



**CALIAN GROUP LTD.**

**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2022**

December 19, 2022

**CALIAN GROUP LTD.**  
**ANNUAL INFORMATION FORM**  
**YEAR ENDED SEPTEMBER 30, 2022**

Table of Contents

FORWARD-LOOKING STATEMENTS .....	2
CORPORATE STRUCTURE.....	3
GENERAL DEVELOPMENT OF THE BUSINESS.....	4
2020 Fiscal Year: .....	4
2021 Fiscal Year: .....	6
2022 Fiscal Year: .....	9
DESCRIPTION OF THE BUSINESS .....	12
Advanced Technologies .....	13
Health .....	16
Learning .....	16
Information Technology & Cybersecurity .....	17
The Market .....	17
Strategy.....	17
Specialized Skill and Knowledge.....	18
Sales and Marketing .....	18
Competition.....	19
Research and Development and Intellectual Property .....	20
Employees .....	20
Facilities .....	21
Bankruptcy and Similar Procedures.....	21
Corporate Social Responsibility and Environment, Social and Governance .....	21
Risk Factors.....	22
Risks Relating to our Business.....	22
Risks Relating to Our Common Shares.....	31
DIVIDENDS AND DISTRIBUTIONS .....	32
DESCRIPTION OF CAPITAL STRUCTURE.....	32
MARKET FOR SECURITIES.....	32

DIRECTORS AND OFFICERS .....	33
Directors .....	33
Officers.....	34
AUDIT COMMITTEE.....	37
LEGAL PROCEEDINGS AND REGULATORY ACTIONS .....	37
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	39
TRANSFER AGENT AND REGISTRARS.....	39
INTERESTS OF EXPERTS .....	39
MATERIAL CONTRACTS .....	39
ADDITIONAL INFORMATION.....	39
APPENDIX “A” .....	40

## EXPLANATORY 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 December 19, 2022 and, unless specifically stated otherwise, all information disclosed in this form is provided as at September 30, 2022, the end of Calian’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 includes 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 in this Annual Information Form include, but are not limited to, statements about the use of net proceeds of the bought deal offering completed in early 2021, the manner in which the Company intends to achieve and maintain growth, management’s expectations for the markets in which the Company provides its services and competition to be faced by the Company and

expectations for certain customer projects described herein including expected timing of completion for certain projects.

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.

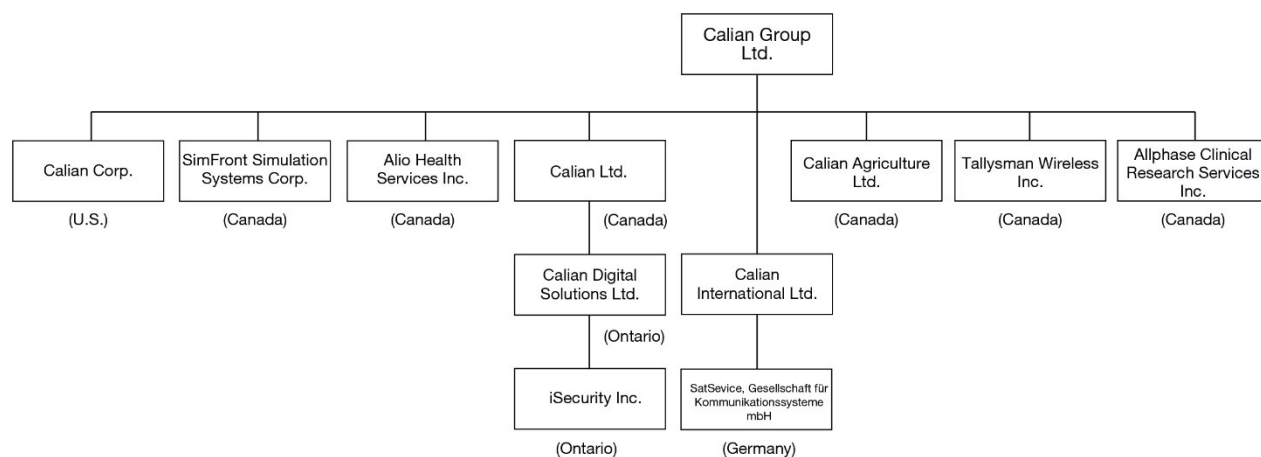
The Company cautions that the forward-looking statements in this Annual Information Form are based on current expectations as at December 19, 2022 that are subject to change and to risks and uncertainties, including those set out under the heading "Risk Factors" below, many of which are outside the Company's control. Actual results may materially differ from such forward-looking information due to facts 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 with 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* 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 certain "private company restrictions" contained therein. 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 *Canada Business Corporations Act*. 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 material operating subsidiaries:



The Company also has the following non-material operating subsidiaries: InterTronic Solutions Inc., Calian Europe AS (formerly Comprehensive Training Solutions AS), Calian UK Ltd. (formerly Cadence Consultancy Limited), Primacy Management Inc., Calian Composites Ltd., Calian US, Inc., IntraGrain Technologies (US), Global Healthcare Services Inc. and DWP Solutions Inc. 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 2022 had a total revenue of \$582 million. The Company provides services to industry and government across diverse sectors, with a strategy of focusing on niche markets. The Company enters fiscal year 2023 with an order backlog of \$1,292 million, of which approximately 32% pertains to fiscal 2023 and 16% pertains to fiscal year 2024.

The Company operates in four operating segments defined by their primary type of service offering, namely Advanced Technologies, Health, Learning, and Information Technology and Cyber Security (ITCS). 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. Health provides a host of healthcare services to Canadian customers and clinician services. Learning provides instructor led, e-learning, in class, and simulation-based learning to primarily Canadian and a growing list of international customers. The ITCS segment provides professional services and solutions for application-based infrastructure, and cyber security.

### **2020 Fiscal Year:**

Notwithstanding the COVID-19 crisis, the Company achieved record results in fiscal 2020 by exceeding its targets and delivering its biggest year on record.

The Company experienced a significant growth in revenue in its fourth quarter and fiscal year, increasing revenue by 35% in the three-month period and 26% for the 12 months ended September 30, 2020, compared to already record levels in the same periods of the prior year. Revenue growth in the 12-month period ended September 30, 2020 can be attributed to 21% organic growth, and 5% from acquisitions. We measure our

growth through acquisition on trailing twelve-month basis; once the acquisition has been included in our results for twelve-months, we include their contribution in our organic growth metric.

During fiscal 2020, Advanced Technologies revenues increased by 40% from the preceding year. Growth was a result of demand for ground systems projects, increases in volumes of a new mobile wireless product to the Tier 1 North American mobile operator, contract manufacturing for various defence projects, and increases due to an ongoing Satellite Gateways software systems project. Health revenues increased by 41% from the preceding year, due to growth throughout the segment, new contract wins for fast turnaround in relation to the COVID-19 pandemic, and acquisitive revenue in the pharmaceutical services market. Learning revenues decreased by 8% when compared to the previous year, due to the impacts of temporary stay at home orders and restrictions imposed around the COVID-19 pandemic. Information Technology revenue increased by 6% compared to 2019, due to increased demand from existing customers for cyber security products, increase in maintenance revenue, and an increase in service delivery for IT professional services across a number of existing customers.

Key events in fiscal 2020 are listed below.

In early 2020, the Company completed a \$69 million bought deal public offering. The Company intends to use the net proceeds from the Offering to, among other things, pursue strategic growth initiatives, including several acquisitions completed in 2020 as detailed below.

On January 27, 2020, the Company began delivery of a new custom telecommunications product for a Tier 1 North American mobile operator. The product enables the customer to maximize its use of existing spectrum assets and supports ongoing development and upgrade of its mobile network. The multimillion-dollar commitment is expected to span multiple quarters.

On January 31, 2020, the Company acquired Allphase Clinical Research Services Inc. and Alio Health Services Inc. The companies serve the pharmaceutical and medical device industry and the broader health care sector with clinical trial services, specialty medication support and community care and other services, all enabled by an innovative health care delivery management software application. The transaction provides the Company's Health segment with access to innovative services and new customer segments in pharmaceuticals, hospital care and patient support at home.

On February 12, 2020, the Company was selected by a global satellite communications operator for the provision and installation of new radio frequency (RF) satellite ground systems. Delivery on the contract, valued at over \$30 million, started in 2020 and is expected to be completed within approximately two years.

On April 28, 2020, the Company was awarded a Department of National Defence (DND) contract to provide training services for the Canadian Forces School of Aerospace Technology and Engineering (CFSATE). Under the contract, the Company will deliver training and other services to CFSATE, including course review, design and delivery and technology support. The initial contract term is two years, with an awarded value of approximately \$18 million. With two optional extension periods of two years each, the aggregate contract value over the full six-year period is approximately \$54 million.

On May 15, 2020, the Company successfully recompleted for a \$22 million contract award to provide expanded cyber security and informatics services to the DND. Under the contract award, the Company will continue to provide consulting services to support DND's information and cyber security initiatives. The Company was awarded additional services in the areas of project management, change management, network security, IT security vulnerability assessments, IT security system operations, and incident management.

On June 11, 2020, the Company was awarded a \$22 million contract by SNC-Lavalin PAE Joint Venture to support the delivery of up to ten 100-bed Mobile Respiratory Care Units (MRCUs) for the Government of

Canada's pandemic response efforts. The easily storable, accessible and transportable MRCUs are self-sufficient units that will provide targeted care for persons with acute respiratory disease and distress.

On June 16, 2020, the Company commercially released the Decimator D4, the fourth generation of its spectrum analyzer product line designed to monitor radio frequency (RF) communications and detect signal issues. Its most significant new feature is signal analysis, complementing spectrum analyzer capabilities. Powered by a new signal processing engine, the Decimator D4 demodulates and decodes satellite signals, allowing a deeper inspection and analysis of the signals than a traditional spectrum display. The feature proactively identifies issues in the network before they manifest as a failure. The Decimator D4 is ideally suited for satellite, wired and terrestrial wireless networks.

On June 17, 2020, the Company launched Calian ResponseReady, a licensed software solution now available for the design, delivery and evaluation of emergency exercises and training ranging from large-scale, multi-department, multi-agency exercises, to smaller organizational exercises and drills. The software brings the exercise scenario to life, delivering a realistic experience to participants. Following the exercise, an evaluation function provides identification of lessons learned through an assessment of the effectiveness of the response, with fair and accurate findings supported by the observations of the evaluators.

On July 8, 2020, the Company acquired Comprehensive Training Solutions International (CTS), a boutique training firm based in Stavanger, Norway. CTS designs, develops and delivers complex training exercises for the Joint Warfare Centre (JWC), a multi-national and multi-service organization of NATO, and the wider NATO audience across Europe. CTS will support the growth of Calian's business in Europe as well as customer diversification, a key pillar within Calian's four-pillar growth framework.

On July 14, 2020, the Company acquired EMSEC Solutions Inc. (EMSEC), a boutique firm specializing in radio frequency (RF) emission security and technical surveillance countermeasures. EMSEC's customized services include vulnerability assessments, monitoring, training, risk mitigation and countermeasure sweeps. The firm's emission analyzer software product, FASTBREAK, provides automated and manual signal analysis supporting production testing, equipment certification, as well as troubleshooting, investigation and research.

On September 2, 2020, the Company acquired Tallysman Wireless Inc. (Tallysman), a leading manufacturer of precision Global Navigation Satellite Systems (GNSS) antennas, and related components. Tallysman designs, manufactures and sells a very wide range of GNSS, Iridium and Globalstar antennas and related products into a market with a broad range of vertical applications that include precision reference systems, survey, timing, precision agriculture, unmanned and autonomous vehicles, marine and many more. The company also produces cloud based wireless tracking systems over two-way radio systems and 4G category M cellular systems, for applications ranging from school buses to municipal public works. The company is widely recognized as a technology leader and is the supplier of high precision antennas to a number of leading precision GNSS systems providers.

On September 24, 2020, the Company was awarded an \$18 million contract by the DND to provide Science and Technology research capabilities.

### **2021 Fiscal Year:**

The Company continued its successful growth trajectory in the fourth quarter and its fiscal year where growth was achieved in all four operating segments. Revenues increased by 4% in the three-month period and 20% for the 12 months ended September 30, 2021, compared to the same periods of the prior year. Revenue growth in the 12-month period ended September 30, 2021 can be attributed to 8% organic growth, and 12% from acquisitions. EBITDA for the annual period ended September 30, 2021 is at all-time highs of \$51,929, which

is a 41% increase over the same period in the previous year. EBITDA as a percentage of revenue is now above 10%.

During fiscal 2021, Advanced Technologies revenues increased by 9% from the previous year. Current year growth came primarily from acquisitive means, but the Advanced Technologies segment has seen an increased demand in the defence products division, which predominantly comes at higher margins historically. Health revenues increased by 20% from a very strong prior period revenue figure, due to demand in COVID-19 pandemic related services, increased demand from our health care requirements work and acquisitive revenue in the pharmaceutical services market. Learning revenues increased by 8% when compared to the previous year which is a result of acquisitive revenue from our acquisition in the European markets, and our services coming back to full delivery whereas they were affected in the prior year due to stay at home orders in relation to COVID-19 restrictions and customer site closures. Information Technology revenue increased by 42% compared to the previous year, which is a result of increased demand in our cyber solutions business and from acquisitive growth.

Key events in fiscal 2021 are listed below.

On November 2, 2020, the Company acquired Cadence Consultancy Limited., a UK based training firm with operations across the North Atlantic Treaty Organization (NATO), with a particular focus on the Joint Forces Training Centre (JFTC) in Bydgoszcz, Poland. Cadence designs, develops and delivers complex training exercises for JFTC, one of the two multi-national and multi-service collective training centers in NATO, and to the wider NATO audience across Europe. It also delivers operational training to members of the NATO Mission Iraq and the NATO Resolute Support Mission in Afghanistan.

The Company's five acquisitions in the 2020 fiscal year supported our growth objectives with new products, solutions and an expanded customer base in Canada and internationally. Through strategic acquisitions, customer retention and diversification and new product delivery, the Company continued our strategic pivot toward establishing ourselves as an innovative, global growth company.

On January 4, 2021, the Company announced the acquisition of InterTronic Solutions Inc. (InterTronic), Canada's foremost producer of high-performance antenna systems. Bringing together Calian ground satellite systems and InterTronic antenna systems gives aerospace, defence, and satellite communications customers a broad range of capabilities to meet their most critical Radio Frequency (RF) ground system requirements. The state of the art, high precision antenna solutions built by InterTronic include high-accuracy, high-speed motion systems used by military, scientific and commercial customers. Applications of InterTronic solutions include Radio Astronomy, Radar, Electronic Warfare, Deep Space and Satellite Communications. Combining InterTronic antenna lines with Calian's composite fiber antenna line provides customers with a compelling range of antenna solutions to meet their most demanding requirements for low earth orbit, medium earth orbit, geo-stationary orbit, deep space and radar. When combined with Calian's ground systems engineering capabilities, Calian can now offer a broader range of innovative end-to-end ground system solutions.

On January 7, 2021, the Company announced the closing of an \$80 million debt agreement with Royal Bank of Canada and Desjardins Capital Markets. The three-year term came with an accordion of \$40 million for total availability of up to \$120 million and replaced the Company's previous credit line with RBC. The long-term committed capital enables the Company to continue to execute its growth strategy that includes entry into new markets, product development, acquisition integration, and continued focus on new mergers and acquisitions.

On February 22, 2021, the Company acquired Dapasoft Inc., a leading provider of innovative systems integration, cloud lifecycle management and cybersecurity solutions, which enable clients to securely implement digital transformation initiatives. The acquisition was the Company's largest to date, and adds depth and breadth to Calian's core capabilities, thereby accelerating its go-to-market strategy in the rapidly growing



digital healthcare industry. Dapasoft, a Microsoft Gold Partner, and its wholly owned subsidiary, iSecurity, came together in 2019 to provide full-service cloud lifecycle management and cybersecurity solutions. Their Corolar integration engine has been deployed in over 30 healthcare institutions across Canada, and their proprietary cybersecurity solutions are used by customers in healthcare, financial services and critical infrastructure across North America. The acquisition of Dapasoft and its subsidiary, iSecurity, aligns with two pillars of the Calian growth strategy: Customer Diversification and Innovation.

On March 8, 2021, the Company re-won a Regional Individual Standing Offer (RISO) by the Department of National Defence (DND) to provide research assistant services to the Royal Military College of Canada (RMC). Valued at up to \$32.5M over 5 years, under this agreement Calian provides research assistance to RMC University Professors who carry out Research and Development in the broad disciplines of engineering, science, social science and humanities, with the aim of providing high quality defence-related and inquiry-based research and leadership.

Also on March 8, 2021, the Company announced a \$75 million bought deal public offering of common shares. The Company entered into an agreement with a syndicate of underwriters co-led by Desjardins Capital Markets and Acumen Capital Finance Partners Limited, acting as joint bookrunners (collectively, the Underwriters), pursuant to which the Underwriters agreed to purchase on a bought deal basis 1,240,000 common shares at a price of \$60.50 per common share for aggregate gross proceeds to Calian of \$75,020,000. The Company intends to use the net proceeds from the Offering to pursue strategic growth initiatives, including acquisitions, and for general corporate purposes.

On March 15, 2021, the Company was awarded a multi-year contract by MDA, an international space mission partner, to provide reliable, high performance satellite flight operations support to the Canadian Space Agency (CSA). Based in the CSA's Multi-Mission Control Centre in St. Hubert, Quebec, Calian's team of engineers and technicians will carry out day-to-day Satellite Engineering, Flight Dynamics, Spacecraft Planning, Real-Time Console Operations and Ground Systems Maintenance for the CSA's current fleet of satellites, as well as prepare for the operation of future missions as they come online. The contract gives testament to Calian's capabilities in satellite operations and proven track record in maximizing the useful life of the satellite missions they support. The three-year contract with MDA is valued at approximately CDN\$16 million, with options to extend up to two additional years.

On June 10, 2021, Calian was listed on the Financial Post 500 for the first time in company history, ranking among the 500 largest Canadian corporations by revenue. Calian broke onto the list at #482 with \$432 million revenue in FY20.

On July 8, 2021, the Company announced a contract with ORBCOMM Inc., a global provider of Internet of Things (IoT) solutions, to develop the satellite ground gateway system for ORBCOMM next-generation OGx service. This service will provide industrial customers around the world with increased global coverage, battery power, bandwidth, and speed. Critical applications such as remote monitoring and environmental-sensing IoT depend on the ORBCOMM next generation OGx service. Calian no-fail software architecture ensures the data flows constantly for these critical services. By combining custom-built, software-defined satellite communication modulators and demodulators with monitoring and management software, the end-users are provided with a communication network they can count on. Calian has built multiple custom satellite communication gateways over the last three decades and is proud to again be selected as the supplier of choice for these types of solutions.

On July 26, 2021, the Company announced the award of a Canadian Department of National Defence contract to support the Data Remediation and Marking of Serial Managed Material program. Leveraging the Company's expertise in advanced technologies, DND will be able to seamlessly track approximately 2.7 million assets using a scalable, trusted life cycle management process. DND has initiated a program to add Unique Identification (UID) to all serially managed materiel. This program is in support of the implementation

of Automatic Identification Technology (AIT) to all assets owned by DND and the Canadian Armed Forces (CAF) that do not currently have a UID mark. It is estimated that approximately 2.7 million assets will have to be labelled and remediated. The initial value of this contract is \$5.75 million.

On August 3, 2021, the Company announced it had signed an agreement with a manufacturer of electric vehicles to supply two products for their upcoming range. The Global Navigation Satellite System (GNSS) Smart Power Splitter and the Accutenna® GNSS antennas will be deployed in electric delivery vehicles, and the Accutenna GNSS antennas will be deployed in the manufacturer's consumer models. These products enable more precise, reliable positioning.

On August 18, 2021, the Company announced an expansion of clinical trial and patient support programs to pharmaceutical customers in eight new markets. This expansion brings timely, high-quality care to patients in European countries and the US. Calian Health continues to expand its international infrastructure to offer a suite of healthcare services globally. These include nursing support for medication administration, specimen collection, ECG monitoring, clinical trials, reimbursement assistance and more. The company has located offices in each region to ensure local support and to secure patient data in compliance with regional and international privacy regulations. Today, Calian Health operates across Canada, US, Belgium, France, Germany, Hungary, Netherlands, Poland and Spain, with plans to expand further in Europe, and North and South America in 2022.

On September 14, 2021, the Company was informed that Veterans Affairs Canada has elected to continue with Option Year 2 (contract year 6) of the Health Care Provider Requirement contract for the delivery of health services to the Department.

On September 14, 2021, the Company was selected by the Government of Nunavut to provide telehealth services as part of the government's long-term pandemic preparedness strategy. The three-year contract with the Government of Nunavut is valued at approximately CDN\$3 million, with two years of renewal options.

On September 16, 2021, the Company announced a contract win with the NATO Security Force Assistance Centre of Excellence (NATO SFA COE), a multinational entity with Italy, Albania and Slovenia as sponsoring Nations. As part of the contract, Calian will support training on site, bringing military expertise and a deep understanding of management and leadership principles to the NATO SFA COE. The COE is committed to knowledge-sharing among the Alliance, NATO nations and NATO partners in the field of SFA, building the skills of its personnel. It aims to improve the effectiveness of the Alliance in promoting stability and reconstruction efforts for conflict and post-conflict scenarios.

### **2022 Fiscal Year:**

Overall revenue growth was strong in the 2022 fiscal year. Revenues increased by 12% in the year ended September 30, 2022, compared to the same period of the prior year. Revenue growth from acquisitions was 36%, while some contract signing delays and COVID-19 business tapering off has resulted in organic revenue decline of 11% year over year. EBITDA for the annual period ended September 30, 2022 is at all-time highs of \$65.9, which is a 26% increase over the same period in the previous year. EBITDA as a percentage of revenue is now above 11%.

Key events in fiscal 2022 are listed below.

On October 7, 2021, the Company announced the acquisition of Canadian-based SimFront. Calian and SimFront have a 15-year collaborative relationship within the Department of National Defence. During this 15-year period, the SimFront Virtual Command and Control Interface (VCCI) Tool Suite has served as the cornerstone for Simulation-to-Command, Control, Communications, Computers, Intelligence, Surveillance

and Reconnaissance (C4ISR) integration/interoperability and After-Action Review (AAR). The VCCI Tool Suite combined with Calian MaestroEDE™ now enables Calian to provide end-to-end military training and simulation capabilities and pursue new opportunities with customers seeking integration and immersive training support. SimFront integration and augmented/virtual/mixed reality solutions elevate Calian capabilities in this area.

On October 21, 2021, the Company announced a contract win with the French Ministry of Defence Land Forces to develop scenario and exercise script for upskilling 60,000 troops as part of one of their core 2022-2023 defence exercise programs, Exercise HEMEX ORION 2023. The French Ministry of Defence, a net new defence customer, chose Calian based on a solid track record of managing complex training requirements while ensuring reduced time to competency. Exercise HEMEX ORION 2023 aims to increase readiness of the armed forces, training combat formations and supporting arms to plan and conduct high-intensity operations. Calian specializes in simulating high-intensity situations such as these and will produce a four-phase program, linked to a common scenario, culminating in a land-based exercise that combines simulated and real manoeuvres. During this land-based exercise, participants from Rapid Reaction Corps-France (HQ RRC-FR) will practice newly acquired skills on French terrain in real-time.

On November 17, 2021, the Company and L-SPARK, Canada's largest software-as-a-service accelerator, announced the launch of their joint accelerator program, which aims to grow Canadian technology companies in the rapidly expanding area of digital health. The partnership will help small and medium-sized technology enterprises (SMEs) grow their businesses and bring new products to market by integrating with the Calian digital health platform as a service (PaaS) solution. Doing so will enable value-added functionality across the care continuum. Chosen companies will also gain access to Calian sales and distribution channels and extensive customer base.

On December 2, 2021, the Company announced a partnership with the Kanata North Business Association (KNBA) to sponsor Hub350, the new gateway to Canada's largest technology park. Calian joins KNBA and leading technology companies to foster a collaborative environment where corporate innovation partners, academia, investors, and talent from across the country and around the world can connect. Hub350 will provide a collaboration space for the Calian MedTech accelerator, recently launched with L-SPARK to bring emerging health tech solutions to market.

On February 1, 2022, the Company announced a new healthcare cloud initiative to operationalize the delivery of digital solutions across the care continuum. Corolar Platform and Corolar Virtual Care are now available in the Microsoft Azure Marketplace, an online store providing applications and services for use on Azure. Calian customers can now take advantage of the productive and trusted Azure cloud platform, with streamlined deployment and management.

On March 16, 2022, the Company completed its acquisition of US-based Computex Technology Solutions (Computex) for CAD\$43M (USD\$34M). Computex is an award-winning provider of IT solutions, managed services and managed security services and has a 30-year legacy serving the growing US mid-market enterprise with a significant footprint in Texas, Minnesota and Florida. Most recently, Computex was awarded the 2021 AT&T Cybersecurity Growth Partner of the Year and 2021 Cisco Innovator of the Year. The acquisition marked the beginning of a strategic move for Calian to expand into the US everything-as-a-service (XaaS) market with a full suite of managed services. It will also expand the Calian IT and cybersecurity portfolio in Canada and global markets.

On April 4, 2022, the Company announced it was named the primary recipient of the NATO 360° contract. With this award, Calian will continue to play a leading role in NATO exercise support as a Mission Partner for the Joint Warfare Centre (JWC). JWC, located in Stavanger, Norway, is a hub for collective training at both the operational and strategic levels of warfare and supports NATO readiness. This contract represents an expansion of the military training and exercise support Calian provides to NATO. Calian training solutions

have prepared NATO high readiness forces at strategic, operational and tactical levels. In the past 13 years, Calian has supported the design and delivery of over 70 NATO exercises, with exercise planning, computer-assisted technologies, role-playing, mentoring and advising. Calian played key roles in delivering pre-deployment exercise and training events for NATO International Security Assistance Force (ISAF), NATO Mission Iraq and NATO Mission Georgia deployments.

On April 11, 2022, the Company was awarded a contract renewal by Department of National Defence for Canadian Defence Academy (CDA) and Military Personnel Generation Group (MPGG). The contract has an initial value of CAD\$8.8M. For over twelve years, CDA and MPGG have trusted Calian to help solve their most complex military training challenges: onboarding new recruits efficiently, staging realistic exercises, delivering high-caliber training and adapting to offer e-learning.

On May 30, 2022, the Company announced a collaboration with Microsoft to deliver next-generation synthetic training in the Microsoft Azure cloud environment. Significantly for military customers – this enables cost-effective and time-efficient high-quality training for disparate units, including reservist units, regardless of location. Calian, a Microsoft Gold Partner, is a trusted partner across the military ecosystem. The Company's Synthetic Training Environment is a collective training experience focused on mission-critical decision-making in the face of live and simulated data. When deployed via Azure, all elements of the synthetic training environment, such as cloud computing, virtual and augmented reality, wargaming, data analytics, after-action reviews, collective training and individual engagement, are accessible to geographically distributed military personnel. Individual, collective, and command training supported by the cloud enhances readiness and decision-making for real-life situations.

On May 30, 2022, the Company announced that Royal Canadian Air Force (RCAF) awarded the Company a three-year contract to develop e-learning curriculum. The RCAF is relying on Calian to solve complex challenges associated with training air force members dispersed throughout Canada. Over the past four years, Calian collaborated with the RCAF Learning Support Centre (LSC) to enable them in becoming an agile learning organization. Calian adapted in-person learning content into interactive and engaging e-learning content using innovative learning technologies.

On May 30, 2022, the Company announced it is funding Dalhousie University researchers to study data exhaust. The research will ultimately lead to applications that help the defence sector continually enhance its security posture. Internet of Things (IoT) devices have the potential to learn about their users and their surrounding environments by combining sensor information from cameras, microphones, and internet connectivity. By-products from online actions, known as data exhaust, can be a security threat. As the defence sector looks to use IoT data points in various applications, risk must be managed.

On June 27, 2022, the Company announced that its ITCS US division achieved ISO 27001 certification. The ISO 27001 certification is an international standard ensuring organizations follow best practices for securing assets such as financial information, intellectual property, employee details or information entrusted by third parties. Fewer than 1,300 organizations across the US and Canada held the ISO 27001 certification.

On July 6, 2022, the Company proudly announced it won the Microsoft Canada Healthcare Impact Award for 2022 — a second consecutive win in this category. These annual awards recognize the Microsoft partners that have focused on bettering the lives of Canadians through skilling initiatives, delivering excellent customer service and embracing digital transformation leveraging Microsoft technology. Calian helps hospitals and regional health teams integrate virtual care and improve collaboration to enhance the patient experience in mental health care, urgent care clinics and connected care hubs. Implementing Calian Corolar™ Virtual Care in the Microsoft Healthcare Cloud enabled healthcare teams to unlock the potential of digital transformation to deliver care beyond clinic walls, shorten wait times, and improve collaboration for over 3,000 frontline workers, hundreds of community partners and more than five million Canadians.

On August 23, 2022, the Company announced that NASA Goddard Space Flight Center has once again entrusted Calian to provide a third high-performance antenna for NASA's Very Long Baseline Interferometry (VLBI) Global Observing System (VGOS). This 12m high-performance Calian antenna will be used to support the NASA Space Geodesy Project that works to maintain our global geodetic infrastructure of several networks and individual ground stations, including the NASA VGOS network of antennas. VLBI is one of the space geodetic techniques used in geodesy, the science of accurately measuring and understanding the Earth's geometric shape, orientation in space, and gravity field, as well as the changes of these properties over time.

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 and Cyber Solutions. 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, IT and cyber. Calian provides customers with access to a team of over 4,500 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 and products 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 significant accounting policies are described in the notes to the Company's audited financial statements for its financial year ended September 30, 2022 contained in the Company's 2022 Annual Report.

The Company's revenues are derived from the following geographical segments:

	2022	2021
Canada	71%	78%
United States	16%	11%
Europe	12%	10%
Other	1%	1%

Revenues are attributed to foreign countries based on the location of the customer. In fiscal 2022, only a small portion of the Company's net assets are held outside of Canada, at \$15.9M, whereas \$7.7M of net 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, 2022 and 2021 represented

forty-seven percent (47%) and fifty-one percent (51%), respectively, of the Company's total revenues. 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, 2022	September 30, 2021
Product revenue		
Advanced Technologies	\$93,038	\$ 113,878
Health	5	4,658
Learning	3,670	-
Information Technology and Cyber Security	62,542	13,088
	<u>\$159,255</u>	<u>\$ 131,624</u>
Service revenue		
Advanced Technologies	\$57,360	\$ 52,713
Health	167,136	190,278
Learning	87,998	74,622
Information Technology and Cyber Security	110,423	69,167
	<u>\$422,917</u>	<u>\$ 386,780</u>
<b>Total revenue</b>	<u>\$582,172</u>	<u>\$ 518,404</u>

### **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 domestic and global markets. Almost all Advanced Technologies locations are ISO 9001 certified, globally recognized by customers as a standard of excellence.

#### Markets

The Advanced Technologies segment primarily serves seven markets: space ground systems, defence electronics and services, cable and terrestrial wireless networks, nuclear consulting, agricultural technology, composites and high precision Global Navigation Satellite System (GNSS) antenna and receivers.

#### *Space Ground Systems Market*

The space ground systems market represents a broad spectrum of terrestrial (ground) based products and solutions used for space exploration, radio astronomy, earth observation and satellite communications. These products and solutions are provided using software, hardware, digital/analog conversion, mechanical and staff. Calian offers these capabilities to a range of customers around the world including space agencies, satellite operators, satellite manufacturers, satellite service providers and defence organizations. Our RF ground systems solutions include a range of large aperture Cassegrain antennas designed and manufactured by Calian. These antennas are constructed out of steel, aluminum or composites depending on the application requirements. Along with the antennas, we design, build and integrate the corresponding gateway electronics consisting of our developed software and hardware along with components from other vendors which meet the particular program requirements. Applications for the RF ground systems include satellite communication, deep space mission communications, earth observation, radio astronomy, radar and spacecraft telemetry

tracking and control. We adapt to the ever-increasing demands of our customers including high throughput, high frequency ranges and precise accuracy.

Our software defined solutions provide capabilities ancillary to the RF ground systems for transceivers, test, monitoring, coordination and planning. Our software defined gateways act as real-time transceivers between satellite networks and terrestrial networks. We provide a range of satellite carrier monitoring solutions, including our flagship low-cost Decimator spectrum analyser. The in-orbit test systems that we provide verifies the spacecraft communication payload performance after they have been launched. Our network management solutions allow operators to remotely monitor and control all aspects of the satellite ground segment. The capacity management solutions orchestrate the satellite network resources including those of the on-board payload with the ground system components in order to maximize the use of the networks precious power and spectrum resources. On top of this are a variety of capacity planning tools that can be leased as a service or provided on premise. These systems are sophisticated solutions that rely on the subject matter expertise built up through Calian's decades of experience in the market.

Gateway hosting services for the space missions are provided by teleports. The location of a teleport is dependent on the service being offered and the characteristics of the mission. Calian leases teleport services to customers at its location in Saskatoon in addition to other leased locations in Canada.

Calian also provides a satellite operations as a service capability through our group located in St. Hubert at the Canadian Space Agency. This group of highly trained engineers and technicians provide routine operations and planning for a variety of small satellite missions. In addition, they are capable of dealing with spacecraft anomalies and full spacecraft life cycle support.

#### *GNSS Antenna and Receiver Market*

Global Navigation Satellite Systems (GNSS) comprise a series of satellite constellations whose transmissions can be used to determine very precise timing and location for a variety of vertical application market including autonomous vehicles, drones, 4G/5G networks, precision agriculture, transportation, and aviation. Solutions for these industries integrate small high precision antennas and receiver technology to process the satellite signals for these applications. GNSS is one of the fastest growing market areas in the satellite communications industry. Calian subsidiaries Tallysman and Tallymatics provide antenna and received solutions sold through distribution channels globally. Their customers are well known within their market verticals. Our solutions can provide centimeter precision accuracy even in areas of high interference. We customize our GNSS antenna technologies to meet the demands of emerging markets and products.

#### *Cable and Terrestrial Wireless 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 products to DOCSIS 3.1 and 4.0 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.

We also develop custom wireless solutions built to support and enhance broadcast services provided by wireless service providers. These solutions result in products deployed in wireless networks.

#### *Agricultural Technology Market*

Demand for technical innovation in the Agriculture sector is increasing as global population growth creates upward pressure on food production, food security and farmland yields. Based in Regina, Saskatchewan, Calian Agriculture Ltd. (formerly IntraGrain Solutions) develops and manufactures products that help

companies protect assets such as harvest crops and fuel. The company is the maker of the innovation-award winning BIN-SENSE® crop storage monitoring solution. The technology combines Internet of Things (IoT) connectivity with an array of sensors to protect stored crop quality and eliminate the risk of stored crop spoilage. Stored crops currently include grains as well as a variety of nuts such as almonds. These storage locations, such as bins, are critical units in protecting the crops until they are distributed. While in storage the crops are susceptible to a variety of elements including fire from bacterial heat build up, all of which can be solved by turning on fans or stirring systems. Bin Sense solves this problem by alerting the producer of the potential for these incidents before they occur, saving millions of dollars of lost crop each year. Calian Agriculture'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. Both of these product lines provide subscription-based services for the producers to track and obtain alerts remotely.

#### *Commercial Electronics Manufacturing*

Calian has a variety of manufacturing capabilities used primarily to build its own products. It also has the ability to sell off its excess capacity to manufacture products for third parties, as Original Equipment Manufacturer (OEM), who work in both commercial industries. Among our capabilities is a state-of-the-art surface mount electronics manufacturing line with automated inspection and x-ray capability. We provide cable harness including extruded cable manufacturing and continuous braided shielding. We train skilled assemblers and production staff to support our manufacturing and integration process. Being able to test our boards and assembly for shock, vibration, temperature and other environmental conditions is an asset for our customers. Our composites manufacturing facility allows us to produce a wide variety of structural solutions to support our customers in a variety of industries.

#### *Defence Engineering, Manufacturing and Technical Services*

Advanced Technologies defence capabilities include electronics design and manufacture. We also provide contracted technical services for concept development, design, and implementation of critical defence systems including full life-cycle support. Associated services are provided in integrated logistics support, drafting, and other technical services. We provide large defence primes with vetronics solutions to support their armoured defence vehicle product lines. These solutions can be designed and qualified by us or manufactured to our customers designs. Examples of such technologies include power control panels, electronics control modules, and cable harnesses.

Calian's engineering and manufacturing capabilities whether it is satellite ground solutions, radar, GNSS receivers, composite structures or custom software support both commercial and defence markets around the globe.

#### *Nuclear Engineering and Consultation*

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 consulting on small modular reactors, 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.



### *Composites*

Originally created to provide high-precision composite reflectors for our satellite communications markets, Calian has extensive capabilities for both design and production of composite fibre solutions across a multitude of vertical markets. Current customers include various defence organizations and prime contractors, utility companies, petroleum service providers and others servicing niche markets. Products include custom parabolic reflector antennas and custom structures such as service station canopies.

### **Health**

Calian's health services team is one of Canada's largest national health services organizations. We manage a network of more than 2,500 health care professionals delivering primary care, occupational health services, and care coordination to public and private sector clients across Canada, the United States and Europe. Our health services team also provides management and strategy services to pharmaceutical companies conducting clinical trials and patient support programs.

The Department of National Defence is our largest customer with primary medical, dental and mental health services delivered to Canadian Armed Forces members across the country supported by pharmacy and specialist medical expertise.

Calian's psychological services offering provides pre-employment mental health assessments to police, correctional institutions, border services organizations and other enforcement agencies in the Canadian market. This service forms part of a Clinicians portfolio which provides primary care services and solutions to federal, provincial and municipal governments and agencies spanning over 80 medical subject matter areas of expertise.

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 and affiliate grocery stores across the country (including Real Canadian Superstore®, Zehrs®, Loblaws® and No Frills®).

Allphase Clinical Research Services Inc. and Alio Health Services Inc. serve the pharmaceutical and medical device industry and the broader health care sector with clinical trial services, specialty medication support and community care and other services, all enabled by an innovative health care delivery management software application.

### **Learning**

Through its Learning segment, Calian is a trusted provider of specialized training solutions for the Canadian Armed Forces and other primarily government clients in the domestic market. Internationally, the Company is growing its footprint in Europe where it works with NATO and a number of NATO member countries with a variety of learning technologies and services. The Company delivers large scale, complex training exercises primarily through Calian UK Ltd. (formerly Cadence) and Calian Europe AS (formerly CTSI) based in Europe. In 2022, Simfront was acquired and brings system interoperability, Integrated Synthetic Training and Enhanced Wargaming capability. Simfront's Simwave division has a fully capable Extended Reality team providing Virtual, Mixed and Augmented reality services to defence, commercial and academic clients. Calian Learning now offers a complete Learning solution ranging from needs analysis through to the design, development and delivery of large-scale complex exercises. Calian's unique offering features delivery in an interoperable Integrated Synthetic Training Environment providing advanced analytics. Learning enables clients to reach competency and validate learning plans and team performance.

Calian Learning (Resilience) 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.

Our products and technology complement our training services, including VCCI (Virtual Command Control Interface), 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 & Cyber Solutions**

Through its IT & Cyber Solutions segment, the Company offers IT services to support customers in their digital transformation from advisory & consulting through to engineering, procurement, and implementation, through to outsourcing, 24 x 7 managed services, and cyber incident response.

Today's IT environment is increasingly complex and vulnerable to cyber attacks with digital transformation accelerating beyond the pandemic as customers continue to look for efficiencies and productivity a increasingly challenging macroeconomic environment. This rapid transformation has resulted in the movement from on-premise IT systems to multi-cloud, multi-vendor, and work from anywhere environment, leaving customers with increasingly complex IT systems that are more susceptible to cyber attacks. Customers are looking for a trusted partner to manage through this technology complexity and increasing cybersecurity risk domestically and globally. With the recent acquisitions of Computex, Dapasoft, and iSecurity (subsidiary of Dapasoft) in combination with our organic assets, we are in position to offer a full breadth and depth of IT & cyber services globally. Such capabilities include IT & Cyber staff augmentation when talent is hard to find in-house, cyber consulting to those looking for objective 3rd party assessment & advisory, Solution Provider & VAR (Value Added Resell) for those looking to engineer and procure a best of breed IT & Cyber solution, cyber incident management for those proactively and reactively dealing with cyber breach, and MSSP (Managed Security Services Provider) services inclusive of managed IT services, NOCaaS (Network Operations as a Service and SoCaaS (Security Operations as a Service), for those that are looking to outsource IT & Cyber services.

We support customers at all levels of government as well as the mid-market enterprise with a focus on healthcare, oil & gas, retail, and other vertical markets in the North American market. Our deep partnerships with reputable vendors such as Microsoft (Gold Partner, Health Impact Award), CrowdStrike (Canadian Partner of the Year), Cisco (Regional U.S. West Partner of the Year) and Nutanix coupled with our acquired technology stacks in the areas of virtual care, healthcare EHR (Electronic Health Record) data interoperability, and cyber SIEM (Security Incident and Event Management), uniquely position us 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, oil and gas, and IT & cyber.

### **Strategy**

The Company benefits from many years of experience in various global and domestic markets and has a team of more than 4,500 professionals who offer a diverse combination of services.

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

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;
- **Innovation:** continue investment in service and product offerings to increase differentiation and improve gross margin attainment;
- **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**

Software engineering, complex manufacturing, and project management skillsets are supported by a robust talent management capability. 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. The company solves significant and complex customer problems. Problems that stand in the way of better health, communications, learning and security.

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 is sought after to submit bids due to its reputation, industry relationship, and business development. The Company develops close and long-term partnerships based on deep customer knowledge and understanding through regular customer discussions; earns trust by delivering exceptional customer experiences; offers innovative solutions; and offers thought leadership through webinars, trade shows, public relations (PR) initiatives, and active participation in 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 business unit.

The majority of Health, ITCS 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.

FY22 marketing efforts aimed at positioning Calian's four business units as leading industry solutions providers. Learning was highlighted as a military training and simulation solution provider. It promoted its training management software – MaestroEDE, its newly acquired synthetic training environment integration software – VCCI and training reporting software – ARAMIS, and leading military high readiness experts. Calian demonstrated its digital healthcare solutions expertise in virtual care through the Corolar Virtual Care solution, while the rise in cyber incidences globally helped drive demand for Calian cyber security solutions in healthcare. Calian's leading advanced technologies solutions in agriculture – BinSense and FuelLock, Nuclear – ResponseReady, and multiple satellite products led to the recent demands for telecommunications solutions. With the return to in-person conferences and tradeshow, Calian's industry-leading solutions grew in brand awareness and customer leads. In FY22, the commercial team drove Calian's industry thought leadership through complex industry and segment marketing campaigns leveraging social media, webinars, blogs, presentations and earned media.

### **Competition**

For Advanced Technologies, competition varies by market and by product type. Within the space business, the market for RF ground solutions is highly competitive. In many cases suppliers are also competitors and many of the customers have visibility into the costs of these systems. One of Calian's key competitors in this business is the company CPI International Inc. The way we compete in these markets is by providing differentiating products and services. Building our own key components of these systems such as the antennas and the management systems help us control our margins and increase our competitiveness. Given the size of the space community it is important to have a solid reputation and good product heritage. We are known in the industry for our service and for being a go-to partner when you cannot afford to fail. Our subject matter expertise built up over more than 40 years in the business give us insight into customer requirements which allow us to innovate.

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, ITCS 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, as well as vertically integrated pharmaceutical companies who internally manage their clinical trials and patient support programs. Within the ITCS segment competitors include other cyber product resellers such as Dyntek, and service providers such as Tundra. Finally, within the Learning segment, domestic competitors include service providers such as Bluedrop, Racerock and ADGA.

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 and product 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 invests significantly in internal R&D and over the years has demonstrated a strong capability in commercializing those investments. All internal R&D investment is governed by a structured approach to innovation which features a strong governance model. Proposed investment is thoroughly articulated via a detailed business case that describes the specific opportunity, the addressable market, the competitive landscape, the proposed solution, a non-recurring and recurring cost analysis, a range of financial forecasts, and a detailed value proposition/return on investment (“ROI”) analysis. Approved business cases are monitored and reported on regularly to executive management to ensure the forecasted returns are achieved and to feed back any improvements into the governance model. This approach enables the Company to deploy capital more efficiently and effectively, and to achieve ROI objectives more consistently. 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 employs a three-pillar strategy for developing technology that is based on customer specific funding through specialized systems/technology development contracts, general market driven internal investment, and third-party funding primarily from government entities and key technology partners. This strategy most optimally applies the unique combination of Company technology, expertise, and resources to building a technology and Intellectual Property portfolio that is relevant to customer/market needs and Company objectives, is efficient and scalable, and enables the Company to retain ownership of key Intellectual Property.

For customer-funded product/technology development, the Company strives to negotiate intellectual property ownership terms that reflect the value and contribution provided by both parties. This may include the division of ownership of background and foreground intellectual property, licensing agreements, and royalty agreements where appropriate.

Consistent with industry practice, the Company protects proprietary products and technology through a combination of patents, copyrights, trademarks, trade secret laws and contractual provisions where applicable. Other than as mentioned above, the Company generally licenses the use of Company products to customers rather than transferring title to them. These licenses contain terms and conditions prohibiting the unauthorized reproduction, disclosure, reverse engineering, or transfer of Company products. The Company currently has three issued Canadian patents, fourteen issued US patents, four issued patents in both Great Britain and Europe respectively, and numerous in process patent applications.

### **Employees**

As of September 30, 2022, the Company’s workforce consists of approximately 4,500 employees, contract employees and independent contractors. The Company maintains, as far as possible, a flexible workforce that can adapt to the changing requirements of its clients. None of the Company’s employees are represented by a collective bargaining agreement and the Company has never experienced any labour-related work stoppage. People are at the centre of the Company’s strategy, and through the pandemic, as always, it has prioritized its team’s health and safety. The Company has also encouraged, empowered, and supported individuals in finding

their own wellness balance. The Company has good relations with its employees and views them as an important competitive advantage.

### **Facilities**

The Company maintains Canadian office locations in Ottawa, Toronto, Edmonton, Kingston, Burlington, Oromocto, Halifax, Saskatoon, Regina, Smiths Falls and Vaudreuil-Dorion and international office locations in several U.S. states, as well as in Germany, Norway and England. All of the offices are located in leased premises. R&D and manufacturing facilities are located in Saskatoon, Regina, Ottawa, Vaudreuil-Dorion and Germany.

### **Bankruptcy and Similar Procedures**

There has not been any bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the Company 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 and Environment, Social and Governance**

Corporate social responsibility is an integral part of the Company's day to day operations. In 2022, the Company implemented a formal environmental, social and governance (ESG) strategy. Over the past 18 months, the Company performed an internal discovery to understand the ESG strengths, challenges and business opportunities in this space. The Company's ESG vision Calian CARES—Collaboration to Advance Resilience Excellence and Sustainability, builds on the company mission, values, and historical commitment to social responsibility and integrates our key competencies. It provides a framework and focus for activities and corporate communications related to ESG. By delivering on the Calian mission and applying a wide range of capabilities, including skills development, health solutions, advanced technologies, and IT and cyber solutions, the Company can help break down the barriers to resilience, addressing several of the United Nations Sustainable Development Goals. The Company's inaugural ESG report was published in 2022.

In early 2022, the Company engaged an independent third party to support the development of a greenhouse gas (GHG) emissions inventory for scope 1 and 2 emissions, and a screening of scope 3 emissions. The GHG emission source data for the first half of the year was gathered for the reporting period October 1, 2021 to March 31, 2022. The Advanced Technologies operating segment, which includes our manufacturing facilities, represents the majority of our scope 1 and 2 emissions with 92 per cent of total emissions. In terms of climate change, the Calian nuclear team has been actively working with three major Canadian utility companies to harness the potential of small modular reactors (SMRs) as a low carbon alternative to traditional energy sources. Related to environmental protection and specifically food supply, an estimated 200 million bushels of grain are monitored by Calian Bin-Sense™ during harvest.

Calian was on the Forbes list of Canada's Best Employers 2022 and won the Microsoft Canada 2022 Healthcare Impact Award. The Company's first ESG/DEI survey in August 2022 demonstrated that 94% of employees who participated believe that Calian is a socially responsible company. The survey results indicated employee support for the ESG strategic framework priorities of diversity, equity, inclusion (DEI), Indigenous engagement, community resilience and advancing innovation in science, technology, engineering and math (STEM). The Company has 45 per cent representation of women in our workforce and 20 percent are under 30 years of age. Calian contributed over \$650,000 in community giving providing support to over 30 organizations. The Health operating segment continued to support COVID-19 response through the delivery of health providers, screening and vaccines including the signing of a three-year contract extension to continue

the delivery of COVID-19 virtual nursing services to Nunavut. The company funded several research projects with universities and collaborated with partners to drive innovation including tools to improve chronic disease management and providing access to a first of a kind breast cancer screening blood test.

Strong leadership and well-established corporate governance are key elements of the Company's continued financial success. The Governance and Risk Committee mandate was updated to include oversight of the environmental, social and governance strategy and enterprise risk management. An ESG governance framework was established by the board to prioritize key ESG factors of importance to Calian and identify the ESG oversight responsibilities of all of the Board committees. In November of 2021, the Calian Board of Directors agreed to adopt the International Financial Reporting Standards/International Sustainability Standards Board (IFRS/ISSB) as our guide for future disclosures. IFRS was selected with the knowledge that the leading standards organization have collaborated to develop a single set of international disclosure requirements that are expected to be finalized in the Company's 2023 fiscal year.

## **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.

#### *Economic Downturn*

The Company's business depends in part on a stable and growing economy. If the Canadian or global economy suffers a downturn or enters into a recession as a result of COVID-19, the war in Ukraine, or otherwise, it could affect customers' ability to spend on the Company's products and services. This could result in decreased revenues for the Company, the cancellation or non-renewal of existing contracts, and impede its ability to win new business.

#### *Availability of Commodities and Inflationary Prices*

The impacts of COVID-19 and the war in Ukraine have caused a scarcity of materials and price inflation in the Canadian and global markets. Many of the Company's contracts are fixed-price and/or were negotiated prior to the onset of COVID-19. The recent delays in the global supply chain and scarcity of materials may impact the Company's ability to secure the materials and components required to meet customers' needs and contractual obligations. Inflationary prices on components subject to fixed-priced contracts may impact the Company's ability to generate the revenues and margins previously expected on certain projects. Inflationary prices may also cause a decrease in customer spending which would negatively impact future sales.

### *COVID-19 and Impact on Global Markets*

In March 2020, the Company temporarily closed its physical offices and required all staff to work from home. Manufacturing processes were briefly closed to ensure that pandemic-related health and safety measures could be properly implemented but have since continued operating throughout 2020, 2021 and 2022 without interruption and in accordance with public health guidelines. Throughout 2021, the Company continued its work from home mandate, where possible, with minimal impact on operations. In 2022, the Company began its gradual return to office plan, which provides most employees the ability to choose between work-from-home, hybrid, or full return to office options. The Company continues to comply with all public health guidance.

The Company has grown significantly throughout the pandemic and has acquired 8 companies since the onset of COVID-19.

The Company is subject to risks associated with the ongoing pandemic. The rapid change in the employment landscape has resulted in higher salaries and may lead to increased employee turnover. Future lockdowns and shelter at home orders may impair the Company's ability to travel to customer sites which could delay product delivery, installations and repair work. Quarantine requirements also increase costs relating to travel. Future closures caused by COVID-19 variants and/or further waves of infection may again halt training programs and impact revenues. To date the Company has successfully managed supply chain issues, however there is a risk that the increasing trends of significant shipping delays, inability to secure components, scarcity of materials and increasing prices of raw materials may all impact upon customer delivery, gross margins, and revenue, and could ultimately jeopardize customer contracts. Rising inflation, slow economic growth and/or a potential recession may impact our customers' ability to invest and spend on new or existing programs, which could reduce our deliverables.

The Company's liquidity and capital resources have not been materially impacted by the pandemic. The Company continues to have sufficient liquidity to meet all operating requirements. Working capital requirements, debt covenants and capital expenditures have not been materially impacted. The Company's financial reporting areas subject to judgement and measurement are unaffected by the pandemic. Due to the Company's strong performance, recoverability of assets was not impacted, and Company assets were not impaired. Accounts Receivables are predominantly owing from large, stable companies and/or government clients, therefore no additional allowances have been made for uncollectible amounts resulting from COVID-19. There has been no impairment of the Company's non-financial assets as a result of the pandemic. The Company did not receive any government grants related to COVID-19 in the 2022 fiscal year.

### *Risks Associated with Acquisitions*

The Company has completed a number of acquisitions and continues to seek opportunities to acquire or invest in businesses, products and technologies that could expand, complement or otherwise relate to the Company's current or future business. The Company 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 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 the Company's financial and other resources. Any such activity may not be successful in generating revenue, income or other returns, and the resources committed to such activities will not be available for other purposes. Moreover, if the Company is unable to access capital markets on acceptable terms or at all, it may not be able to consummate acquisitions, or may have to do so on the basis of a less than optimal capital structure. The inability to take advantage of growth opportunities for the business or for its products, or to address risks associated with acquisitions or investments in businesses, may negatively affect 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 earnings which, in turn, may have an adverse material effect on the price of Common Shares. If the Company does complete such transactions, it cannot be sure that they will ultimately strengthen its competitive position or that they will not be viewed negatively by customers, securities analysts or investors.

### *Sustainability and Management of Recent Growth*

The Company has experienced significant growth in recent years, due to a combination of numerous acquisitions, its ability to generate new business, entry into new domestic and international markets, the diversification of product and service offerings, and customers' increased demand for the Company's products and services. The Company's future growth could be impeded by external factors such as slow economic growth, inflation, redundancy of certain products or services, loss of market share to competitors, limited resources to fund growth, or a variety of other factors. Moreover, the business could be harmed if the Company fails to manage its growth effectively. Its growth has, and will likely continue to place a strain on resources with increased demands on all corporate services and business units. The Company's workforce has grown significantly in 2022. It is possible that the Company may over-hire with no guarantee of corresponding increase in revenue. As the Company continues to grow, it may be challenging to integrate a large number of new employees and acquisitions into the corporate culture and processes which could limit the ability to operate effectively.

### *The Availability of Qualified Professionals*

If the Company fails to attract and retain qualified professionals, the business could be harmed, and the Company might not be able to implement its 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's ability to continue to attract and retain highly skilled personnel across all segments, including employees with medical, IT, technical and engineering skills, is critical to the Company's success. In the event that an operating segment cannot secure an appropriate workforce, such operating segment may not be in a position to bid on or secure certain contracts. This risk is heightened by the changing employment climate following COVID-19. The Company depends on its ability to offer performance-driven remuneration policies and favorable working environments. Any adverse changes in its compensation practices or increased compensation offered by competitors could affect the Company's ability to retain and motivate existing personnel and recruit new personnel. Advanced Technology segment revenues are predominately from export, but 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 the Company's competitive position.

### *Senior Management Personnel and Succession Planning*

The Company's success depends on the engagement and contributions of senior management personnel, including the Chief Officers. Any changes to the management team, including the hiring or departing of executives, could be disruptive to the business. The failure to properly manage succession plans, develop leadership talent, or the loss of key employees could negatively impact the Company's performance. The

Company has, in recent years, successfully onboarded several key management personnel without interruption to the business. The Company also endeavors to maintain succession plans for key positions to ensure business continuity in the event of the departure of any key employees.

### *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. The Company expects competition to increase in the future, both from existing competitors and new companies that may enter its markets. Some competitors have greater name recognition, and significantly greater financial, technical, sales, marketing, and other resources. Increased competition could result in pricing pressure, reduced sales, loss of market share, lower margins, or other adverse effects on the 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.

### *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. As the company evolves, other segments are also increasing their portfolio of fixed price contracts with the inherent risks as listed above.

### *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 it develops or acquires 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 competitors

implement new technologies before the Company can implement them, those competitors may be able to provide more effective solutions at lower prices. To the extent that the Company adopts new technologies and introduces new solutions, it 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 several 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.

### *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.

### *Government Contracts*

During fiscal 2022, approximately 47% 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.

### *Defence Industry*

As a long-standing service provider to the Canadian military, and more recently, NATO and other UK and European defence organizations, the Company may be subject to a higher level of risk due to the inherent dangers associated with the defence industry.

As many of the Company's training, health care, advanced technologies, and IT and cyber services are offered on location at military bases or other defence locations across Canada, the UK and Europe, the Company faces risks inherent in operations at those sites, including personal injury to employees or others, and property damage to assets owned by the Company or others, both of which could lead to financial losses.

In the event one of the Company's military customers were targeted by a hostile state or group, the Company, as a key partner to those militaries, could be at an increased risk of state-sponsored strikes, including cyber-attacks, damage to infrastructure, and supply chain interference, and therefore be at risk of sustaining financial losses and reputational damage.

### *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, 2022 the Company's backlog included \$302 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.

### *Increased Accounts Receivable*

The Company's customer billing practices are often imposed by the customer, particularly with respect to government contracts. Most contracts require the delivery of products and services to the customer prior to payment. There is always a risk of customer non-payment of invoices, resulting in losses to the Company. As the Company grows, credit risk increases with respect to accounts receivable. Although large contracts usually provide for milestone payments to ensure delivery of funds, there is nevertheless a risk that a customer may not deliver payments as required and/or may become insolvent, thereby preventing the Company from collecting amounts owing. Such losses could impact upon the Company's financial performance and profitability.

### *Foreign Currency Risk*

The Company operates internationally with approximately 30% 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, 2022, the Company had various forward exchange contracts, which are explained in Note 24 to the Company's consolidated financial statements for the year ended September 30, 2022. 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 24 of the financial statements.

### *Foreign Operations*

Because the Company's long-term success depends, in part, on its ability to continue to expand the sales of its solutions to customers located outside of North America, the business is susceptible to risks associated with international operations.

The Company has 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. Limited experience in operating the business outside of North America increases the risk that current and any future international expansion efforts will not be successful. Conducting international operations subjects the Company to new risks that, generally, it has 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 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 international business and, consequently, the results of operations generally. Additionally, operating in international markets also requires significant management attention and financial resources. The Company 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.

### *Reputational and Brand Risks*

The Company's brand and reputation play an important role in its ability to maintain existing customers and generate new business. The Company is investing significantly in the development, cohesiveness, and publicity of its brand. The Company's brand and reputation depend on the ability to continue successfully delivering products and solutions without interruptions, errors or defects. Any impediments to the delivery of solutions may negatively impact upon the brand and reputation. Any unfavourable media coverage about the Company and the industries in which it operates could harm its reputation. Public criticism of the Company's operations could be distracting to management, costly, time consuming and harm the brand and reputation.

### *Errors and Defects in Technology*

Many of the Company's solutions rely upon imbedded or external software to deliver goods and services. Software often contains errors, defects, security vulnerabilities and software bugs that may be difficult to detect and correct. Any such defects could lead to service interruptions and impact the Company's ability to deliver its products and services. Such delays could lead to expenses, loss of revenue and reputational harm to the Company.

### *Security breaches - Cyber Attacks*

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

The Company's operations involve the storage and transmission of the confidential information of many customers and security breaches could expose it to a risk of loss of this information, litigation, indemnity obligations and other liability. If 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 customers' data, including personally identifiable information regarding users, damage to the Company's reputation is likely, the business may suffer and the Company 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, the Company may be unable to prevent these techniques or to implement adequate preventative measures.

The Company has 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 customers and to reduce the likelihood of disruptions to systems.

Despite these measures, all information systems, including back-up systems and any third party service provider systems that the Company employs, 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. The Company or its 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 security measures or those of third-party service providers' information systems.

The Company also continues to increase the cyber services provided to customers, from risk assessments, security product implementation and managed security operations. There is a risk that failure in these services could result in customer loss, reputational damage or legal liabilities. The Company's insurance continues to be reviewed and updated to reflect the increasing scope of the Company's security portfolio.

If a breach of security measures occurs either internally or with a customer, the market perception of their effectiveness could be harmed and the Company could lose potential sales and existing customers.

### *Privacy Concerns*

The Company's operations include the transmission and storage of 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 the Company's products and services are accessible worldwide, certain foreign jurisdictions may claim it is required to comply with such laws even in jurisdictions where it has no local entity, employees or infrastructure. Complying with these varying international requirements could cause the Company to incur additional costs and change its business practices.

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

### *Intellectual Property Infringement*

The Company competes in industries that are subject to many intellectual property rights including patents. Third parties have in the past, and may in the future, assert that the Company's technologies infringe their

intellectual property rights. The risk of such claims increases as the Company continues to innovate, offer new solutions and enter new markets. Moreover, the Company's future growth may be constrained by the intellectual property rights of others. As the Company grows, the risk of claims also increases as third parties may attempt to extract settlements. Any claims brought against the Company may be distracting for management, costly and time consuming.

### *Insurance Sufficiency and Liability Risk Mitigation*

Because customers use the Company's services in some cases for critical business processes, errors in execution could cause customers to seek compensation or cause harm to reputation. Although customer contracts limit liability for errors, the Company 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 the existing liability insurance policy could deny coverage of a future claim that results from an error by the Company, or the existing liability insurance might not be adequate to cover all of the damages and other costs of such a claim. Moreover, the Company cannot assure that its current liability insurance coverage will continue to be available on acceptable terms or at all. The successful assertion against of one or more large claims that exceeds insurance coverage, or the occurrence of changes in the liability insurance policy, including an increase in premiums or imposition of large deductible or co-insurance requirements, could have an adverse effect on the 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.

### *Climate Risks*

Climate change is widely recognized as a pervasive and serious threat to natural environments and societies, with the potential to create adverse consequences for ecological and human systems. As climate change progresses, and its effects increase, the Company may be subject to increased operating risks. Environmental hazards, such as flooding, fires, and severe weather, could pose significant risks to the Company's key infrastructure, including its manufacturing and cyber security centers, and affect their insurability. Severe drought or changes to our food supply production may affect Calian Agriculture's operations. Moreover, as the Company takes steps to reduce its carbon footprint, it may experience increased capital costs and other expenditures in order to attain its environmental goals.

The Company is well-positioned to provide climate-change support services to communities and businesses including emergency services, disaster planning, hazard inventories, risk assessments, business continuity planning, after action reviews and training.

### *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.

### *Fraud*

The Company is subject to risks relating to employee fraud. If an employee or groups of employees engaged in fraudulent accounting practices, diversion of financial or other assets, bribery, collusion, or other unethical business practices, there could be a material impact upon the Company's finances and reputation. The Company mitigates this risk by administering strict internal controls to prevent and detect improper handling of Company assets. The Company's internal controls are overseen by management, the Audit Committee of the Board, and the Board of Directors, who all conduct inquiries and oversee the procedures and controls in effect. The Company also maintains and requires all employees to adhere to its Guide to Ethical Business Practices.

## **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 2022	Fiscal 2021	Fiscal 2020
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**

Calian's 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:

<b>Fiscal 2022</b>	<b>Volume</b>	<b>High Trading Price</b>	<b>Low Trading Price</b>
October 2021	135,600	64.46	61.00
November 2021	369,400	62.30	54.56
December 2021	337,700	61.10	55.42
January 2022	345,100	61.66	51.99
February 2022	624,000	60.58	56.09
March 2022	683,500	69.42	59.53
April 2022	461,600	72.01	66.09
May 2022	876,000	72.11	63.32
June 2022	390,300	71.75	59.73
July 2022	162,900	69.62	60.75
August 2022	275,100	68.34	58.15
September 2022	255,700	60.64	52.70

## 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 15, 2023. The following table presents the name, municipality of residence, period of service and principal occupation of each of the current directors of the Company.

<b>Name and Residence</b>	<b>Director since:</b>	<b>Principal Occupation(s) within the 5 preceding years</b>
George Weber <sup>(1)</sup> Ontario, Canada	2012	Corporate Director
Ray Basler, CPA, CA <sup>(2)</sup> Saskatchewan, Canada	2005	Consultant
Kevin Ford Ontario, Canada	2015	President and CEO, Calian Group Ltd.
Jo-Anne Poirier <sup>(3)</sup> Ontario, Canada	2016	President and CEO, VON Canada
Young Park <sup>(4)</sup> Ontario, Canada	2017	Corporate Director
R. Ronald Richardson Ontario, Canada	2021	Corporate Director
Valerie Sorbie Ontario, Canada	2022	Partner and Managing Director, Gibraltar & Company

NOTES:

- (1) Chair of the Board and Chair of the Nominating Committee
- (2) Chair of the Audit Committee
- (3) Chair of the HR & Compensation Committee
- (4) Chair of the Governance & Risk Committee

Mr. Weber, Mr. Basler, Ms. Poirier, Ms. Park, Mr. Richardson and Ms. Sorbie are all members of the Audit, HR & Compensation, and Governance & Risk committees. Mr. Weber, Mr. Basler and Ms. Poirier are also members of the Nominating Committee. Mr. Ford is not a member of any committee of the Board.

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

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

Young Park, who was a consultant from 2016 to 2020.

Ronald Richardson, who was Vice President Product Strategy for Benbria Corporation from May 2018 to May 2020, and Vice President Product Management for Benbria Corporation from October 2015 to May 2018.

## **Officers**

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

<b>Name and Residence</b>	<b>Position with Calian</b>
Kevin Ford Ontario, Canada	Chief Executive Officer
Patrick Houston Ontario, Canada	Chief Financial Officer and Corporate Secretary
Jerry Johnston Ontario, Canada	(Outgoing) Chief Information Officer
Michael Muldner Ontario, Canada	(Incoming) Chief Information Officer
Sue Ivay Ontario, Canada	Chief Human Resources Officer
Seann Hamer Saskatchewan, Canada	Chief Technology Officer
Michele Bedford Ontario, Canada	Chief Commercial Officer
Patrick Thera Saskatchewan, Canada	President, Advanced Technologies

<b>Name and Residence</b>	<b>Position with Calian</b>
Sacha Gera Ontario, Canada	President, IT and Cyber Solutions
Gordon McDonald Ontario, Canada	President, Health
Don Whitty New Brunswick, Canada	President, Learning

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

- Patrick Houston, who was appointed Chief Financial Officer March 1, 2019.
- Jerry Johnston, who was the Vice President, Training and Engineering Services of Calian Group Ltd. from October 1, 2013 to March 31, 2018.
- Michael Muldner, who was appointed Chief Information Officer October 1, 2022.
- Sue Ivay, who was Director of Human Resources from September 1, 2017 to March 1, 2019, and Director of Recruiting and Human Resources Business Partner from October 1, 2016 to September 1, 2017.
- Seann Hamer, who was the Vice President, Marketing and Business Development from October 2003 to September 2020, and Acting Vice President, Communication Products from 2008 to September 2020.
- Michele Bedford, who was appointed Chief Commercial Officer November 2, 2020.
- Patrick Thera, who was the Vice President, SED from 2011 to September 30, 2020.
- Gordon McDonald, who was the Vice President, Health from March 2019 to September 30, 2020, and Director, Health from November 2016 to March 2019.
- Don Whitty, who was the Vice President, Training from October 2018 to September 30, 2020, and the Vice President, Training and Engineering Services from February 2018 to September 2018.
- Sacha Gera, who was appointed President of IT and Cyber Solutions on September 8, 2021.

As of December 19, 2022, the directors and officers of the Company as a group, beneficially own, directly and indirectly, or exercise control of 104,123 or 0.89% of the Company's Common Shares.

#### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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. Ray Basler (Chair), Mr. George Weber, Ms. Jo-Anne Poirier, Ms. Young Park, Mr. Ronald Richardson and Ms. Valerie Sorbie. All the committee members are independent and financially literate.

### Education and Experience

Mr. Ray Basler is a CPA, CA with many years of financial experience. Mr. Basler worked for Deloitte from 1979 to 1987 before joining SED Systems (now a subsidiary of Calian) as V.P Finance. After the Calian acquisition in 1990, he held a number of increasingly senior roles over his 25-year career with Calian, including CFO, COO and ultimately CEO in 2005 which he held until retirement in 2015. Mr. Basler holds a Bachelor of Commerce (Accounting) degree from the University of Saskatchewan.

Mr. George Weber retired as President and Chief Executive Officer of The Royal Ottawa Health Care Group in 2018, a post he has held since 2007 after serving as a CEO of several 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 completed the Advanced Management Program from the Graduate School of Business Administration, Harvard University. 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 at the University of Ottawa and Carleton University. 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 organizations over the last few years such as the Local Health Integrated Network, the Ottawa Board of Health, the Ottawa Convention Center, TVO 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 the integrations effectively with such as 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.

Mr. Ronald Richardson is a corporate director, private equity investor, former software company founder and former corporate executive with professional, governance and investment interests in the technology, energy and not-for-profit sectors. Ronald currently serves as Director, HS&E Committee Member of Tundra Oil &

Gas Ltd.; Chair of Brokrete, Inc.; immediate past Chair of the Queensway Carleton Hospital Foundation; and Director, Trustee or Observer for seven other private or NFP organizations. Ronald is a licensed Professional Engineer (P.Eng.), a certified Corporate Director with the Institute of Corporate Directors (ICD.D), a Capital Angel Network member and an honours co-op graduate from the University of Waterloo (B.S.E., Bachelor of Software Engineering).

Ms. Valerie Sorbie is currently Board Chair and a member of the Office of the President at LXRandCo (TSX: LXR) and Managing Director at Gibraltar Ventures, a consumer and retail focused venture capital fund. Ms. Sorbie focuses on board, leadership and strategic advisory, bringing over 30 years of experience in strategy and operations. She is or has been a member of several boards, including Harvard Kennedy School Woman's Leadership Board; Tilley; Steam Whistle Brewery; Bishop Strachan School (Chair); TKEES; Kahuso (Chair); and Black Business and Professionals Association. Prior to her role at Gibraltar Ventures, Ms. Sorbie was Chief Administrative Officer, BMO Capital Markets and Senior Vice President, Office of Strategic Management, BMO Financial Group. Prior to BMO, Ms. Sorbie's experience includes Chief Operating Officer of several software companies, both public and private, in the US, UK, Canada and Israel, and she was also a Strategy Consultant at Kearney and Omega Strategy Partners (UK). Ms. Sorbie holds an MBA from the Ivey School of Business, Canada, a Premier Diploma from the University of Grenoble, France and an Honours BA from the University of Western Ontario, Canada, in Anthropology and Biology.

### **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**

	<b>Fiscal 2022</b>	<b>Fiscal 2021</b>
Audit Fees	\$ 811,515	\$ 600,000
Tax Fees	\$ 156,177	\$ 75,265
All Other Fees	\$ -	\$ 103,000
<b>TOTAL</b>	<b>\$ 967,692</b>	<b>\$ 778,265</b>

## **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, 2022, (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, 2022.

## **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 TSX Trust Company at its principal office in Toronto, Ontario.

## **INTERESTS OF EXPERTS**

The Company's annual financial statements for the year ended September 30, 2022 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, 2021, 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](http://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, 2022, 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****1. Purpose**

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.

**2. Responsibilities****2.1 Financial Reporting**

2.1.1 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.

2.1.2 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.

2.1.3 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.

2.1.4 Annually review with management and the external auditors the underlying degree of conservatism or optimism of the Corporation’s accounting policies, key estimates and judgments and reserves.

- 2.1.5 Receive from the external auditors reports on their audit of the annual financial statements;
- 2.1.6 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;
- 2.1.7 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.
- 2.1.8 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.

## 2.2 Internal Controls

- 2.2.1 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.
- 2.2.2 Review the annual plan for internal audits;
- 2.2.3 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;
- 2.2.4 Review the evaluation of internal controls by the external auditors, together with management's response;
- 2.2.5 Review the adequacy of the Corporation's internal audit resources.

## 2.3 External Auditors

- 2.3.1 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;
- 2.3.2 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:
  - a) A description of the focus areas selected for inspection by the CPAB;
  - b) An indication of whether or not there are any significant inspection findings; and
  - c) 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;
- 2.3.3 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;
- 2.3.4 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;
- 2.3.5 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.
- 2.3.6 Meet annually with the external auditors in the absence of management to determine, 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;
- the level of cooperation received from management;
  - any unresolved material differences of opinion or disputes;
  - the effectiveness of the work of internal audit; and
  - the quality of the financial personnel.
- 2.3.7 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.
- 2.3.8 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.
- 2.3.9 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.
- 2.3.10 Review the working relationship between management and the external auditors.

## 2.4 Risk Management

- 2.4.1 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.
- 2.4.2 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:
- Reviewing with management the Corporation's tolerance for financial risks;
  - Reviewing with management its assessment of the significant financial risks facing the Corporation;
  - Reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks;
  - Reviewing with management its plans, processes and programs to manage and control such risks;

- 2.4.3 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;
- 2.4.4 Review foreign currency risk mitigation strategies, including the use of derivative financial instruments;
- 2.4.5 Review the adequacy of insurance coverage maintained by the Corporation;
- 2.4.6 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.

## 2.5. Compliance with Laws and Regulations

2.5.1 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;

2.5.2 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;

2.5.3 Review the status of the Corporation's tax returns and those of its subsidiaries.

## 2.6 Other Responsibilities

- 2.6.1 Review periodically the form, content and level of detail of financial reports to the Board;
- 2.6.2 Approve quarterly the reasonableness of the expenses of the Chief Executive Officer;
- 2.6.3 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;
- 2.6.4 Review in advance the appointment of the Corporation's Chief Financial Officer;
- 2.6.5 Investigate any matters that, in the Committee's discretion, fall within the Committee's duties;
- 2.6.6 Review reports from management, the external auditors, and/or other Committee Chairs on their review of compliance with the Corporation's Code of Conduct;
- 2.6.7 Perform such other functions as may from time to time be assigned to the Committee by the Board.

## 3. Membership

The Committee shall be composed of a minimum of four directors, all of whom shall be independent directors and financially literate of which one member shall be selected by the board chair as audit committee chair.

#### 4. Rules of Procedure

- 4.1 Unless the Committee otherwise specifies, the Secretary of the Corporation shall act as Secretary of all meetings of the Committee.
- 4.2 In the absence of the Chair of the Committee, the members shall appoint an acting Chair.
- 4.3 A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee in a timely fashion.
- 4.4 Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with Committee members, senior management and the external auditors.
- 4.5 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.
- 4.6 At each meeting of the Committee, the members of the Committee shall meet in private session with the Corporation's auditors.
- 4.7 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.
- 4.8 The Committee shall annually review, discuss and assess its own performance in fulfilling its mandate.
- 4.9 Annually review and assess the adequacy of its mandate and evaluate its effectiveness in fulfilling its mandate;
- 4.10 Review and update this Mandate on a regular basis for approval by the Board.

#### 5. Reporting

- 5.1 The Committee, through its Chair, shall report after each Committee meeting to the Board at the Board's next regular meeting.

#### 6. Frequency of Meetings

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

#### 7. Quorum

A quorum shall be a majority of the members.

## **8. Resources to Support the Committee**

Resources to support the committee will be provided through consultation with the committee chair and CEO.