Audit Committees* (or in Québec, Regulation 52-110) ("**52-110**").

The Audit Committee's Charter

The Board of Directors of the Corporation has established an audit committee (the "**Audit Committee**"). The mandate of the Audit Committee adopted by the Board of Directors of the Corporation in 1996 and revised yearly is attached as Schedule A to this annual information form.

Composition of the Audit Committee

The Audit Committee is composed of five members being, at the end of the fiscal year ended March 31, 2023, Ms. Nathalie Bourque, Mr. Louis Morin, Mr. Didier Evrard, Ms. Beverly Wyse and Mr. Ted Di Giorgio. Each of the Audit Committee members is independent and financially literate within the meaning of 52-110, which means that each of them (i) has no direct or indirect material relationship with the Corporation, other than being one of its directors and (ii) has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Relevant Education and Experience

Each member of the Audit Committee has developed considerable experience and expertise related to financial and accounting matters which are relevant to the performance of their respective responsibilities as an Audit Committee member. More particularly, each of them has developed and acquired (i) an understanding of the accounting principles used by the Corporation to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting.

The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of their responsibilities as Audit Committee members:

Nathalie Bourque

Ms. Bourque is a director of the Corporation and a member of the Audit Committee since 2015. From 2012 to 2020, she was a member of the Board and of the Human Resources and Corporate Governance committee of Alimentation Couche-Tard Inc. From 2017 to February 2020, she was a member of the Board, of the Audit committee and Chair of the Human Resources and Corporate Governance committee of Hexo Corporation. From 2005 to 2015, she was Vice-President, Public Affairs and Global Communications at CAE Inc. Prior to 2005; she was a partner at NATIONAL Public Relations.

Louis Morin

Mr. Morin is a director of the Corporation and was appointed as a member of the Audit Committee in March 2008. He is the Chair of the Audit Committee. His principal occupation is President of Busrel Inc., a North-American supplier of promotional items, since June 2010. Up to March 31, 2009, he was Vice-President and Chief Financial Officer of Québecor Inc. since January 15, 2007. From December 2003 until January 2006, he was the Chief Financial Officer of Bombardier Recreational Products Inc. From April 1999 until February 2003, Mr. Morin was the Senior Vice-President and Chief Financial Officer of Bombardier Inc. where he was working since 1982.

Mr. Morin holds a Bachelor's and a Master's degree in business administration from l'École des Hautes Études Commerciales (HEC) and is a Chartered Professional Accountant (CPA).

Didier Evrard

Mr. Evrard was appointed as a member of the Audit Committee in May 2021. He is a 40-year European aerospace veteran who served as Executive Vice President and Head of Programs at Airbus Commercial Aircraft from 2015 to 2018. From 2007 to 2015, he was Head of the A350 XWB Program. Between 2002 and 2007, he acted as Program Lead at defence conglomerate MBDA. Since April 2022, member of the Monitoring Committee of MECA DEV SAS (Mecachrome). He is also chair of the monitoring committee of Tecalemit Group SAS acting as an operating partner of Tikehau ACE Capital.

Beverly Wyse

Ms. Wyse is lead director of the Corporation and a member of the Audit Committee since February 2019. From 1985 to 2018, she worked for The Boeing Company and held several managing positions including President of Shared Services, Vice President and General Manager of Boeing South Carolina and Vice President and General Manager of the 737 and 767 programs. Ms. Wyse is currently Chair of the board of trustees of Olin College of Engineering and is also a director and member of the audit, ESG and remuneration committees of IperionX limited.

Ms. Wyse holds an MBA and a B.Sc. in Mechanical Engineering from the University of Washington.

Ted Di Giorgio

Mr. Di Giorgio was appointed as a member of the Audit Committee in March 2023. He was a partner at Ernst & Young LLP, where he worked for 35 years until he retired in 2021. During his career, he led the audits of many publicly traded companies in various sectors, including the aerospace, financial services and technology sectors. He has also served on the board of several not-for-profit organizations.

Mr. Di Giorgio is a recipient of the title of Fellow of l'*Ordre des comptables professionnels agréés du Québec*.

Pre-Approved Policies

The Board of Directors of the Corporation and the Audit Committee have adopted certain policies with respect to services rendered by external auditors.

Specific services may be rendered by the external auditors of the Corporation which are not incompatible, as to their nature, with the maintenance of their professional independence. Certain of these services reflect the statutory role of the external auditors and are grouped under “Audit Services” below. Other services under “Audit Related” and “Taxation Services” below can be rendered by the external auditors as well as other service providers, at Corporation management’s discretion. Certain types of services listed under “Prohibited Services” below generally cannot, except in limited cases, be provided by external auditors without impairing their professional independence.

Audit Services

- Audit of the Corporation’s annual consolidated financial statements.
- Audit of the annual financial statements of certain related entities or groups.
- Read of the Corporation’s annual information form, management’s discussion and analysis, management proxy circular and other annual filing documents.
- Read of quarterly consolidated financial statements of the Corporation.
- Review of the Corporation’s prospectuses or other financing documents and issuance of appropriate consent, comfort or other required letters to interested parties.
- Accounting research and consultations on the application of International Financial Reporting Standards (IFRS).

Audit Related Services

- Audit of the annual financial statements of the employee benefit plans.
- Special reports to third parties required to comply with various contractual or other obligations of the Corporation or any of its subsidiaries or affiliates.
- Special audits on control procedures.
- Information systems reviews not performed in conjunction with the Audit.
- Due diligence services to assist management in the context of business investment or divestiture decisions.
- Advisory services in preparation for compliance under National Instrument 52-109 - *Certification of Disclosure in Issuers’ Annual and Interim Filings* (or in Québec, Regulation 52-109).

Taxation Services

- Preparation and/or review of income or other tax returns of the Corporation’s domestic or foreign business units.
- Consultations with respect to income tax compliance or planning with domestic or foreign jurisdictions, including federal, provincial, state and capital taxes; international tax financing, structuring and repatriation strategies; loss utilization strategies; advice with respect to research and development expenditures.
- Consultations with respect to transfer pricing risk and assessment.
- Consultations with respect to executive compensation plans including pensions, stock options, and deferred compensation plans.
- Expatriate tax compliance and planning, including tax return preparation services with respect thereto.
- Foreign office tax advice regarding international tax projects and co-ordination thereof.
- Discussions regarding new tax developments and responses to tax queries as they arise.
- Support regarding tax authority audits.
- Commodity tax advice.

Other Services

- All other services.

Other Services not Specifically Prohibited

While the possibility of other services being rendered by the Corporation’s external auditors is not in and of itself excluded, such services will be rendered only on the specific approval of the Audit Committee or one of its designated members.

Prohibited Services

Certain services are considered to be incompatible with the objective of preserving the independence of external auditors and therefore are prohibited. Such services, with some exceptions, include the following:

- Bookkeeping or other services related to the accounting records or financial statements of the Corporation.
- Expert services, litigation support unrelated to the audit.
- Financial information systems design and implementation.
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports.
- Actuarial services.
- Internal audit outsourcing services.
- Management functions.
- Human resources services.
- Broker-dealer, investment adviser or investment banking services.
- Legal Services and any other advocacy services.
- Preparation of journal entries and source documents.
- IT Services.
- Corporate finance and similar activities.

External Auditors' Service Fees

The following are the aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years by category of services provided to the Corporation by said auditors.

	Fiscal Year ended March 31	
	2023	2022
Audit Fees ⁽¹⁾	\$610,248	\$548,249
Audit-Related Fees ⁽²⁾	\$166,490	\$102,425
Income Tax Fees ⁽³⁾	\$129,013	\$486,352
Total	\$905,751	\$1,137,026

- (1) Audit fees were billed for professional services rendered for the audit of the Corporation's consolidated financial statements and quarterly reviews or reads of the Corporation's quarterly consolidated financial statements. Fees charged by the principal auditor.
- (2) Audit-related fees that are not reported under the audit line above which were billed for assurance and related services that are reasonably related to the audit or review of the annual and interim consolidated financial statements, but not reported as audit fees, including translation services.
- (3) Income tax fees were billed for tax consulting and compliance services, the review of income tax returns and the review of executive compensation and expatriate tax returns.

11. LEGAL PROCEEDINGS

Management of the Corporation is not aware of any legal proceeding or litigation outstanding, threatened or pending as of the date hereof by or against the Corporation or relating to its business which would be material to an existing or potential holder of common shares.

12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, there has not been any material interest, direct or indirect, of any director or executive officer of the Corporation, or a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of the outstanding voting securities of the Corporation, or any associate or affiliate thereof, within the three most recently completed financial years, that has materially affected the Corporation or is reasonably expected to materially affect the Corporation.

13. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares of the Corporation is Computershare Trust Company of Canada at its place of business in the city of Montréal, Québec.

14. MATERIAL CONTRACTS

The Corporation has no material contracts other than the Amended and Restated Credit Agreement described in Section 3 above under the heading “Fiscal Year ended March 31, 2022 (Fiscal Year 2022)” and may be found on SEDAR at www.sedar.com.

15. ADDITIONAL INFORMATION

Additional information including directors’ and officers’ remuneration and indebtedness, principal holders of the Corporation’s securities and, options to purchase securities where applicable, is contained in the Corporation’s most recent Information Circular prepared in connection with the Annual Meeting of Shareholders of the Corporation. Additional information is provided in the Corporation’s comparative consolidated financial statements and management, discussion and analysis for its most recently completed fiscal year.

The Corporation shall provide to any person or company, upon request to the Corporation’s Corporate Secretary, at Héroux-Devtek Inc., Suite 600, West Tower, 1111 Saint-Charles Street West, Longueuil, Québec, J4K 5G4, a copy of:

- i. this annual information form together with any document incorporated by reference therein;
- ii. the comparative consolidated financial statements of the Corporation for its most recently completed fiscal year, together with the accompanying report of the auditors thereon, and any interim condensed consolidated financial statements of the Corporation that has been filed subsequent to the consolidated financial statements for its most recently completed fiscal year; and
- iii. the Corporation’s Management Proxy Circular with respect to the Corporation’s most recent shareholders’ meeting that involved the election of directors;

provided that the Corporation may require the payment of a reasonable charge if the request is made by a person or a company who or which is not a security holder of the Corporation.

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

SCHEDULE A - MANDATE OF THE AUDIT COMMITTEE

1. Mission

- 1.1 The Audit Committee assists the Board of Directors in its general management responsibilities of the Corporation by:
- a) selecting and recommending the external auditors and reviewing their independence and effectiveness;
 - b) reviewing:
 - (i) the consolidated financial statements;
 - (ii) the processes for presenting financial information;
 - (iii) the internal controls;
 - (iv) the audit processes;
 - (v) the management information systems; and
 - (vi) the financial risk management processes and control methods for managing such risks;for the purpose of determining the integrity and effectiveness thereof; and
 - c) serving as intermediary between the Board of Directors and the independent oversight functions (internal and external auditing).
- 1.2 The Corporation's external auditors are responsible for reporting to the Board of Directors and to the Audit Committee acting as the shareholders' representatives, and these shareholders' representatives have the ultimate power and responsibility of choosing, evaluating and, where necessary, recommending the replacement of the external auditors.
- 1.3 The Committee fulfills its responsibilities to the Board by carrying out the duties set forth in section 10 of this Mandate.
- 1.4 Although the Audit Committee has the powers and responsibilities set forth in this Mandate, the role of the Audit Committee is oversight. The members of the Audit Committee are not full-time employees of the Corporation and may or may not be accountants or auditors by profession and, in any event, do not serve in such capacity on the Audit Committee. Consequently, it is not the duty of the Audit Committee to conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with the International Financial Reporting Standards ("IFRS") and applicable rules and regulations. These are the responsibilities of management and the external auditors.

2. Composition

- 2.1 The Committee is comprised of at least three (3) members appointed annually by the Board of Directors from among the Corporation's Directors.
- 2.2 Every Committee member shall be independent within the meaning of *Regulation 52-110 respecting Audit Committees* ("Regulation 52-110").
- 2.3 No officer or employee of the Corporation or of a subsidiary of the Corporation shall be a member of the Committee.
- 2.4 Every Committee member shall be financially literate within the meaning of Regulation 52-110, i.e. shall have the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
- At least one Committee member shall have "related accounting or financial expertise" acquired either through previous work experience in finance or accounting, through the required professional certification in accounting, or through any other comparable experience or training giving him financial sophistication, such as being or having been a chief executive officer or chief financial officer of a company, or having held another position with a company as a senior executive with financial oversight responsibilities. This member shall have the ability to analyze and interpret a complete set of financial statements, including the accompanying notes, in accordance with IFRS.

3. Chairperson

- 3.1 The chair of the Committee is appointed by the Board of Directors. Where the chair is absent or unable to attend a meeting, the meeting shall be chaired by a member chosen by the Committee.
- 3.2 Subject to a contrary decision by the Board of Directors, members who have sat on the Committee for two years are eligible for appointment as Committee chairperson.
- 3.3 The Committee chairperson may make suggestions to the Chairman of the Board concerning the content of the agendas of certain meetings of the Board of Directors, where it is considered appropriate or necessary to do so.

4. Secretary

The Committee chairperson appoints a person who does not need to be a member of the Committee, to act as Committee secretary.

5. Holding and calling of meetings

5.1 The Audit Committee meets at least once per quarter and the Committee's meetings are held on the dates and at the time and place fixed by the Board of Directors. The Committee members shall be notified annually in writing of the dates, times and places of the Committee meetings, without any other notice being required.

5.2 An off-schedule meeting may be called at any time by the Committee chairperson, the Chairman of the Board, the President and Chief Executive Officer, one of the members of the Committee, the Chief Financial Officer, the Secretary or an assistant secretary of the Corporation, and by the external auditors and auditors in charge of the internal audit function.

A notice stipulating the purpose, place, date and time of every off-schedule meeting shall be sent to each of the Committee members by mail or by any other means of telephone or electronic communication at least twenty-four (24) hours before the scheduled time and date of the meeting.

Off-schedule meetings of the Committee may be held without notice when all Committee members are present or when absent members give written waiver of notice of such meeting.

5.3 The Committee meetings may be held by telephone or by any other means enabling all members to communicate adequately and simultaneously with each other. In such case, the persons participating in a meeting by telephone or by any other means of communication are deemed to be present at the meeting.

5.4 The external auditors are entitled to receive the notices of the Committee's meetings and to be heard at such meetings.

5.5 The Committee may call a meeting of the Board of Directors to study issues of interest to the Committee.

5.6 The Committee members shall meet in closed sessions, at least once a year, under the direction of the Committee chairperson.

6. Quorum

6.1 Quorum for the Committee shall be a majority of the Committee members.

6.2 There shall be a quorum at every meeting in order for the Committee members to validly conduct proceedings and make decisions.

6.3 Subject to sections 6.1 and 6.2 above, the subjects submitted for consideration to every Committee meeting requiring a decision shall be approved by a majority of votes of the members present.

7. Minutes

7.1 The secretary shall keep the minutes of every Committee meeting, duly approved by it, in a register especially for this purpose.

7.2 The minutes of every Committee meeting, duly approved by it, shall be attached to the agenda of a subsequent meeting of the Board of Directors for its information. The Committee chairperson shall make a verbal report of the proceedings of every Committee meeting at a subsequent meeting of the Board of Directors.

8. Vacancy

Vacancies on the Committee shall be filled by the Board of Directors, where it considers appropriate. A failure to fill a vacancy shall not invalidate the Committee's decisions provided that there is a quorum.

9. Hiring of external advisors

The Audit Committee has the authority to retain the services of expert advisors at the Corporation's expense. In case of an emergency, this responsibility is vested in the Committee chairperson. The Committee may request any officer or employee of the Corporation, its outside legal counsel or its internal or external auditors to attend an Audit Committee meeting or meet any of its members or advisors.

The Audit Committee shall notify the Board of Directors on the extent of the financing required to pay for the compensation of the independent expert advisors retained to advise the Committee.

10. Duties and responsibilities

The Committee's duties are as follows:

10.1 Internal control

10.1.1 review the mandate of the internal audit function on an annual basis and ensure that it has the resources necessary to fulfill its mandate and the responsibilities set for it;

- 10.1.2 if the internal audit function has been outsourced in whole to an external consulting firm, make recommendations to the Corporation's Board of Directors on the appointment of such consultants and their compensation;
 - 10.1.3 require management to set up and maintain appropriate internal control policies and mechanisms, and review, evaluate and approve such policies and mechanisms;
 - 10.1.4 evaluate the effectiveness of the Corporation's internal control policies and mechanisms with the Chief Financial Officer, or any other officer or employee of the Corporation exercising responsibility for the internal audit function;
 - 10.1.5 review the report(s) of the internal audit group on a quarterly or annual basis and ensure that the necessary measures are taken to follow up on the suggestions arising from such report(s);
 - 10.1.6 recommend to the Board of Directors the appointment or removal of an officer responsible for the internal audit function of the Corporation;
 - 10.1.7 review and approve the annual internal audit plan and ensure the independence and effectiveness of this function;
 - 10.1.8 require that the internal audit function be free of any influence which could interfere with its ability to carry out its responsibilities in an objective manner and, to this end, obtain disclosure from management of the services other than internal auditing provided to the Corporation by the consultants to whom this function has been outsourced;
 - 10.1.9 evaluate the overall performance of the external consultants to whom the internal audit function has been outsourced, whether in whole or in part, including the other services rendered by these consultants, and analyze the effect of such services on their independence;
 - 10.1.10 ensure that there is effective cooperation between internal auditing and the external auditors of the Corporation;
 - 10.1.11 meet, in the absence of management, with the Corporation's officer in charge of the internal audit function, or the external consultant to whom this function has been outsourced;
 - 10.1.12 review any management representation letters on the internal financial systems and controls addressed to the external auditors;
 - 10.1.13 review and comment to the Board of Directors on all related-party transactions;
 - 10.1.14 review any change in the Corporation's code of ethics;
 - 10.1.15 review the recommendations made by the regulatory bodies or external or internal auditors and report to the Board of Directors;
 - 10.1.16 establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and
 - 10.1.17 review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's, current or former, external auditors that meet the CICA Rules of Professional Conduct.
- 10.2 External auditors
- 10.2.1 submit recommendations to the Corporation's Board of Directors for the appointment and compensation of the external auditors;
 - 10.2.2 review and discuss the external auditors' detailed report on all the factors influencing their independence and objectivity; make recommendations for measures to be taken by the Board of Directors to ensure the independence of the external auditors;
 - 10.2.3 pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the auditors and, ensure that the external auditors shall not provide the following services to the Corporation:

Prohibited Non-Audit Services

- Bookkeeping or other services related to the accounting records or financial statements of the Corporation.
- Expert services, litigation support unrelated to the audit.
- Financial information systems design and implementation.
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports.
- Actuarial services.
- Internal audit outsourcing services.
- Management functions.
- Human resources services.
- Broker-dealer, investment adviser or investment banking services.
- Legal Services and any other advocacy services.
- Preparation of journal entries and source documents.
- IT Services.
- Corporate finance and similar activities.

- 10.2.4 review the nature and scope of the work of the Corporation's external auditors;
- 10.2.5 meet with the external auditors and management to discuss the annual financial statements or transactions which may be detrimental to the sound financial situation of the Corporation;
- 10.2.6 discuss with the external auditors not only the acceptability but also the quality of the accounting principles followed by the Corporation in its financial reports;
- 10.2.7 review the Corporation's guidelines for awarding professional services contracts to the external auditors outlining the criteria and levels of authorization required for types of services other than auditing which the external auditors are authorized to offer the Corporation;
- 10.2.8 meet the Corporation's external auditors on a regular basis, in the absence of the management;
- 10.2.9 oversee the work of the external auditors, including the auditing services and non-auditing services, and analyze the effect of these services on the auditors' independence and including the resolution of disagreements between management and the external auditors regarding financial reporting;
- 10.2.10 Carry out an annual assessment and a complete and thorough assessment of the external auditors at least every five years;
- 10.2.11 determine that the external auditors audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the CICA independence rules; and
- 10.2.12 determine that the external auditors are a Public Accounting Firm that has entered into a Participation Agreement as such terms are defined in *Regulation 52-108 respecting Auditor Oversight* and that at the time of their report on the annual financial statements of the Corporation, they are in compliance with any restrictions or sanctions imposed by the Canadian Public Accountability Board.

10.3 Financial information

- 10.3.1 review the Corporation's quarterly and annual consolidated financial statements after the review (or read) or audit thereof by the external auditors, and recommend their approval to the Corporation's Board of Directors; review the unaudited (or internally prepared by management) financial statements of certain subsidiaries as appropriate;
- 10.3.2 obtain an annual report from management, which may be in either oral or written form, on the accounting principles used in the preparation of the Corporation's financial statements, including those policies for which management is required to exercise discretion or judgment regarding the implementation thereof;
- 10.3.3 annually review separately with each of management, the external auditors and the internal audit group (a) any significant disagreement between management and the external auditors or the internal audit group in connection with the preparation of the financial statements, (b) any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information and (c) management's response to each;
- 10.3.4 annually or periodically, as appropriate, review any significant changes to the Corporation's accounting principles and financial disclosure practices as suggested by the external auditors, management or the internal audit group; review with the external auditors, management and the internal audit group, at appropriate intervals, the extent to which any changes or improvements in accounting or financial practices, as approved by the Audit Committee, have been implemented;
- 10.3.5 review all the investments and transactions which may be detrimental to the Corporation's sound financial situation, when they are brought to its attention by the external auditors or an officer;
- 10.3.6 review and recommend the approval to the Board of Directors of the informational documents containing financial information, whether audited or unaudited, in particular, management's analysis of the financial situation and operating results, the annual information form and the press releases concerning the publication of the Corporation's quarterly and annual consolidated financial statements;
- 10.3.7 ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures;
- 10.3.8 review and discuss with management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), commitments and other relationships of the Corporation or any of its subsidiaries with unconsolidated entities or other persons, that may have a material current or future effect on the financial condition, changes in the financial condition, results of operations, liquidity, capital resources or significant components of revenues or expenses;
- 10.3.9 enquire with management concerning any significant changes adopted by bodies such as the stock exchanges or securities commissions, as well as changes to accounting standards that may have an effect on the preparation or disclosure of the financial statements of the Corporation or its subsidiaries, and inform the Board of Directors thereof where appropriate; and
- 10.3.10 review the report of management on any dispute, notice of assessment or any other claim of a similar nature which may have a material effect on the Corporation's financial situation, and ensure that these material claims are correctly disclosed in the financial statements.

10.4 Miscellaneous

Exercise any other functions entrusted to it by the Board of Directors and make such recommendations to it as it considers appropriate on the subjects within its competence.