CALIAN GROUP LTD.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED

SEPTEMBER 30, 2019

November 25, 2019

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YEAR ENDED SEPTEMBER 30, 2019

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EXPLANTORY NOTES

Presentation of Financial Information

In this Annual Information Form, all references to specific fiscal years are references to the fiscal year ended September 30 of the year named. This Annual Information Form is dated November 25, 2019 and, unless specifically stated otherwise, all information disclosed in this form is provided as at September 30, 2019, the end of the Company's most recently completed fiscal year. All references to "$" or "dollars" are references to Canadian dollars, unless otherwise specified.

Trademarks, Trade Names and Service Marks

This Annual Information Form includes trademarks which are protected under applicable intellectual property laws. Solely for convenience, the Company's trademarks and trade names referred to in this Annual Information Form may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names. Trademarks used in this Annual Information Form, other than those that belong to the Company, are the property of their respective owners.

FORWARD-LOOKING STATEMENTS

Calian Group Ltd. ("Calian" or the "Company") cautions that this Annual Information Form contains forward-looking statements. These forward-looking statements are based on certain assumptions made by the Company that may prove to be inaccurate. Forward-looking statements include those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend" and similar expressions. Forward-looking statements are not historical facts, but reflect the Company's current intentions, plans, expectations and assumptions regarding future results or events. Forward-looking statements are intended to assist readers in understanding management's expectations as of the date of this Annual Information Form and may not be suitable for other purposes.

Forward-looking statements are based on assumptions, including assumptions as to the following factors:

- customer demand for the Company's services;
- the Company's ability to maintain and enhance customer relationships;
- market conditions;
- levels of government spending;
- the Company's ability to bring to market the products and services; and
- the Company's ability to execute on its acquisition program including successful integration of previously acquired businesses.

The Company cautions that the forward-looking statements in this Annual Information Form are based on current expectations as at November 25, 2019 that are subject to change and to risks and uncertainties, including those set out under the heading "Risk Factors" below, many of which are outside the Company's control. Actual results may materially differ from such forward-looking information due to factors such as customer demand, customer relationships, new service offerings, delivery schedules, revenue mix, competition, pricing pressure, foreign currency fluctuations and uncertainty in the markets in which the Company conducts business. Additional information identifying risks and uncertainties is contained in the Company's filings securities regulators. The Company does not assume any intention or obligation to publicly update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers should not place undue reliance on the Company's forward-looking statements.

CORPORATE STRUCTURE

The Company was incorporated as "Calian Technology Ltd" under the *Canada Business Corporations Act* (the "CBCA") pursuant to Articles of Incorporation dated September 27, 1982. The articles of the Company were amended on January 12, 1984, December 23, 1988, April 21, 1992 and September 2, 1993 to amend the provisions of the Company's share capital. The articles of the Company were further amended on September 14, 1993 to remove private company restrictions. On March 14, 2003, the articles of the Company were further amended to permit the directors of the Company to appoint additional directors as permitted under the CBCA. The Company's articles were further amended on March 11, 2005 to change its name to "Calian Technologies Ltd." The Company's articles were most recently amended on April 1, 2016 to change its name to "Calian Group Ltd."

The head and registered office of the Company is located at 770 Palladium Drive, Suite 400, Ottawa, Ontario, K2V 1C8.

As of the date of this Annual Information Form, the Company has the following operating subsidiaries:

- Calian Ltd., located in Ottawa, Ontario and incorporated under the CBCA
- Primacy Management Inc., located in Burlington, Ontario and incorporated under the *Business Corporations Act* (Ontario)
- DWP Solutions Inc., located in Ottawa, Ontario and incorporated under the *Business Corporations Act* (Ontario)
- SED Research Inc., located in Saskatoon, Saskatchewan and incorporated under the CBCA
- Calian International Ltd., located in Ottawa, Ontario and incorporated under the CBCA
- Calian Europe BV, located in the Hague, Netherlands and incorporated under the laws of Netherlands
- (D.T.) Secure Technologies International Inc. located in Ottawa, Ontario and incorporated under the CBCA
- William Barker Clinical Psychologist Ltd. located in Calgary, Alberta and incorporated under the *Business Corporations Act* (Alberta)
- PriorityOne Workplace Health Inc. located in Calgary, Alberta and incorporated the *Business Corporations Act* (Alberta)
- IntraGrain Technologies Inc., located in Regina, Saskatchewan and incorporated under the CBCA
- Sat Service, Gesellschaft für Kommunikationssysteme mbH, located in Steißlingen, Germany and incorporated under the laws of Germany

Each subsidiary is wholly owned by the Company. Unless the context otherwise requires, the "Company" or "Calian" refers to Calian Group Ltd. together with its subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Calian was founded in 1982 as a consulting firm providing quality assurance services to Canadian technology companies. The Company has grown through a combination of strategic acquisitions and sales and marketing initiatives, and in fiscal 2019 had total revenue of $343 million. The Company provides services to industry and government across diverse sectors, with a strategy of focussing on niche markets. The Company enters fiscal year 2020 with an order backlog of $1,330 million, of which approximately 20% pertains to fiscal 2020 and 10% pertains to fiscal year 2021.

Prior to 2019, the Company was organized in two segments: Business Technology Services ("BTS") and Systems Engineering Division ("SED"). Effective Q4 2019, the Company now operates in four operating segments defined by their primary type of service offering, namely Advanced Technologies, Health, Learning, and Information Technology ("IT"). Our Advanced Technologies segment provides space technology companies with innovative solutions for testing, operating and managing their satellite networks. The Advanced Technologies segment also provides communications products for terrestrial and satellite networks, as well as superior electronics engineering, manufacturing and test services for both the private sector, including the agricultural sector, and military commercial and defence customers in North America. Our Health segment provides a host of healthcare services to Canadian customers and clinician services. Our Learning segment provides instructor led, e-learning, in-class and simulation-based learning to primarily Canadian customers. The IT segment provides professional services and solutions for application based infrastructure and cyber security.

2017 Fiscal Year:

During fiscal 2017, SED revenues decreased by 8% from the preceding fiscal year as a result of several large system implementations, which generated significant revenues in 2016, entering the close-out phase in early 2017. However, work continued at a steady rate in all areas of the division, including systems engineering, defence-related and commercial contract manufacturing. BTS revenues increased in 2017 by a combined 4% from fiscal 2016 as a result of organic and acquisitive growth across all service lines driven by increased demand from our main customer, the Canadian federal government, and from beachhead contracts won in various niche markets. Key events in fiscal 2017 are listed below.

Effective October 1, 2016, the Company amalgamated AMTEK Engineering Services Ltd. with Calian Ltd.

During fiscal 2017, the Company acquired a non-controlling interest in Cliniconex Inc. ("Cliniconex"), an Ottawa-based patient outreach solutions vendor. As part of the Company's investment in Cliniconex, a member of the Company's management team was appointed Cliniconex's board of directors.

On February 23, 2017, the Company announced new contracts with several customers for the provision and installation of satellite radio frequency ("RF") ground systems with an approximate contract value of more than $22 million. These contracts continued for a period of two years from the date of announcement.

On May 9, 2017, the Company acquired International Safety Research Inc. ("ISR"). ISR specializes in nuclear safety and emergency preparedness and response, both within Canada and internationally. ISR was acquired to expand the Company's emergency preparedness service offering. ISR was reported as part of the BTS operating segment and is now reported as part of the Advanced Technologies operating segment. ISR's strong technical team provides a platform for the Company to grow in the nuclear industry domestically and globally.

On August 10, 2017, the Company entered into a credit agreement dated August 10, 2017 by and among the Company, Calian Ltd., Primacy Management Inc., DWP Solutions Inc., International Safety Research Inc. and Royal Bank of Canada (the "Credit Agreement"). Pursuant to the terms of the Credit Agreement, Royal Bank of Canada made available to the Company and Calian Ltd. (as co-borrowers) a $40 million committed credit facility. The Credit Agreement also contemplates an additional $25 million accordion feature which can be accessed to increase the amount of credit available to the Company under the Credit Agreement. The facilities provided for in the Credit Agreement are secured by a security interest in the present and after acquired real and personal property of each of the Company and Calian Ltd. The Credit Agreement continues to be in place as of the date of this Annual Information Form.

On September 29, 2017, the Company announced that it had successfully re-won the Health Care Providers Requirements ("HCPR") contract for the provision of health support services to the Canadian Armed Forces ("CAF"). Two additional contracts were also awarded for the provision of health support services to the Royal Canadian Mounted Police ("RCMP") and Veterans Affairs Canada ("VAC"). The HCPR contract with CAF is a renewal of the Health Services Support Contract that the Company held since 2005. The HCPR contract has an initial term of four years with an initial value of $275 million and an option to extend the contract for up to eight additional years, for an aggregate total contract term of up to 12 years and value of up to $875 million. Additional contracts with similar terms were simultaneously awarded to the Company for the provision of health support services to the RCMP and VAC with initial four-year term values of $19 million and $17 million, respectively, and aggregate total contract values for the full 12-year period of up to $60 million and $55 million, respectively.

2018 Fiscal Year:

During fiscal 2018, SED revenues decreased by 2% from the preceding fiscal year due to the close-out of several large contracts and the commencement of work on new arrangements. Work including research and development continued at a steady state in all other areas of the division including gateway systems, communications products as well as defence-related and commercial contract manufacturing. BTS revenues increased in fiscal 2018 by 14% from fiscal 2017 owing to organic and acquisitive growth across all service lines, driven by continued increased demand from our main customer, the Canadian federal government, and our strategy of pursuing niche markets. Key events in fiscal 2018 are listed below.

On May 23, 2018, the Company announced that it had won a contract for the delivery of RF ground systems for a global communications and networking company. This multi-year delivery, at the time of announcement, represented approximately 10-15% of consolidated revenues annually.

On June 1, 2018, the Company acquired (D.T.) Secure Technologies International Inc. (“Secure Tech”). Secure Tech has a service offering for cyber product sales in both the private and public sectors. Secure Tech was acquired to expand the Company’s cyber security offering. Secure Tech was reported as part of the BTS operating segment and now and is reported as part of IT operating segment. Secure Tech offers a very strong technical team that provides the Company with grow opportunities in the cyber product resale space.

On July 31, 2018, the Company acquired William Barker Clinical Psychologist Ltd. (“William Barker”) and PriorityOne Workplace Health Inc. (together with William Barker, “Priority One”). Priority One provides specialized psychological assessment and selection services. Priority One was acquired to expand the Company’s health care footprint. Priority One was reported as part of the BTS operating segment and is now and reported as part of the Health operating segment.

2019 Fiscal Year:

During fiscal 2019, Advanced Technologies revenues increased by 11% from the preceding year due to an increase in revenue from ground systems projects and acquisitive revenue growth from acquisitions of IntraGrain and SatService. The Health operating segment’s revenues increased by 16% from the preceding fiscal year due to increased demand from the HCPR contract, increased demand in clinician services and acquisitive growth. The Learning operating segment’s revenues increased by 3% in fiscal 2019 when compared to the prior fiscal year due to retention of current customers and increased demand from municipalities. The IT segment’s revenue increased by 22% in fiscal 2019 when compared to the previous fiscal year, which can largely be attributed to the acquisition of Secure Tech in the third quarter of fiscal 2018, accompanied by increases in resale product demand and growth in the cyber security practice.

Key events in fiscal 2019 are listed below.

Effective October 1, 2018, the Company amalgamated ISR with Calian Ltd.

On November 1, 2018, the Company acquired Intragrain Technologies Inc. (“Intragrain”). IntraGrain develops and manufactures agricultural technology (“AgTech”) solutions to bring innovation to the modern farm. IntraGrain’s technology combines Internet of Things (IoT) connectivity with bin sensors to protect grain quality and eliminate the risk of stored grain spoilage. IntraGrain's solutions and staff strengthen the Company's innovation agenda and provide additional exposure to AgTech and ancillary markets, which we believe possess high growth potential across domestic, U.S. and global markets. Intragrain is included as part of the Advanced Technologies operating segment.

On November 19, 2018, the Company announced that it had been awarded a contract with the Canadian Army Simulation Centre, valued at up to $170 million. This contract within the Learning segment has an initial term of five years, representing $93 million of the overall contract value, with two optional extension periods of two years each.

On April 1, 2019, the Company acquired SatService, Gesellschaft für Kommunikationssysteme mbH. ("SatService"). SatService offers innovative engineering solutions and products for the satellite communications market. SatService's business supports the expansion of the Company's Advanced Technologies operating segment in the European market with turnkey satellite solutions as well as products. SatService product offerings include the sat-nms line of first-class software and hardware solutions for antenna control and tracking, monitoring and control systems and L-band transmission.

Provision of services under large contracts with the government is an important feature of the Company's business. Management expects that the market for these services will continue to be competitive. Government spending constraints can be uncertain and the timing of new contract awards can be subject to delays. While our backlog provides a reasonable level of revenue assurance on existing contracts, we are also leveraging our diverse services capabilities to create new opportunities and diversify our customer base both domestically and globally. While we execute on our diversification strategy, our revenues will continue to be significantly influenced by customer demand within the scope of existing contracts as well as the timing of future contract awards.

DESCRIPTION OF THE BUSINESS

The Company's capabilities are diverse with services and solutions delivered through four segments: Advanced Technologies, Health, Learning and IT. Headquartered in Ottawa, Calian provides business services and solutions to both industry and government customers in the areas of health, defence, learning, security, aerospace, engineering, and IT. Calian provides customers with access to a team of over 3,400 engineers, telecommunications and information technology, training, trades, health services professionals and other qualified staff as well as an ISO 9001-certified engineering and manufacturing facility. The Company has built a combination of specialized solutions coupled with a large reservoir of externally available talent. These resources provide Calian with the ability to promptly assist customers to implement their diverse needs through the timely assembly and deployment of teams of professionals with the requisite capabilities. The Company experiences repeat business and a large number of contract renewals due, in part, to high customer satisfaction levels based on the Company's successful delivery and execution of projects. The Company uses efficient and flexible operating processes to profitably address lower margin business without compromising quality or performance, which we consider to a competitive advantage.

The Company evaluates historical performance and anticipated return on investment in order to allocate resources and capital to its various operating segments. The Company's accounting policies are described in the significant accounting policies in the notes to the Company's audited financial statements for its financial year ended September 30, 2019 contained in the Company's 2019 Annual Report.

The Company's revenues are derived from the following geographies:

	2019	2018
Canada	81%	80%
United States	15%	15%
Europe	4%	5%

Revenues are attributed to foreign countries based on the location of the customer. In fiscal 2019, only a small portion of the Company's net assets ($2.9 million) were held outside of Canada, whereas no assets of the Company were held outside of Canada in the prior year. Revenues generated from various departments and agencies of the Canadian federal government for the years ended September 30, 2019 and 2018 represented sixty nine percent (69%) and sixty eight percent (68%), respectively, of the Company's total revenues. No other customer accounted for greater than 10% of the Company's revenue. All of the Company's operating segments conduct business with the Canadian federal government.

The breakdown of revenue between products and services is as follows:

	September 30, 2019	September 30, 2018
Product revenue		
Advanced Technologies	$ 66,204	$ 51,578
Health	-	-
Learning	-	-
Information Technology	3,549	1,962
Service revenue		
Advanced Technologies	43,493	47,623
Health	115,718	99,458
Learning	63,098	61,552
Information Technology	50,982	42,995
Total revenue	$ 343,044	$ 305,068

Advanced Technologies

Through its Advanced Technologies segment, Calian offers internally developed products, engineering services and solutions for the space, communications, nuclear, agriculture, defence and government sectors. Our capabilities are wide-ranging, covering software development, product development, custom manufacturing, full life-cycle support, studies, requirements analysis, project management, multi-discipline engineered system solutions, and training. With a presence across Canada and in Europe, we are a full-service organization offering turnkey solutions for industry-leading customers in North American, European and global markets.

Markets

The Advanced Technologies segment primarily serves five markets: satellite ground systems, defence, cable networks, nuclear, and most recently, AgTech.

Ground system market

A supplier of communication systems and products for terrestrial and satellite networks, Calian operates a centre of excellence in communication ground systems for satellite and cable network operators around the world. We provide satellite gateways which can include large aperture RF antennas, telemetry tracking and control, as well as high-availability software solutions for managing and monitoring these networks. Our software tools enable network operators to manage, plan and analyze network resources, including satellite power and frequencies. With an international reputation for supporting space missions, our custom communication solutions and systems engineering capabilities are delivered to customers in Canada and around the world.

To capture additional market share in the satellite network equipment market, the Company has made investments in advanced satellite communications technology capable of operating in higher frequency bands. In the current fiscal year, we introduced a new line of higher-performance composite carbon fiber satellite communication antennas. These lightweight antenna systems are the culmination of several years' research and development by our engineering team into composite materials and high-performance antenna design. Drawing on more than 30 years of experience in advanced RF ground systems, the Company designed our composite carbon fiber antennas to meet the emerging needs of advanced RF ground system customers, optimizing for a combination of price and performance. The technical challenges in satellite RF ground systems are increasing as satellite communication networks move to higher-frequency ranges like Q and V bands. At these higher frequencies, environmental factors such as rain, wind and uneven heating of the antenna surface can degrade signal performance. Calian composite carbon fiber satellite communication antennas are designed to offer superior performance by cost-effectively reducing structural distortions that can arise with legacy ground systems comprised of steel or aluminum. Currently configured with either a ten-meter or six-meter high performance composite carbon-fiber reflector and back structure, this ultra-strong design minimizes thermal, wind and gravity load distortion, providing exceptional performance in all frequency bands, including the Q/V range and above. Its light weight and innovative reflector design has the added benefit of fast installation and reduced shipping weight, which are key factors in the reduction of deployment costs.

Cable network market

Cable networks have significant RF requirements that fall within a similar engineering skillset as our satellite communications network capability. In this context, we view cable network technologies as a strategic growth market. The Advanced Technology segment identified a market entry opportunity in hybrid cable-fiber networks and in concert with various customers, over the last few years, has been developing DOCSIS 3.1 cable network standards.

The global equipment market for DOCSIS 3.1 technology is very large and features many competing players such as cable operators, cable network equipment providers and technology developers. Calian's share of this market is currently very small, with our technology being developed to play at a variety of levels in this space.

AgTech market

Demand for AgTech, also known as smart agriculture, is increasing as global population growth creates upward pressure on food production and farmland yields. Based in Regina, Saskatchewan, IntraGrain develops and manufactures products that help companies protect assets such as grains and fuel. The company is the maker of the innovation-award winning BIN-SENSE® grain storage solution. The technology combines Internet of Things (IoT) connectivity with bin sensors to protect grain quality and eliminate the risk of stored grain spoilage. IntraGrain's Fuel Lock™ solution provides the digital locking of on-site fuel pumps with a keypad PIN. The solution can track employee PIN and fuel usage via a mobile app and is applicable to a number of sectors beyond agriculture – including construction and energy.

IntraGrain previously reported as part of the Systems Engineering Division (SED). As of Q4 2019 is reported within the Advanced Technologies segment.

Manufacturing in the Advanced Technologies Segment

Calian's manufacturing capability includes a surface mount electronics manufacturing line with automated inspection and X-ray. We offer a composite carbon fiber manufacturing capability as well as an extruded cable manufacturing line. These are complemented by engineering capabilities that support custom build-to-print manufacturing services for commercial and defence clients. Calian's AgTech products and solutions are manufactured in-house for the agriculture sector, helping to protect assets such as stored crops, fuel and water.

Nuclear, Engineering and Technical Services in the Advanced Technologies Segment

Calian's engineering and technical services support clients across the system engineering process, including concept development for the design and implementation of next-generation critical systems and full life-cycle support for propulsion, electrical and electronic systems, computer systems, naval architecture, and aerospace and nuclear systems. Associated services are provided in integrated logistics support, drafting, and other technical services. Our nuclear services team develops and executes comprehensive and cost-effective waste management and decommissioning solutions, and provides a systematic approach to identifying hazards, determining their consequences, and providing recommendations to mitigate identified risks. The scope of our nuclear services includes decommissioning programs, radioactive waste management programs and remediation.

The nuclear services team conducts planning, consulting, assessments and permitting for operators who have existing permits to handle nuclear materials. The operators take responsibility for adhering to guidelines and regulations; as such the Company's contracts clearly indicate they have ultimate responsibility for rules and regulations while Calian acts as a consultant.

Health

Calian's Health operating segment includes one of Canada's largest national health services organizations. We manage a network of more than 1,800 health care professionals delivering primary care and occupational health services to public and private sector clients across Canada.

The Department of National Defence is our largest customer, with health and psychological services also provided to police, correctional institutions and border services agencies in the Canadian market. Primacy, Calian's medical property management brand, supports over six million patient visits per year at over 150 clinic locations across Canada. Primacy clinics are located in Loblaw grocery stores across the country (including Real Canadian Superstore®, Zehrs®, Loblaws® and No Frills®).

Learning

Through its Learning segment, Calian is a trusted provider of specialized training services and solutions for the Canadian Armed Forces and clients in the defence, health, energy and other sectors. We enable clients to reach competency and validate learning plans and team performance. Calian provides consulting services in emergency management, training and advanced training technologies to federal and provincial governments, municipalities, Indigenous communities, and the private sector, primarily in Canadian domestic markets.

We offer full-service training program and services ranging from needs analysis and program design, development and delivery to administration and evaluation. Our goal for clients is to shorten the student's time-to-competency. Calian's training consulting services help clients achieve learning outcomes and optimize their workforce.

Our products and technology complement our training services, including Calian MaestroEDE and Calian ResponseReady. Calian MaestroEDE is a tool used to design, develop and deliver high-fidelity, collective training exercises for military customers. Calian ResponseReady is an online platform and simulation tool that supports emergency management training exercise delivery and evaluation.

Information Technology

Through its IT segment, Calian offers IT services to support customer requirements for subject matter expertise in the delivery of complex solutions. With a primary focus on cloud migration, IT development, support services, SAP consulting and cyber security solutions, Calian supports customers at all levels of government and the private sector in the Canadian domestic market. Calian's cyber security solution combines people resources, processes and technologies to serve this market.

The Market

Industry and government have been adopting new approaches and technologies for many decades and the Company expects that they will continue to do so in the foreseeable future. With the ever increasing push to "do more with less", organizations are faced with significant requirements to balance their workforces and deploy systems that minimize ongoing operational costs. With this in mind, Calian pursues global and domestic market opportunities across numerous sectors namely, the public sector, aerospace and defence, satellite and telecommunications, agriculture, health, nuclear and oil and gas.

Strategy

The Company benefits from many years of experience in various global and domestic markets and has a team of more than 3,400 professionals who offer a diverse combination of services.

The Company's strategy is to operate in niche markets, and it plans to continue to focus its business development efforts on targeting clients requiring specialized technology and business services.

The Company believes that its specialization and past experiences within the telecommunications industry and Canadian government, specifically the Department of National Defence, leaves it well positioned to continue to capitalize on the technical and professional service requirements within these important market segments and to leverage this experience into new targeted markets.

The Company intends to achieve and maintain profitable growth primarily through increasing its existing business base and diversifying into new market areas which is based on the following strategic growth framework:

- **Customer retention**: through continued delivery excellence, maintain a valued relationship with current customer base;
- **Customer diversification**: through increasing the percentage of its revenues derived from new business in adjacent and non-government markets, balance customer revenue into numerous global and domestic sectors;

- **Service line evolution**: continue investment in service offerings to increase differentiation and improve gross margin attainment; and
- **Continuous improvement**: leverage innovation to improve how the company operates with a goal to streamline processes and provide for a scalable back office support capability.

Specialized Skill and Knowledge

Recruiting, developing, and retaining qualified employees and independent contractors is fundamental to the Company's success in both delivering services today, and growing and evolving the Company for the future. The capabilities of our engineers, medical practitioners, IT and learning experts are in high demand from market competitors. The Company mitigates this risk by offering competitive salary, benefits and individual growth. The Company also benefits from highly skilled recruiters that are able to identify and attract top talent.

Sales and Marketing

The Company invests in sales and marketing as a key enabler of long-term growth.

In our Advanced Technologies segment, commercial contracts for ground control equipment systems are typically awarded by open or selective tender based on complex and detailed requests for proposals. The Company has a track record of being included on lists of bidders, developed over many years of business development efforts, its reputation and industry relationships. The Company visits existing clients on a regular basis to maintain a presence with them and also participates in trade shows and trade organizations. Due to the fact that revenues are generally nonrecurring and project-based, significant volatility can be experienced in the revenues of the Advanced Technologies segment.

The majority of Health, IT and Learning business is won in a competitive environment responding to large, technically complex requests for proposals. The Company has developed a skilled team of business development and proposal writing professionals that identifies, tracks and responds to these openly competed opportunities. The segments also employ a direct sales force with specific sales goals. Through a large contact base, client service, the provision of value added services and constant contact with clients, the segments experience a large percentage of repeat business. New opportunities are sought out regularly and when required a strategic alliance is sought with the most appropriate teaming partner. In each of these segments, the Company has successfully teamed with a large number of professional services firms in their respective areas. Currently more than 80% of revenue of these segments consist of multi-year contracts, providing for a stable revenue base.

The Company has full time marketing resources and supporting team to refine corporate sales and marketing materials and continually evolves the Company website to facilitate its use for all stakeholders. Calian has been steadily increasing its presence on social media and has increased investment at targeted trade show events in order to raise brand awareness and generate opportunities.

Competition

For Advanced Technologies, competition varies by market and by product type. Within the communication systems service line, there are highly competitive factors involving satellite RF ground systems. In many cases suppliers are also competitors and many of the customers have visibility into the costs of these systems. Key competition in this sector comes from CPI. The communications product business consists of many developed products serving a particular industry need. Competitors of these solutions are varied depending on the industry and geography.

The Company competes for contracts on the basis of system design, flexibility, price, delivery capability and reputation. Procurement is generally by open tender, except in the case of system upgrades, and often attracts three or more qualified bidders.

In the domestic defence market, the Company faces considerable competition, not only from other subcontractors but also from prime contractors. The Company works to sustain its share of the market through strategic teaming arrangements and competitive advantages, including its reputation for quality, competitive labour costs and military communications systems engineering and manufacturing capability.

For Health, IT and Learning, competitors comprise local or regional small and medium sized enterprises that typically supply one or two similar services into a specific niche market, or large multinational firms. Within the Health segment for instance, competitors include companies that manage medical clinics such as Appletree and organizations such as Bayshore or the AIM group for healthcare resources. Within the IT segment competitors include other cyber product resellers such as Dyntek, and service providers such as Tundra. Finally, within the Learning segment, competitors include service providers such as Bluedrop and Valcom.

The Company's competitive advantages are its long term successful delivery track record, its low cost structure which enables the Company to be very competitive in pricing, the continued development and evolution of its service offerings, its strategy to focus marketing and sales efforts on specialized niches where the Company can create barriers to entry for those that may wish to compete with the services it provides and in its continuous improvement management environment that optimizes both operational flexibility and efficiency.

Research and Development and Intellectual Property

The Company expenses research costs as incurred and defers development costs once technical feasibility has been established and all criteria for deferral under Canadian generally accepted accounting principles are met.

The Company's most effective means of developing saleable systems is to obtain a contract with a customer that requires a specific technology, and then develop the technology mostly with customer funding, grants and some internal funding. After building an initial system, the Company then possesses a core technology, which can be applied to other contracts in order to enhance profits or competitiveness. This customer-driven process has been used by the Company for the development of many of the systems it currently sells.

Consistent with the focus on specialized technology and business services, the Company undertakes research and development expenditures where significant opportunities exist for the Company to play an important role in emerging markets or products. Whenever possible, the Company continues to take advantage of customer funded research and development. More specifically, research and development activities continue in the area of communication products and RF capabilities in order to maintain and round out the Company's product lines and to remain competitive in the market.

In accordance with industry practice, we protect our proprietary products and technology through a combination of patents, copyrights, trademarks, trade secret laws and contractual provisions where applicable. We generally license the use of our products to our customers rather than transferring title to them. These licenses contain terms and conditions prohibiting the unauthorized reproduction, disclosure, reverse engineering or transfer of our products. We currently have one patent issued and one open application, both in the United States.

Employees

As at September 30, 2019, the Company had approximately 3,400 employees. A fundamental strategy of the Company is to maintain, as far as possible, a flexible workforce that can adapt to the changing requirements of its clients. Under this approach, it is necessary to maintain a significant number of employees as contract employees. None of our employees are represented by a collective bargaining agreement. We have never experienced any work stoppage. We consider our relations with our employees to be good and we view our employees as an important competitive advantage.

Facilities and Operations

The Company maintains Canadian office locations in Ottawa, Toronto, Edmonton, Kingston, Burlington, Oromocto, Halifax, Saskatoon, Regina, and international office locations in the Netherlands and Germany. All of the offices are located in leased premises. R&D and manufacturing facilities are located in Saskatoon and Regina, Saskatchewan.

Headquartered in Ottawa, the Company is a founding member of Excellence Canada and recently recertified at the Gold level for Excellence, Innovation and Wellness. Most of our engineering and manufacturing team is certified to the ISO 9001:2015 quality management standard.

Bankruptcy and Similar Procedures

There has not been any bankruptcy, receivership or similar proceedings against Calian or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by Calian or any of its subsidiaries, within the three most recently completed financial years or during or proposed for the current financial year.

Corporate Social Responsibility

Corporate social responsibility is an integral part of Calian's day to day operations. For example, through Calian's Military Family Doctor Network, the company has placed over 2,500 military family members with family doctors. Benefit to the community is a constant focus for Calian's employees and management. Calian takes a top down approach to corporate social responsibility by including focused initiatives in business plans, which are communicated to service line leaders and their employees. Employees across Calian welcome and take pride in these initiatives.

RISK FACTORS

The Company is subject to a number of risks and uncertainties. We operate in rapidly changing economic and technological environments that present numerous risks, many of which are driven by factors that we cannot control or predict. The risks and uncertainties described below are not the only ones we face. If any of the following risks or other risks occur, our business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted.

Risks Relating to our Business

The Company continues to evolve its risk management processes and risk management is an integral part of how the Company plans and monitors its business strategies and results. Operational risk is managed through the establishment of effective infrastructure and controls. Key elements of the infrastructure are qualified, well-trained personnel, clear authorization levels and reliable technology. Controls established by documented policies and procedures include the regular examination of internal controls by internal employees as well as our auditors, segregation of duties, and financial management and reporting. In addition, the Company maintains insurance coverage and contingency plans for systems failures or catastrophic events. However, there can be no assurance that risk management steps will avoid future loss.

Competition for contracts within key markets

The markets for the Company's services are very competitive, rapidly evolving and subject to technological changes. The principal competitive factors in the Company's markets are quality, performance, price, timeliness, customer support and reputation. We expect competition to increase in the future, both from existing competitors and new companies that may enter our markets. Some of our competitors have greater name recognition, and significantly greater financial, technical, sales, marketing and other resources than us. Increased competition could result in pricing pressure, reduced sales, loss of market share, lower margins or other adverse effects on our business.

Concentration of revenues

The Company has certain ongoing contracts that account for a significant portion of revenues. Should these contracts not be renewed at expiry, cancelled by customers or should a competitor win the renewal, the Company's future revenue stream and overall profitability could be significantly reduced.

The availability of qualified professionals

If we fail to attract and retain qualified professionals, our business would be harmed and we might not be able to implement our strategy. Competition for talent from other firms has a two-fold impact on the Company. The Company competes for qualified employees for its own operations and also must maintain ready access to a large pool of qualified professionals to satisfy contractual arrangements with customers. The Company depends on its ability to offer performance-driven remuneration policies and favorable working environments. Any adverse changes in our compensation practices or increased compensation offered by our competitors could affect our ability to retain and motivate existing personnel and recruit new personnel. In our Advanced Technology segment revenues are predominately from export, but our labour costs are largely influenced by Canadian domestic and regional economic factors. Accordingly, labour costs could become significantly higher than those of foreign competitors, eroding our competitive position.

Performance on fixed-price contracts

A large percentage of the Advanced Technologies contracts are based on a fixed price for the provision of a specified service or system against an agreed delivery schedule. At times these fixed-price contracts involve the completion of large-scale system engineering projects. There is a risk in all fixed-price contracts that the Company will be unable to deliver the system within the time specified and at the expected cost. Contracts generally include a wide range of stringent factory and on-site acceptance tests with criteria and requirements jointly developed with the customer. Non-performance could result in a customer being in a position to terminate the contract for default, or to demand repayments or penalties. While program management methodologies have been implemented to manage each project and any customer change, and to identify and mitigate potential technical risks and related cost overruns, there can be no assurance that these programs will be successful.

Non-performance of a key supplier or contractor

The Company's business is often dependent on performance by third parties and subcontractors for completion of contracts for which the Company is the prime contractor. Subcontractors for large systems are selected in concurrence with the customer's requirements, and if not directed by the customer, are selected through a competitive bid or negotiated process. Most major development subcontracts are established as fixed-price contracts. The Company depends on subcontractors having an economic incentive to perform such subcontracts for the Company. The Company has risks to its business from material breaches by its subcontractors, particularly those related to financial insolvency of the subcontractors or to cost overruns by subcontractors. Other risks include a significant price increase in those subcontracts that are not fixed-price, delays in performance, failure of any major subcontractor to perform or the inability of the Company to obtain replacement subcontractors at a reasonable price.

Rapidly changing technologies and customer demands

The markets in which the Company operates are characterized by changing technology and evolving industry standards. The Company's ability to anticipate changes in technology, technical standards and service offerings will be a significant factor in the Company's ability to compete or expand into new markets. Any new solution we develop or acquire might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. If any of our competitors implement new technologies before we are able to implement them, those competitors may be able to provide more effective solutions than ours at lower prices. To the extent that we adopt new technologies and introduce new solutions, we may face additional risks, such as increased R&D expenses, new data security risks, and lack of personnel with relevant experience.

Customer's ability to retain market share

The Company performs manufacturing services for a number of customers including building their products to meet their market demands. While these relationships are long-standing, the Company is susceptible to overall shifts in market demand for such products as well as our customers' share of their own markets. An erosion of a customer's market share for a particular product could have a direct impact on the Company's revenues and profitability.

Government contracts

During fiscal 2019, approximately 69% of the Company's total revenues were derived from contracts with the Canadian government and its agencies. The government may change its policies, priorities or funding levels through agency or program budget reductions or impose budgetary constraints. Furthermore, contracts with governments, including the Canadian government, may be terminated or suspended by the government at any time, with or without cause, and may be subject to certain audits or other claims. Although in the past the Company has rarely experienced cancellations of previously awarded significant contracts by the Canadian government, there can be no assurance that any contract with the government will not be terminated or suspended in the future.

Backlog

Most fee for service contracts provide the customer with the ability to adjust the timing and level of effort throughout the contract life and as such the amount actually realized could be materially different from the original contract value. At September 30, 2019 the Company's backlog included $145 million of contract value in excess of the current estimated utilization levels. Should additional customer requirements for the Company's services under these contracts not materialize, this excess will not be realized.

Insufficient or inappropriate mix of work for fixed labour resources

The majority of the Advanced Technologies segment are full time staff and represent a broad spectrum of unique skill sets. The success of this segment depends on securing sufficient labour to adequately match the required skill sets. If we cannot secure the required workforce, the Company may not be in a position to bid on or secure certain contracts.

Foreign currency risk

The Company operates internationally with approximately 19% of its business derived from non-Canadian sources. A substantial portion of this international business is denominated in major foreign currencies and therefore the Company's results from operations are affected by exchange rate fluctuations of these currencies relative to the Canadian dollar. The Company uses financial instruments, principally in the form of forward exchange contracts, in its management of foreign currency exposures. At September 30, 2019, the Company had various forward exchange contracts, which are explained in Note 28 to the Company's consolidated financial statements for the year ended September 30, 2019. The strengthening of the Canadian dollar relative to other foreign currencies may negatively impact the Company's competitiveness and increase pressure on margins for new work.

Although forward exchange contracts are used, the contracts do not represent 100% of the foreign exchange in operations of the company. There is still unmitigated risk due to currency exchange as described in Note 28 of the financial statements.

Foreign operations

Because our long-term success depends, in part, on our ability to continue to expand the sales of our solutions to customers located outside of North America, our business will be susceptible to risks associated with international operations.

We have limited experience operating in foreign jurisdictions. Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. Our limited experience in operating our business outside of North America increases the risk that our current and any future international expansion efforts will not be successful. Conducting international operations subjects us to new risks that, generally, we have not faced in North America, including:

- new and different sources of competition;
- unexpected changes in foreign regulatory requirements;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- difficulties in managing and staffing international operations, including differences in labour laws;

- potentially adverse tax consequences, including the complexities of foreign value-added tax systems;
- restrictions on the repatriation of earnings;
- localization of our solutions, including translation into foreign languages and associated expenses;
- the burdens of complying with multiple, conflicting foreign laws and different legal standards and regulatory requirements;
- requirements for regional hosting of customer solutions and data, which may require additional capital;
- increased financial accounting and reporting burdens and complexities;
- political, social and economic instability abroad, terrorist attacks and security concerns in general;
- difficulties enforcing agreements through foreign legal systems;
- trade and political barriers, as well as compliance with domestic economic sanctions and export control requirements; and
- reduced or varied protection for intellectual property rights in some countries.

The occurrence of any one of these risks could negatively affect our international business and, consequently, our results of operations generally. Additionally, operating in international markets also requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required in establishing, acquiring or integrating operations in other countries will produce desired levels of revenue or profitability.

Risks associated with acquisitions

We have completed a number of acquisitions and continue to seek opportunities to acquire or invest in businesses, products and technologies that could expand, complement or otherwise relate to our current or future business. We may also consider, from time to time, opportunities to engage in joint ventures or other business collaborations with third parties to address particular market segments. The pursuit of these activities may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions or joint ventures, whether or not they are consummated. If consummated, these activities create risks such as: (i) the need to integrate and manage the businesses and products acquired with our own business and products; (ii) additional demands on our resources, systems, procedures and controls; (iii) disruption of our ongoing business; (iv) adverse effects to our existing business relationships; and (v) potential loss of key employees. Moreover, these transactions could involve: (a) substantial investment of funds or financings by issuance of debt or equity securities; (b) substantial investment with respect to technology transfers and operational integration; and (c) the acquisition or disposition of product lines or businesses. Also, such activities could result in one-time charges and expenses and have the potential to either dilute the interests of existing shareholders or result in the issuance of, or assumption of debt. Such acquisitions, investments, joint ventures or other business collaborations may involve significant commitments of our financial and other resources. Any such activity may not be successful in generating revenue, income or other returns to us, and the resources committed to such activities will not be available to us for other purposes. Moreover, if we are unable to access capital markets on acceptable terms or at all, we may not be able to consummate acquisitions, or may have to do so on the basis of a less than optimal capital structure. Our inability to take advantage of growth opportunities for our business or for our products, or to address risks associated with acquisitions or investments in businesses, may negatively affect our operating results. Additionally, any impairment of goodwill or other intangible assets acquired in an acquisition or in an investment, or charges to earnings associated with any acquisition or investment activity, may materially reduce our earnings which, in turn, may have an adverse material effect on the price of our Common Shares.

If we do complete such transactions, we cannot be sure that they will ultimately strengthen our competitive position or that they will not be viewed negatively by customers, securities analysts or investors.

Insurance sufficiency and liability risk mitigation

Because customers use our services in some cases for critical business processes, errors by us in execution could cause customers to seek compensation or cause harm to our reputation. Although contracts with our customers limit our liability for errors, we could become subject to litigation for actual or alleged losses. The Company carries various forms of insurance to protect itself from a variety of insurable risks. The insurers under our existing liability insurance policy could deny coverage of a future claim that results from an error by us, or our existing liability insurance might not be adequate to cover all of the damages and other costs of such a claim. Moreover, we cannot assure that our current liability insurance coverage will continue to be available to us on acceptable terms or at all. The successful assertion against us of one or more large claims that exceeds our insurance coverage, or the occurrence of changes in our liability insurance policy, including an increase in premiums or imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition and results of operations.

Medical malpractice

As a result of the Company executing health services for numerous customers, the Company is subject to risks associated with the medical profession. In order to mitigate such risks, the Company has obtained medical malpractice and professional liability insurance. In addition, it is a condition of employment for doctors, dentists and other medical professionals to maintain appropriate credentials, be in good standing with their medical associations, and obtain medical malpractice insurance from their respective association. There can be no assurance that these risk mitigation steps will be successful in avoiding financial loss or reputational risk associated with the provision of medical services.

Consolidation of customer base

Certain markets and industries can experience both restructuring and consolidation. As the newly formed entities focus on optimizing cash flows and gaining economies of scale, opportunities may be diminished or work currently performed by the Company could be repatriated, resulting in a loss of revenue or the creation of a very competitive environment with commensurate pressure on margins.

Security breaches

Security breaches could delay or interrupt service to our customers, harm our reputation or subject us to significant liability and adversely affect our business and financial results. Our ability to retain customers and attract new customers could be adversely affected by an actual or perceived breach of security relating to customer information.

Our operations involve the storage and transmission of the confidential information of many of our customers and security breaches could expose us to a risk of loss of this information, litigation, indemnity obligations and other liability. If our security measures are breached as a result of third party action, employee error, malfeasance or otherwise, and, as a result, someone obtains unauthorized access to our customers' data, including personally identifiable information regarding users, damage to our reputation is likely, our business may suffer and we could incur significant liability. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to prevent these techniques or to implement adequate preventative measures.

We have implemented technical, organizational and physical security measures, including employee training, back-up systems, monitoring and testing and maintenance of protective systems and contingency plans, to protect and to prevent unauthorized access to confidential information of our customers and to reduce the likelihood of disruptions to our systems.

Despite these measures, all our information systems, including back-up systems and any third party service provider systems that we employ, are vulnerable to damage, interruption, disability or failure due to a variety of reasons, including physical theft, electronic theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events. We or our third party service providers may be unable to anticipate, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach our security measures or those of our third party service providers' information systems.

If a breach of our security measures occurs, the market perception of their effectiveness could be harmed and we could lose potential sales and existing customers.

Privacy concerns

Our operations are used to transmit and store data, including personal information. This includes highly sensitive personal information in our Health segment. All personal information is increasingly subject to legislation and regulations in numerous jurisdictions around the world that is intended to protect the privacy and security of personal information as well as the collection, storage, transmission, use and disclosure of such information.

The interpretation of privacy and data protection laws in a number of jurisdictions is constantly evolving. There is a risk that these laws may be interpreted and applied in conflicting ways from country to country. Many of these laws and regulations, including Canada's Personal Information Protection and Electronic Documents Act, and the European Union's General Data Protection Regulation contain detailed requirements regarding collecting and processing personal information, and impose certain limitations on how such information may be used, the length for which it may be stored, and the effectiveness of consumer consent. Certain laws and regulations, like the European Union's General Data Protection Regulation, also include restrictions on the transfer of personal information across state borders. Because certain of our products and services are accessible worldwide, certain foreign jurisdictions may claim that we are required to comply with such laws even in jurisdictions where we have no local entity, employees or infrastructure. Complying with these varying international requirements could cause us to incur additional costs and change our business practices.

We could be adversely affected if legislation or regulations are expanded to require changes in our products or business practices, if governmental authorities in the jurisdictions in which we do business interpret or implement their legislation or regulations in ways that negatively affect our business or if customers or other parties allege that their personal information was misappropriated as a result of a defect or vulnerability in our products. This type of regulation could reduce the demand for our products if we fail to design or enhance our products to enable our customers to comply with the privacy and security measures required in relevant jurisdictions. If we are required to allocate significant resources to modify our products or our existing security procedures for the personal information that our products transmit, our business, results of operations and financial condition may be adversely affected.

Environmental and health and safety risks associated with manufacturing

The Company is subject to environmental laws and regulations in the jurisdictions in which it operates. Such regulations govern, among other things, the maintenance of air and water quality standards, the health and safety of the Company's employees, and limitations on the generation, transportation, storage and disposal of solid and hazardous waste. The Company is exposed to environmental regulations as a result of its manufacturing activities, which are currently limited in scope but which may assume greater prominence as a result of the production of the Company's new carbon fiber antenna line. Environmental regulations are evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent assessments, and a heightened degree of responsibility for companies and their officers, directors, and employees.

Risks Relating to Our Common Shares

Price fluctuations

The market price for the Company's common shares (the "Common Shares") may fluctuate significantly in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in our quarterly results of operations;
- changes in estimates of our future results of operations;
- fluctuations in currency exchange rates;
- changes in forecasts, estimates or recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate or any other company that provides hosting services or delivers applications under a SaaS model;
- addition or departure of executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital reorganizations;
- commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to us;
- news reports relating to trends, concerns, technological or competitive developments, or regulatory changes; and
- other related issues in our industry and targeted markets.

Financial markets have experienced and may experience significant price and volume fluctuations that affect the market prices of equity securities of companies and that may be unrelated to the operating performance, underlying asset value or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if our operating results, underlying asset values or prospects have not changed. Conversely, the market price of the Common Shares may increase without any changes to our operating results, underlying assets value or prospects. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely affected and the trading price of our common shares may be materially adversely affected.

Dilution

The Company may issue additional Common Shares in the future, which may dilute a shareholder's investment in the Company. From time to time, we may seek additional equity or debt financing to fund our growth, enhance our products and services, respond to competitive pressures or make acquisitions or other investments. Our business plans may change, general economic, financial or political conditions in our markets may deteriorate or other circumstances may arise, in each case that have a material adverse effect on our cash flows and the anticipated cash needs of our business. Any of these events or circumstances could result in significant additional funding needs, requiring us to raise additional capital. We cannot predict the timing or amount of any such capital requirements at this time.

DIVIDENDS AND DISTRIBUTIONS

The Company's board of directors (the "Board") has declared and paid the following dividends on its common shares (the "Common Shares") over the last 3 years:

	Fiscal 2019	Fiscal 2018	Fiscal 2017
Quarter 1	$0.28	$0.28	$0.28
Quarter 2	$0.28	$0.28	$0.28
Quarter 3	$0.28	$0.28	$0.28
Quarter 4	$0.28	$0.28	$0.28

The Company intends to continue to declare quarterly dividends in line with its overall financial performance and cash flow generation, but there can be no assurance as to declaration, amount or payment of such dividends in the future. Decisions on dividend payments are made on a quarterly basis by the Board. The Company is not subject to any restrictions that would prevent it from paying dividends or distributions.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares ("Preferred Shares"). The holders of Common Shares are entitled to dividends if, as and when declared by the Board, to one vote per share at the meetings of holders of Common Shares and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares. The Preferred Shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The Preferred Shares are entitled to a priority over the Common Shares with respect to the payment of dividends and the distribution of assets upon liquidation of the Company. No Preferred Shares are outstanding as of the date of this Annual Information Form.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "CGY". The volume of trading and price ranges of the Common Shares for the periods indicated are set forth in the following table:

Fiscal 2019	Volume	High Trading Price	Low Trading Price
October 2018	205,300	$ 30.19	$ 25.76
November 2018	139,100	$ 30.05	$ 26.00
December 2018	36,800	$ 30.00	$ 26.99
January 2019	80,000	$ 31.25	$ 29.90
February 2019	102,900	$ 31.15	$ 28.70
March 2019	84,300	$ 32.30	$ 29.14
April 2019	102,100	$ 34.95	$ 31.99
May 2019	137,200	$ 34.88	$ 33.25
June 2019	162,800	$ 34.67	$ 33.50
July 2019	70,600	$ 34.50	$ 32.57
August 2019	247,500	$ 34.14	$ 32.55
September 2019	67,400	$ 36.00	$ 34.00

DIRECTORS AND OFFICERS

Directors

The members of the Board are elected each year at the annual meeting of the shareholders of the Company. The next annual meeting of the shareholders will be held on February 6, 2020. The following table presents the name, municipality of residence, period of service and principal occupation of each of the current directors of the Company.

Name and Residence	Director since:	Principal Occupation(s) within the 5 preceding years
Kenneth J. Loeb (1) Ontario, Canada	2001	Executive Chairman, Ambassador Realty Inc.
Richard A. Vickers, FCPA, FCA (3) Ontario, Canada	2003	Consultant, R. A. Vickers Management Inc.

Name and Residence	Director since:	Principal Occupation(s) within the 5 preceding years
Ray Basler, Saskatchewan, Canada	2005	Consultant
George Weber[(4)] Ontario, Canada	2012	President, WEBX Consulting Ltd.
Kevin Ford Ontario, Canada	2015	President and CEO, Calian Group Ltd.
Jo-Anne Poirier [(2)] Ontario, Canada	2016	President and CEO, VON Canada
Young Park Ontario, Canada	2017	Consultant

NOTES:
(1) Chair of the Board and Chairman of the Nominating Committee
(2) Chair of the Governance Committee
(3) Chair of the Audit Committee
(4) Chair of the Compensation Committee

Mr. Loeb, Mr. Vickers, Mr. Weber, Ms. Poirier and Ms. Park are the members of the Governance Committee, the Audit Committee and the Compensation Committee of the Board. Mr. Loeb, Mr. Vickers and Mr. Weber are members of the Nominating Committee. Mr. Basler and Mr. Ford are not members of any committee of the Board.

The above-mentioned persons have held the principal occupations set below their names or other management functions within their respective organizations for at least the last five years except for:

Ray Basler, who was President and Chief Executive Officer of Calian Group Ltd. until March 31, 2015.

Kevin Ford, who was the Vice President and General Manager, Business and Technology Services division of Calian Group Ltd. from October 1, 2010 to March 31, 2015.

George Weber was President and Chief Executive Officer of Royal Ottawa Health Care Group until August 2018.

Young Park was Executive VP and CIO for D+H from September 2012 to June 2016.

Officers

The following table presents the name, province of residence and position held by each of the executive officers of the Company.

Name and Residence	Position with Calian
Kevin Ford Ontario, Canada	President and Chief Executive Officer
Patrick Houston Ontario, Canada	Chief Financial Officer and Corporate Secretary
Jacqueline Gauthier Quebec, Canada	Senior VP of Corporate Development
Jerry Johnston Ontario, Canada	Chief Information Officer
Patrick Thera Saskatchewan, Canada	Vice President and General Manager, Systems Engineering Division

All of the above-mentioned persons have held the principal occupation for at least the last five years except for:

- Kevin Ford, who was the Vice President and General Manager, Business and Technology Services division of Calian Group Ltd. from October 1, 2010 to March 31, 2015.
- Jerry Johnston, who was the Vice President, Training and Engineering Services of Calian Group Ltd. from October 1, 2013 to March 31, 2018.
- Patrick Houston who was appointed Chief Financial Officer March 1, 2019.
- Jacqueline Gauthier who was Chief Financial Officer from April 1, 2002 to February 28, 2019.

As of November 25, 2019, the directors and officers of the Company as a group, beneficially own, directly and indirectly, or exercise control of 108,941 or 1.4% of the Common Shares.

<u>Cease Trade Orders, Bankruptcies, Penalties or Sanctions</u>

No director or executive officer of Calian is, as at the date of this Annual Information Form, or was within 10 years prior to the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company that (a) was subject to a cease trade or similar order or an order that denied any such company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to a cease trade or similar order or an order that denied any such company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as described below, no director or executive officer of Calian and, to the knowledge of the Company, no shareholder holding a sufficient number of securities of Calian to materially affect its control is or was, in the 10 years preceding the date of this 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 bankruptcy or insolvency related legislation 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:

- Jo-Anne Poirier is the President and CEO of VON Canada Group, which includes Victorian Order of Nurses for Canada ("VON Canada"), Victorian Order of Nurses for Canada, Eastern Region ("VON East") and Victorian Order of Nurses for Canada- Western Region ("VON West").The Ontario Superior Court of Justice granted an initial order under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") on November 25, 2015, staying all claims and actions against VON Canada, VON East and VON West and its assets, and allowing these entities to prepare a plan of compromise or arrangement for its creditors. The plans of arrangement for these three legal entities received a favourable vote from the creditors and Ontario Superior Court of Justice granted these three legal entities a Sanction Order for their respective plans of arrangement and compromise on November 23, 2016. In January 2017, the VON Canada, East and West emerged from CCAA protection. VON Ontario and Nova Scotia continue to operate as well and were not part of the CCAA process.

- Patrick Houston was formerly the Chief Financial Officer of DragonWave Inc. On July 31, 2017, the Ontario Superior Court of Justice appointed a receiver over the business and assets of DragonWave Inc., following an application by Dragonwave Inc.'s senior lenders, pursuant to the *Bankruptcy and Insolvency Act* (Canada).

No director or executive officer of Calian and, to the knowledge of the Company, no shareholder holding a sufficient number of securities of Calian to materially affect its control, within the 10 years preceding the date of this Annual Information Form, has become bankrupt, made a proposal under any bankruptcy or insolvency related legislation or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his, her or its assets.

No director or executive officer of Calian and, to the knowledge of the Company, no shareholder holding a sufficient number of securities of Calian to materially affect its control has been subject to (a) 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 (b) any other penalties or sanctions imposed by a court of regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the knowledge of the Company, there exists no material conflicts of interest between Calian or a subsidiary of Calian and any director or officer of Calian or a subsidiary of Calian.

AUDIT COMMITTEE

Audit Committee Charter

The text of the Company's Audit Committee Charter is attached at Appendix "A" to this Annual Information Form.

Composition

The current Audit Committee members are: Mr. Richard Vickers (Chairman), Mr. Kenneth Loeb, Mr. George Weber, Ms. Jo-Anne Poirier and Ms. Park. All of the committee members are independent and financially literate.

Education and Experience

Mr. Richard Vickers is an FCPA and FCA with over 40 years of experience in the financial field. Mr. Vickers worked at PricewaterhouseCoopers LLP from 1965 to 1998, including as an audit partner from 1973 to 1998 and was Chief Operating Officer, Borden Ladner Gervais LLP from 1999 to 2009. Mr. Vickers holds a Bachelor of Arts degree from Carleton University.

Mr. Kenneth Loeb holds a Juris Doctor degree from Osgoode Hall Law School and maintained a private law practice for ten years. He is currently Executive Chairman of Ambassador Realty Inc. , owning, managing and developing commercial, industrial and residential properties in Ottawa, Eastern Ontario and southeast Florida. He deals on a daily basis with legal and accounting issues including issues related to internal controls and financial reporting.

Mr. George Weber recently retired as the President and Chief Executive Officer of The Royal Ottawa Health Care Group, a post he has held since 2007 after serving as a CEO of a number of national and international organizations over two decades. Mr. Weber currently (or formerly) chairs a number of board and audit Committees. Mr. Weber received his Education and Master of Arts degrees from McGill University and has attended the Harvard Advanced Management Program. Mr. Weber is a member of the Institute of Corporate Directors and earned his ICD.D in 2008. He also obtained his audit committee designation from the Directors College in 2015.

Ms. Jo-Anne Poirier is the President and Chief Executive Officer of VON Canada, a corporation with revenue of $300M. Ms. Poirier holds undergraduate and graduate degrees in Business and Public Management. Her experience spans over 35 years in the private, public and not-for-profit sectors. She has extensive Board experience, as well as sitting on Finance and Audit Committees and Executive Committees and Board Leadership (chair positions) for several health organizations over the last few years such as the Local Health Integrated Network, the Ottawa Board of Health, the Ottawa Convention Center and CHEO. She is a member of the Institute of Corporate Directors (ICD) and earned her ICD.D designation in 2017.

Ms. Young Park is a C-level executive who provides a combination of business and technology transformations, corporate governance, and risk management experience. With more than 30 years of experience, Ms. Park has led organizational and business transformation, technology transformation, business continuity planning, large complex operations management including global delivery, and P&L management. Working with enterprise-level professional boards in both private and public companies to enable the leadership and funding of business and technology transformations has been fundamental in Ms. Park's previous executive roles. As a leader in mergers and acquisitions, she has led the assessment of business, technology and executive leadership of global enterprise acquisitions as well as integrations involving D+H and CGI Group Inc. Ms. Park received her Bachelor of Mathematics (Computer Science) from the University of Waterloo in May 1985. She is a member of the Institute of Corporate Directors (ICD) and earned her ICD.D designation in 2015.

Pre-Approval of Non-Audit Services

The following describes the Company's policy relating to the engagement of the external auditors for the provision of non-audit services.

When requiring the use of accounting and taxation and other consulting services, the Company will not utilize the services of its current external auditor where the delivery of the service may create a potential or perceived conflict of interest. Consulting services, which require subsequent external auditing, cannot be performed by the Company's auditors. For greater clarity, the following consulting services do not present a conflict of interest: advice relating to the accounting treatment of new IFRS pronouncements or services ancillary to the audit; preparation of corporate tax returns; and advice on tax related matters.

At each quarterly Audit Committee meeting, the Chief Financial Officer will request the Audit Committee to approve the non-audit services expected to be performed by the external auditor during the next quarter. If during the quarter, additional requirements are identified, the Chief Financial Officer will obtain a separate approval from the Audit Committee prior to the work commencing. To ensure that all services performed by the external auditors are approved in accordance with this policy, management must discuss their requirements with the Chief Financial Officer prior to any work commencing.

In addition, at each quarterly audit committee meeting, the Chief Financial Officer will report on the following: new engagements initiated during the most recent quarter, activities performed on each active engagement and amount of fees paid to the external auditors during the current quarter and on a year-to-date basis on each active engagement.

External Auditor Service Fees Billed

	Fiscal 2019	**Fiscal 2018**
Audit Fees	$ 378,521	$ 355,263
Audit-Related Fees	78,000	-
Tax Fees	61,480	61,547
All Other Fees	-	-
TOTAL	$ 518,001	$ 416,810

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not party to any material legal proceedings. The Company was not party to any material legal proceedings in the preceding financial year and is not aware of any contemplated material legal proceedings.

The Company has not been subject to (a) any penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended September 30, 2019, (b) any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, or (c) any settlement agreements entered into by the Company before a court relating to securities legislation or within a securities regulatory authority during the financial year ended September 30, 2019.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of (a) any director or executive officer of the Company, (b) any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of the Company's outstanding securities, or (c) any associate or affiliate of any of the foregoing, in any transactions within the three most recently completed financial years that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRARS

The transfer agent and registrar for the Common Shares is AST Trust Company (Canada) at its principal office in Toronto, Ontario.

INTERESTS OF EXPERTS

The Company's annual financial statements for the year ended September 30, 2019 have been audited by Deloitte LLP, the Company's independent auditor. Deloitte LLP has no registered or beneficial interests in the Company or any of the Company's associates or affiliates.

MATERIAL CONTRACTS

The Company has not entered into any material contracts since October 1, 2019, other than material contracts entered into in the ordinary course of business.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Other additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans for the financial year ended September 30, 2019, is contained in the Company's Management Proxy Circular for our most recent annual meeting of shareholders that involved election of directors. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for its most recently completed financial year.

APPENDIX "A

CALIAN GROUP LTD.
AUDIT COMMITTEE CHARTER

The Audit Committee (The Committee) will assist the Board of Directors in fulfilling its oversight responsibilities. In performing its duties, the Committee will maintain effective working relationships with management and the external auditors. The Committee expects the management of the Corporation to operate in compliance with the Corporation's Code of Conduct and corporate policies; with laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.

1. DEFINITIONS

1.1 Financial Literacy

"Financially Literate" means the ability to read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto and be sufficiently versed in financial matters to understand the Corporation's accounting practices and policies and the major judgments involved in preparing the financial statements.

1.2 Independent Director

An "Independent Director" means a Director that has no direct or indirect material relationship with the issuer. A material relationship means a relationship, which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of a director's independent judgment.

2. GENERAL PROCEDURES

2.1 The Committee shall be composed of a minimum of three directors, all of whom shall be independent directors and financially literate.

2.2 The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chairman, upon the request of two members of the Committee or at the request of the Chairman of the Board of the Corporation or the external auditors.

2.3 A quorum shall be a majority of the members.

2.4 Unless the Committee otherwise specifies, the Secretary of the Corporation shall act as Secretary of all meetings of the Committee.

2.5 In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.

2.6 A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee in a timely fashion.

2.7 Committee meeting agendas shall be the responsibility of the Chairman of the Committee in consultation with Committee members, senior management and the external auditors.

2.8 The Committee shall communicate its expectations to management with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management at least five (5) days in advance of meeting dates.

2.9 At each meeting of the Committee, the members of the Committee shall meet in private session with the Corporation's auditors.

2.10 The Committee, through its Chairman, shall report after each Committee meeting to the Board at the Board's next regular meeting.

2.11 To assist the Committee in discharging its responsibilities, the Committee may, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise.

2.12 The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

3. Specific Responsibilities and Duties

3.1 Financial Reporting

3.1.1 review the Corporation's quarterly financial statements including the Management Discussion and Analysis (MDA) and related press releases with management and review the Corporation's annual audited financial statements with the external auditors to gain reasonable assurance that the statements are accurate, complete, represent fairly the Corporation's financial position and performance and are in accordance with GAAP and report thereon to the Board before such financial statements are approved by the Board. Specifically, in its review of the Financial Statements, MDA and press releases, the Committee should:

a) obtain an explanation from management of all significant variances between comparative reporting periods and budget;
b) review unusual items and other material matters outside of the normal course of business that affect financial reporting and adequacy of disclosure;
c) review related party transactions and adequacy of disclosure;
d) review key estimates and judgments;
e) review uncertainties, commitments and contingent liabilities and;
f) review the appropriateness of the Corporation's significant accounting principles and practices, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.

3.1.2 review the quarterly and annual compliance of management certification of financial reports with applicable legislation and attestation of the Corporation's disclosure controls and procedures.

3.1.3 review general accounting trends and issues regarding accounting policy, standards and practices, including new developments with Generally Accepted Accounting principles, which may affect the Corporation.

3.1.4 annually review with management and the external auditors the degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgments and reserves.

3.1.5 receive from the external auditors reports on their audit of the annual financial statements.

3.1.6 receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee.

3.1.7 Review any report which accompanies published financial statements (to the extent such report discusses financial condition or operating results) for consistency of disclosure with the financial statements themselves.

3.1.8 review and, if appropriate, recommend approval to the Board of prospectuses, material change disclosures of a financial nature, management discussion and analysis, annual information forms and similar disclosure documents to be issued by the Corporation.

3.2 Internal Controls

3.2.1 review and monitor the Corporation's internal control procedures, program and policies, and assess the adequacy and effectiveness of internal controls over the accounting and financial reporting systems.

3.2.2 review the annual plan for internal audits.

3.2.3 review the reports of the Corporation on internal audits with respect to control and financial risk, and any other matters appropriate to the Committee's duties. The Committee shall review the adequacy and appropriateness of management's response, including the implementation thereof.

3.2.4 review the evaluation of internal controls by the external auditors, together with management's response.

3.2.5 review the adequacy of the Corporation's internal audit resources.

3.2.6 review the working relationship between management and the external auditors.

3.3 External Auditors

3.3.1 recommend to the Board the nomination of the external auditors and approve the remuneration and the terms of engagement of the external auditors as set forth in the Engagement Letter.

3.3.2 review the performance of the external auditors annually or more frequently as required and receive from the external auditors the annual CPAB public report. Furthermore, in the event that CPAB inspects the audit file of the Corporation, the committee will receive and review the following information:

3.3.2.1 a description of the focus areas selected for inspection by the CPAB;
3.3.2.2 An indication of whether or not there are any significant inspection findings; and
3.3.2.3 if there are significant inspection findings, a description of the findings and any actions the firm has taken in response to the findings and CPAB disposition;

3.3.3 receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation.

3.3.4 review with the external auditors the audit plan including the scope of the audit, the areas of special emphasis to be addressed in the audit, the extent to which the planned audit scope can be relied upon to detect weaknesses in internal control or fraud or illegal acts, and the materiality levels which the external auditors propose to employ. The Committee should recommend to the Board of Directors the scope of the external audit as stated in the audit plan.

3.3.5 review all engagements for non-audit services provided by the external auditors together with fees for such services, and consider the impact of this on the independence of the external auditors. The Committee shall determine which non-audit services the external auditors are prohibited from providing.

3.3.6 meet annually with the external auditors in the absence of management to determine,

a) that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
b) the level of cooperation received from management;
c) any unresolved material differences of opinion or disputes;
d) the effectiveness of the work of internal audit; and
e) the quality of the financial personnel.

3.3.7 establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee.

3.3.8 when a change of auditors is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by regulations and the planned steps for an orderly transition.

3.3.9 When discussing auditor independence, the Committee will consider both rotating the lead audit partner or audit partner responsible for reviewing the audit after a number of years and establishing hiring policies for employees or former employees of its external auditor.

3.4 Risk Management

3.4.1 Put in place procedures to receive and handle complaints or concerns received by the Corporation about accounting or audit matters including the anonymous submission by employees of concerns respecting accounting and auditing matters.

3.4.2 acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:

a) reviewing with management the Corporation's tolerance for financial risks;
b) reviewing with management its assessment of the significant financial risks facing the Corporation;
c) reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks;
d) reviewing with management its plans, processes and programs to manage and control such risks.

3.4.3 ascertain that policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value and review such policies and procedures periodically.

3.4.4 ascertain that policies and procedures include comprehensive computer disaster recovery plans.

3.4.5 review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion.

3.4.6 review foreign currency risk mitigation strategies, including the use of derivative financial instruments.

3.4.7 review the adequacy of insurance coverage maintained by the Corporation.

3.4.8 review regularly with management and the external auditors any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements.

3.5 Compliance with Laws and Regulations

3.5.1 review regular reports from management and others (e.g. internal and external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:

a) tax and financial reporting laws and regulations;
b) legal withholding requirements;
c) environmental protection laws and regulations;
d) other laws and regulations which expose directors to liability.

3.5.2 review reports with respect to Occupational Health and Safety matters having a potential significant financial impact and to gain reasonable assurance annually that the Corporation's reserves with respect to such matters are sufficient and appropriate.

3.5.3 review the status of the Corporation's tax returns and those of its subsidiaries.

3.6 Other Responsibilities

3.6.1 review periodically the form, content and level of detail of financial reports to the Board.

3.6.2 approve quarterly the reasonableness of the expenses of the Chief Executive Officer.

3.6.3 after consultation with the Chief Financial Officer and the external auditors, gain reasonable assurance, at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources.

3.6.4 review in advance the appointment of the Corporation's Chief Financial Officer.

3.6.5 investigate any matters that, in the Committee's discretion, fall within the Committee's duties.

3.6.6 review reports from management, the external auditors, and/or other Committee Chairmen on their review of compliance with the Corporation's Code of Conduct.

3.6.7 perform such other functions as may from time to time be assigned to the Committee by the Board.

3.7 Accountability

3.7.1 annually review and assess the adequacy of its mandate and evaluate its effectiveness in fulfilling its mandate.

3.7.2 review and update this Charter on a regular basis for approval by the Board.

3.7.3 review the description of the Committee's activities as set forth in the Corporation's statement of corporate governance practices.