CALIAN GROUP LTD.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED
SEPTEMBER 30, 2023

December 18, 2023

CALIAN GROUP LTD.

ANNUAL INFORMATION FORM

YEAR ENDED SEPTEMBER 30, 2023

Table of Contents

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 18, 2023 and, unless specifically stated otherwise, all information disclosed in this form is provided as at September 30, 2023, the end of Calian’s most recently completed fiscal year. All references to “$” or “dollars” are references to Canadian dollars in thousands, except per share data or 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 the Company will not assert, to the fullest extent under applicable law, its 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”, “will”, “should” and similar expressions. Forward-looking statements are not based on historical facts, but instead 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 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.

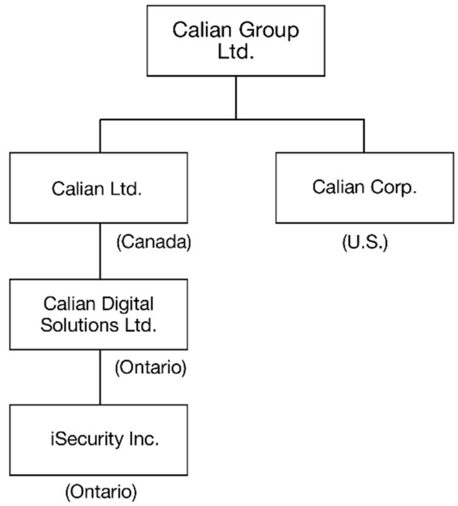
The Company cautions that the forward-looking statements in this Annual Information Form are based on current expectations as at December 18, 2023 that may be subject to change and to risks and uncertainties, including those set out under the heading "Risk Factors" below, many of which are outside the 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* (the "CBCA") pursuant to Articles of Incorporation dated September 27, 1982. The articles of the Company were amended on January 12, 1984, December 23, 1988, April 21, 1992 and September 2, 1993 to amend the provisions of the Company's share capital. The articles of the Company were further amended on September 14, 1993 to remove 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 CBCA. The Company's articles were further amended on March 11, 2005 to change its name to "Calian Technologies Ltd." The Company's articles were most recently amended on April 1, 2016 to change its name to "Calian Group Ltd.".

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

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



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 2023 had a total revenue of $659 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 2024 with an order backlog of $1,170 million, of which approximately 37% pertains to fiscal 2024 and 25% pertains to fiscal year 2025.

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"). The Company's 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 (including teleports), 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 as well as pharmaceutical solutions and digital technologies. Learning provides specialized training and immersive learning solutions to defence, commercial and higher education clients domestically and in international markets. The ITCS segment offers IT and cybersecurity solutions to support customers in their digital transformation from advisory through to implementation, as well as the delivery, management, monitoring and securing of complex IT infrastructures.

<u>2021 Fiscal Year:</u>

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. Adjusted EBITDA[1] 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. Adjusted 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 the Company's 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 the Company's acquisition in the European markets, and its 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. ITCS revenues increased by 42% compared to the previous year, which is a result of increased demand in the Company's cyber solutions business and from acquisitive growth.

Key events in fiscal 2021 are listed below.

On November 2, 2020, the Company acquired Calian UK Ltd. (formerly Cadence Consultancy Limited) ("Calian UK"), 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. Calian UK 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 its 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 its 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

[1] This is a non-GAAP measure mainly derived from the consolidated financial statements but does not have a standardized meaning prescribed by IFRS. Please refer to the Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures section of the Management's Discussion and Analysis.

acquisitions.

On February 22, 2021, the Company acquired Calian Digital Solutions Ltd. (formerly Dapasoft Inc.) ("CDS"), 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. CDS, a Microsoft Gold Partner, and its wholly owned subsidiary, iSecurity Inc. ("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 CDS 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 by the Department of National Defence ("DND") to provide research assistant services to the Royal Military College of Canada ("RMC"). Valued at up to $32.5 million 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. 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 Ltd. ("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 fiscal year 2020.

On July 8, 2021, the Company announced a contract with ORBCOMM Inc. ("ORBCOMM"), 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 DND 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 to all assets owned by DND and the Canadian Armed Forces 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. The Company's Health segment 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. Adjusted 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. Adjusted 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 Simulation Systems Corporation ("SimFront"). Calian and SimFront have a 15-year collaborative relationship within DND. 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 integration/interoperability and After-Action Review. 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 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 grow their businesses and bring new products to market by integrating with the Calian digital health platform as a service 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$43 million (USD$34 million). 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 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, 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$8.8 million. 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 to enable them to become 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. 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 the Company's 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 the Company's backlog provides a reasonable level of revenue assurance on existing contracts, it is also leveraging its diverse services capabilities to create new opportunities and diversify its customer base both domestically and globally. When the Company executes on its diversification strategy, its 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.

2023 Fiscal Year:

Overall revenue growth was strong in the 2023 fiscal year. Revenues increased by 13% in the year ended September 30, 2023, compared to the same period of the prior year. Revenue growth from acquisitions was 7% and was generated by the contribution from Computex in the first half of the year and Hawaii Pacific Teleport, Ltd. (formerly Hawaii Pacific Teleport, LLLP) ("Hawaii Pacific Teleport") in the fourth quarter. Organic growth was 6% and was driven by double-digit growth in the Health, Learning and Advanced Technologies segments. The ITCS segment posted negative organic growth primarily due to the easing of the supply chain in the prior year which allowed for significant deliveries of our value-added resale (VAR) business in the U.S. at the time. Adjusted EBITDA for the annual period ended September 30, 2023 stood at $66.0 million, slightly up versus the same period last year. Adjusted EBITDA margin stood at 10.0%.

Key events in fiscal 2023 are listed below.

On October 3, 2022, the Company announced it had been selected by Crowdstrike, a leader in cloud-delivered protection of endpoints, cloud workloads, identity and data, as its 2022 Canada Partner of the Year. The award recognizes partners that create successful customer relationships and meet or exceed revenue targets and was awarded to the Company as a result of its diligent collaboration in providing innovative security solutions to protect customers from malicious cyber threat actors.

On November 22, 2022, the Company announced that Natural Resources Canada's Canada Centre for Mapping and Earth Observation (CCMEO) has once again entrusted the Company to provide three high-performance antennas for Inuvik and Gatineau. Valued at $12 million, the Company will deliver two 7.3-meter tri-band antennas to Inuvik and one dual band antenna to Gatineau, including data reception and telemetry, tracking and command (TT&C) equipment. In all, three turnkey ground stations will be built and delivered. These ground stations will communicate with low earth orbit (LEO) satellites for applications ranging from Earth observation, monitoring the environment, defence applications and disaster management. Work commenced immediately, tapping into local resources and businesses, and will be completed in 2024.

On December 14, 2022, the Company proudly announced the introduction of Illuminator, a powerful software add-on to its popular Decimator spectrum analyzer product designed to monitor radio frequency (RF) communications and detect signal issues. With Illuminator, customers can monitor their entire set of Decimator D4 and/or D3 spectrum analyzers at multiple remote sites on a single screen, providing an enterprise viewpoint.

On December 16, 2022, the Company announced an investment in Field Effect Software to enhance the Company's cyber security solution set and address solution gaps for its growing customer base, including governments and defence agencies. Businesses of all sizes rely on Field Effect's solutions to enhance their cyber security posture. The acquisition marked the beginning of a strategic move for the Company to further expand into the US market, while continuing to build out the ITCS portfolio in Canada and around the world.

On January 31, 2023, the Company proudly announced that iSecurity, a Calian company, has achieved Service Organization Control (SOC) 2 Type II compliance, which is the gold standard of industry recognition. SOC 2 Type II compliance covers not only managed service offerings, but all offerings for cybersecurity within Canada including proactive cyber readiness consulting, fractional CISO as a Service, and reactive data breach response validating trust and assurance for our customers. Looking forward, iSecurity has implemented automated compliance controls to ensure that SOC 2 Type II security standards continue to be met and exceeded.

On February 10, 2023, the Company announced it achieved new Solutions Partner designations for the Microsoft Cloud Partner Program – significantly scaling its services reach across the globe. The new Solutions Partner designations validate the Company's skills and experience in building customer trust by understanding customers' needs and providing best-in-class solutions and services in collaboration with Microsoft. The Microsoft Cloud Partner Program launched in Third Quarter 2022 and is an opportunity for a continued collaboration between Calian and Microsoft to find new ways to meet customers' emerging needs.

On February 24, 2023, the Company announced that it had been recognized as an Elite 150 on CRN's Managed Service Provider (MSP) 500 list for 2023. The CRN MSP 500 highlights industry-leading service providers and consultants in North America who are leading a new wave of growth and innovation for the channel through a forward-thinking approach to managed services, helping end users improve operational efficiencies and maximize their return on investment.

On May 30, 2023, the Company announced it had been awarded a training contract for a major NATO exercise, Ex CITADEL BONUS. The Company will support Ex CITADEL BONUS in December 2023 at the Joint Force Training Centre in Bydgoszcz, Poland. The exercise is held annually to train NATO's Rapid Reaction Corps (RRC) headquarters staff for a high-intensity campaign.

On June 12, 2023, the Company announced that Calian Advanced Technologies was selected by the Canadian Space Agency (CSA) to receive $520 in funding to further develop RF over IP technology. The Company will build prototypes and conduct testing in its manufacturing facility, including field trials over a satellite.

On July 6, 2023, the Company announced that it will be supporting the development of NATO's Exercise LOYAL LEDA 2024 at the Joint Force Training Centre (JFTC) in Bydgoszcz, Poland. The Company will be supporting the development of exercise material for the Grey Cell, providing a Senior EXCON Advisor, and a subject matter expert for opposing forces focusing on non-linear operations.

On July 14, 2023, the Company announced it is being recognized as a finalist for the Microsoft Partner of the Year Awards in the Modern Workplace for Frontline Workers category for the Company's work on Calian Corolar™ Virtual Care, a Microsoft Teams native app for hospitals and health authorities. The

Microsoft Partner of the Year Awards recognize Microsoft partners that have developed and delivered outstanding Microsoft-based applications, services and devices during the past year.

On July 18, 2023, the Company was proud to announce it has won the 2023 Microsoft Canada Independent Software Vendor (ISV) Tech Intensity Impact Award. These annual Canadian awards recognize the Microsoft partners who have enhanced the lives of Canadians by championing diversity and inclusion, provided exceptional customer service and embraced digital transformation utilizing Microsoft technology. The Company was recognized for its transformational work leveraging Azure OpenAI within its sophisticated exercise management tool, MaestroEDE. AI-infused MaestroEDE represents a step forward in developing exercise management scenarios custom-tailored to a client’s needs.

On July 24, 2023, the Company announced access to additional liquidity to fuel its growth strategy with the closing of a CDN $180 million debt facility with Royal Bank of Canada (“RBC”) as lead arranger, sole bookrunner, and administrative agent, Desjardins Capital Markets (“Desjardins”), Canadian Imperial Bank of Commerce (“CIBC”) and Bank of Montreal (“BMO”). This new three-year term revolving credit facility with the lending syndicate includes an uncommitted accordion of $75 million for total availability of up to $255 million and replaces the existing debt facility with RBC and Desjardins. The long-term committed capital enables the Company to continue to execute its growth strategy and maintain focus on new mergers and acquisitions (“M&A”).

On July 26, 2023, the Company announced it is teaming with Google Cloud to help healthcare providers meet mandatory compliance measures on their journey to the cloud. Google Cloud has engaged iSecurity, a Calian company, along with its partner MD&A Health, to produce in-depth documentation to help healthcare and medical research organizations consider Google Cloud as a platform of choice. The companies outlined their findings by way of a Threat Risk Assessment (TRA) and a Privacy Impact Assessment (PIA) available to download—which can be used by Google as a “seal of approval” for its cloud platform.

On August 1, 2023, the Company completed the acquisition of US-based Hawaii Pacific Teleport for up to CAD$62 million (US$46 million). The acquisition marked the Company’s further move into the US following its acquisition of Computex in March 2022. It will also expand the Company’s Advanced Technologies portfolio further into global teleport services markets. Leveraging its service locations across the Hawaiian Islands and Guam, Hawaii Pacific Teleport provides secure, contiguous satellite connectivity throughout the Asia Pacific region from its strategically located US based locations.

On August 22, 2023, the Company announced it had been issued a Canadian patent covering key innovations in the agricultural technology space. This patent – which applies to Bin-Sense® Direct units and to the Company’s system and method of communicating grain bin condition data to a smartphone – is the latest addition to the Company’s growing portfolio of intellectual property in ag-tech and beyond, representing the continual innovation the Company is pushing into the marketplace.

On September 6, 2023, the Company announced it had been awarded a contract from MDA Inc. to support the development of test equipment used to verify the performance of Canadarm3, a next-generation space robotic system being developed by MDA (TSX:MDA) for the Canadian Space Agency. The Company will develop and deliver the Electronic Ground Support Equipment (EGSE) subsystem used to verify the performance of Canadarm3, Canada’s contribution to the NASA-led Lunar Gateway.

On September 27, 2023, the Company announced it had established a wholly owned subsidiary in Belgium to expand and pursue opportunities in this growing market. Calian Belgium BV was officially established in August 2023 as a subsidiary of Calian International Ltd.

Also on September 27, 2023, the Company announced that it won two contracts with Shared Services Canada (SSC) with a total estimated cost of $17.57 million—with options for a potential value up to $43.75 million.

SSC has engaged the Company to source talent for five critical categories of Informatics professional services.

On September 29, 2023, the Company announced the addition of a Digital Health portfolio to its existing Health Solutions division. The Digital Health portfolio delivers services and award-winning software applications which improve access to high-quality care, while transforming the patient and care provider experience. Solutions in the Company's Digital Health portfolio include: Cloud Interoperability Platform, Virtual Care, Remote Patient Monitoring and Nexi™ Enterprise Resource Management.

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, the Company provides business services and solutions to both industry and government customers in the areas of health, defence, learning, security, aerospace, engineering, IT and cyber. The Company provides customers with access to a team of over 4,400 (3,000 employees and 1,400 contractors) engineers, telecommunications and information technology, training, trades, health services professionals and other qualified staff as well as several ISO 9001-certified engineering and manufacturing facilities. 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 the Company considers to be a competitive advantage.

The Company evaluates historical performance and anticipated return on investment 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, 2023 contained in the Company's 2023 Annual Report.

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

	2023	2022
Canada	71%	71%
United States	24%	16%
Europe	4%	12%
Other	1%	1%

Revenues are attributed to foreign countries based on the location of the customer. In fiscal 2023, only a small portion of the Company's net assets are held outside of Canada, at $19.3 million, whereas $15.9 million 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, 2023 and 2022 represented 48% and 47%, 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, 2023	September 30, 2022
Product revenue		
Advanced Technologies	$106,298	$ 93,038
Health	1	5
Learning	6,235	3,670
Information Technology and Cyber Security	44,741	62,542
	$ 157,275	$159,255
Service revenue		
Advanced Technologies	$ 72,065	$57,360
Health	184,855	167,136
Learning	99,957	87,998
Information Technology and Cyber Security	144,431	110,423
	$501,308	$422,917
Total revenue	$ 658,583	$582,172

Advanced Technologies

Through its Advanced Technologies segment, the Company offers internally developed products, engineering services and solutions for the space, communications, nuclear, agriculture, defence and government sectors. The segment utilizes a pool of multi-disciplined engineers, production capabilities including electronics manufacturing and integration, composites and mechanical production oriented to markets that the Company serves. The Company's 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, the U.S. and in Europe, the Company is a full-service organization offering turnkey solutions, products and recurring revenue solutions for industry-leading customers in domestic and global markets. Almost all Advanced Technologies engineering and production locations are ISO 9001 certified, a standard of quality excellence recognized by customers world-wide.

Markets

The Advanced Technologies segment primarily serves six commercial markets: space ground systems including teleports, cable and terrestrial wireless networks, nuclear consulting, agricultural technology, composite structures and high precision Global Navigation Satellite Systems (GNSS). The defence and government markets are serviced with capabilities drawing from many of these same markets along with custom engineering, production and engineering services.

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. The Company offers its capabilities to a range of customers around the world including space agencies, satellite operators, satellite manufacturers, satellite service providers and defence organizations. Product offerings include software, hardware, embedded and high-speed logic designed, built and manufactured by the resources of the company to fulfill market requirements. In some cases products are built specifically for a customer who resells it under their own brand. In other cases, the Company owns the IP and sells the products either directly to the end customer or via regional resellers. The Company provides a range of satellite carrier monitoring products, featuring its flagship low-cost Decimator spectrum analyser. The Company's range of large aperture

Cassegrain reflector RF antennas are designed and manufactured by Calian to provide our customers with the ability to send and receive RF signals. The antennas are constructed out of steel, aluminum or composites depending on the application requirements. These antennas can be sold directly to customers or to system integrators as product. Often Company-built products are combined into the ground systems that Calian builds in order to increase its competitiveness on ground systems work The Company designs, builds and integrates the corresponding gateway electronics consisting of its 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 and in-orbit test. The Company utilizes its pool of subject matter experts to adapt its capabilities to the ever-increasing demands of its customers including high throughput, high frequency ranges and precise accuracy.

The Company's software defined solutions provide capabilities ancillary to the RF ground systems in order to help its customers manage network performance or to meet custom requirements. The Company's software defined gateways act as real-time transceivers between custom satellite network protocols and standard terrestrial networks. The in-orbit test systems that the Company provides verifies the spacecraft communication payload performance after they have been launched. The Company's 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 to maximize the use of the networks revenue generating 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 the Company's decades of experience in the market. These capabilities are either sold directly to the service provider or via a prime contractor as part of an overall offering.

Ultimately the Company's ground systems and products are installed in facilities called teleports where they provide the services for which they were built. The services provided at teleports can vary from the provision of a satellite gateway which links satellite and terrestrial communication networks to facilitating deep space exploration. In some cases, multiple teleports are managed through central operation centres which can utilize the Company's management software and operations staff. The location of a teleport is dependent on the geographical coverage of the service being offered and the characteristics of the mission. The Company leases teleport services to customers at its location in Saskatoon in addition to other leased locations in Canada. The Company acquired Hawaii Pacific Teleport, a teleport operator in the U.S., on August 1, 2023 and now operates additional teleports in Hawaii and Guam. Teleport staff manage the offered services, minimizing any downtimes and maintaining the operational status of the hosted equipment. Once the service is installed and running, the hosting of the service provides the Company with a recurring revenue stream governed by multi-year contracts.

The Company also provides satellite operations as a service capability through its group located in St. Hubert at the Canadian Space Agency ("CSA"). 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. This capability is provided to the CSA or other customers via several multi-year contracts which define the space missions they are to support.

Since most of the components are manufactured by Calian, the biggest supply-chain issue is either raw materials or through parts distributors. Although the Company seeks to get best value from its supply chain through diversity, many parts can only be sourced through a single regional distributor which makes it nearly impossible to obtain a diverse source of supply. As such, the Company relies on its product managers and procurement group to foster a good relationship with these distributors often in conjunction with the part manufacturer itself. Product sales cycles tend to be very transactional, with the exception being large quantity procurement, subject only to production schedules. The ground systems projects and RF antenna business sales cycles tend to be much longer from first contact, to initial discussions, which can lead to being on a bidders list, leading to request for proposal. From that point there can be either a down selection process or re-tendering depending on whether the customer's needs are met. Timelines can run between six months and two years, sometimes longer. During this period, managing the relationship with the customer is of paramount importance.

GNSS Antenna and Receiver Market

The Global Navigation Satellite System ("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's subsidiaries Tallysman Wireless Inc. and Tallymatics Inc. provide antenna and receiver solutions sold through distribution channels globally. Their customers are well known within their market verticals. The Company's solutions can provide centimeter precision accuracy even in areas of high interference. The Company customizes its GNSS antenna technologies to meet the demands of emerging markets and products.

A large portion of its product sales are transactional sold through distributors and resellers. There are cases where large multi-year deliveries with large customers are dealt with directly mainly because of the level of engineering pre-sales and post-sale customer support required.

Terrestrial Networks Market

Cable networks have significant RF requirements that fall within a similar engineering skillset as the Company's satellite communications network capability. In this context, the Company views 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. The Company's share of this market is currently very small, with its technology being developed to play at a variety of levels in this space.

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

Many of the products developed within this segment are purposed built for a single customer using the product for a specific purpose or distributing product to their customers. The advantage is there is a very well-defined development and delivery schedule, but the quantities are limited to the markets the customers serve as opposed to the broader market.

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 Technologies Inc.) ("Calian Agriculture") 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 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 several sectors beyond agriculture – including construction and energy. Both product lines provide subscription-based services for the producers to track and obtain alerts remotely. In fiscal 2023, the Company received a Canadian patent covering key innovations in the agricultural technology space. The patent, which applies to Bin-Sense Direct units and to the Company's system and method of communicating grain bin condition data to a smartphone – is the latest addition to the Company's growing portfolio of intellectual property in ag-tech and beyond, representing the continual innovation the company is pushing into the marketplace.

Commercial Electronics Manufacturing

The Company 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, who work in both commercial industries. Among the Company's capabilities is a state-of-the-art surface mount electronics manufacturing line with automated inspection and x-ray capability. The Company provides cable harness including extruded cable manufacturing and continuous braided shielding. The Company trains skilled assemblers and production staff to support its manufacturing and integration process. Being able to test the Company's boards and assembly for shock, vibration, temperature, and other environmental conditions is an asset for its customers. With the assistance of the Company's engineering capabilities, they can provide full life-cycle support to its customers, increasing its value to its customers.

Defence Engineering, Manufacturing and Technical Services

Advanced Technologies defence organization offers the broad range of Advanced Technologies capabilities oriented to the defence market. Many of the space products can equally serve the commercial, defence and government markets. Other areas of cross interest include GNSS, Nuclear, and Composites.

Advanced Technologies core defence capabilities include electronics design and manufacture, custom software development and system integration. The Company also provides contracted engineering and 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. The Company provides large defence primes with vetronics solutions to support their armoured defence vehicle product lines. These solutions can be designed and qualified by the Company or manufactured to the customers designs. Examples of such technologies include power control panels, electronics control modules, and cable harnesses.

Customers for Advanced Technologies defence business can be various allied departments of defence around the globe or large defence primes as part of a larger capability offering. Sales cycles for contract manufacturing can be measured in months. Deliveries for contract manufacturing depend largely on the availability of materials to fulfill the orders which can have long lead times. Sales related to large defence programs can have cycles over longer periods of time such as five to ten years.

Nuclear Engineering and Consultation

The Company's 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 the Company's 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 the operators have ultimate responsibility for rules and regulations while the Company acts as a consultant.

Composites

Composites engineering was originally created to provide high-precision composite reflectors to support Advanced Technologies space ground systems antenna products. Although the need for these composite reflectors will continue into the next decade, the purchasing cycles leave excess capacity which can be filled with other customers 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, target structures and custom structures such as service station canopies.

Health

The Company's health services team is one of Canada's largest national health services organizations. The Company manages a network of more than 2,800 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. The Company's health services team also provides management and strategy services to pharmaceutical companies conducting clinical trials and patient support programs.

DND is the Company's largest customer with primary medical, dental pharmacy and mental health and physician specialist services delivered to Canadian Armed Forces members across Canada. Although the Company's Health services are not subject to cyclical or seasonal patterns, the DND business is dependent upon the continuing renewal of the customer contract.

The Company'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 portfolio which provides primary care services and solutions to federal, provincial and municipal governments and agencies.

Primacy Management Inc. ("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®).

Calian Contract Research Organization Ltd. (formerly Allphase Clinical Research Services Inc.) ("Calian CRO") and Calian Patient Support Programs Ltd. (formerly Alio Health Services Inc.) ("Calian PSP") serve the pharmaceutical and medical device industry and the broader health care sector with clinical trial services, specialty medication support, and other services, all enabled by an innovative health care delivery management software application.

In fiscal 2023, the Health segment launched a Digital Health portfolio to its existing Health Solutions portfolio to complement its existing Health Solutions division. This division was established to better capture opportunities across the evolving healthcare landscape and to serve the Company's growing client-base. The Digital Health portfolio delivers services and award-winning software applications which improve access to high-quality care, while transforming the patient and care provider experience. The Company's presence in the digital health space is a culmination of the Company's internal innovation and numerous strategic acquisitions. Solutions in the Company's Digital Health portfolio include: Corolar™ Cloud Interoperability Platform, Corolar Virtual Care, Corolar Remote Patient Monitoring and Nexi Enterprise Resource Management.

Learning

Through its Learning segment, the Company is a trusted training partner to the Canadian Armed Forces and other government clients in the domestic market. Internationally, the Company has a growing footprint in

Europe, where it works with NATO and NATO member countries, providing both training services and technology solutions. The current geopolitical situation in Europe has NATO and member nations standing in a higher readiness state driving an increased need for training exercises planning and delivery. The Company anticipates this to be the state for the foreseeable future.

In fiscal 2023, the Company established a wholly owned subsidiary in Belgium, Calian Belgium BV, to expand and pursue opportunities in this growing market.

Simfront was acquired in fiscal 2023 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 Defence offers a complete solution ranging from needs analysis through to the design, development, and delivery of large-scale complex exercises. The Company's unique offering features delivery of an Integrated Synthetic Training Environment. Calian Learning enables clients to reach competency and confirm learning plans and team performance.

Calian Learning Emergency Management 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.

The Company's products and technology complement its training services, including VCCI™ (Virtual Command and Control Interface) and Calian MaestroEDE. Calian MaestroEDE is a tool used to design, develop, and deliver high-fidelity, collective training exercises to customers.

Information Technology & Cyber Solutions

Through its ITCS 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 in an 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 cyberattacks. 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, CDS, and iSecurity (subsidiary of CDS), its investment in Field Effects, in combination with its organic assets, the Company is able 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 third party assessment & advisory, solution provider & 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 managed security services provider services inclusive of managed IT services, NOCaaS (Network Operations Center as a Service) and SoCaaS (Security Operations Center as a Service), for those that are looking to outsource IT & cyber services. By diversifying its client base, market coverage and broadening the value proposition, Calian ITCS is developing cyclic resiliency from its traditional roots of government buying cycles in Canada.

The Company supports 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. The Company's 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 its cyber security incident and event management service offerings, uniquely position it to serve this market.

The Market

The world is facing increasing challenges that create trends in the marketplace. Many of these resulting market conditions – including climate change, health care capacity challenges, global conflicts, increasing cyber activity, demand for bandwidth and the reinvigoration of the space industry – align to the Company's capabilities. The Company 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 services. The Company is well positioned to respond and support stakeholders in this ever-changing environment.

Strategy

Four Pillars of Growth

The Company's growth strategy is based on the following four growth pillars:

- **Customer retention**: Through continued delivery excellence, each segment maintains relationships with their valued customer bases, thus earning more revenue through expanded scopes of existing contracts;
- **Customer diversification**: through continued diversification, each segment increases its percentage of revenue derived from winning non-government contracts, from commercial activity in global markets – both acquisitive and organic;
- **Innovation**: through continued investment in R&D resulting in increased product offerings, investing in acquisitive growth and acquiring new innovations, each segment increases its differentiation with a goal of increasing gross margins; and
- **Continuous Improvement**: through continued leverage of innovation, the Company streamlines processes and scales its back-office support capability.

While the Company's four operating segments are diverse, each is anchored by the Company's common four-pillar growth framework.

New 3-Year Strategic Plan

On October 1, 2023, the Company launched its new three-year strategic plan called One Vision, One Purpose, One Calian 2026. The objective of the plan is to continue to build a purpose-driven organization that has a strong values foundation and is growing profitably by geography, customer and offering, while improving operational efficiencies, retaining existing customers and building an effective sales culture.

More specifically, the financial objective of this strategic plan is to reach one billion dollars in revenues by the end of FY26 through both organic growth and acquisitions. The playbook is to convert a high-level of profitable growth into strong operating free cash flow where the capital generated can then be deployed to maximize shareholder value. All this while maintaining a healthy balance sheet.

The Company will measure the success of the execution of its strategic plan by monitoring three key performance indicators (KPI) on an annual basis: revenue, operating free cash flow and capital deployment.

The Company also wants to ensure that it analyzes the success of its execution through a shareholder lens. As such, it will measure return to shareholders with: dividend/operating free cash flow and operating free cash flow/Share.

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 the Company's 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 can 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 challenges. Challenges that stand in the way of better health, communications, learning and security.

In the 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 initiatives, and active participation in trade organizations. Because revenues are generally nonrecurring and project-based, significant volatility can be experienced in the revenues of the Advanced Technologies business unit.

Most of the 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 identify, track, and respond 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 many professional services firms in their respective areas.

Fiscal 2023 marketing efforts were aimed at positioning the Company'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. The Company's leading advanced technologies solutions in agriculture – Bin-Sense and FuelLock, Nuclear – ResponseReady™, and multiple satellite products led to the recent demands for telecommunications solutions. With the return to in-person conferences and tradeshows, the Company's industry-leading solutions grew in brand awareness and customer leads. Throughout the year, the Sales and Marketing teams drove the Company'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 the Company's key competitors in this business is the company CPI International Inc. The Company competes in these markets by providing differentiating products and services. Building its own key components of these systems, such as the antennas and the management systems, help the Company control its margins and increase its competitiveness. Given the size of the space community, it is important to have a solid reputation and good product heritage. The Company is known in the industry for its service and for being a go-to partner when you cannot afford to fail. The Company's subject matter expertise built up over more than 40 years in the business give it insight into customer requirements which allow the Company to innovate.

The Company competes for contracts based on 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 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 research and development ("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 ten issued Canadian patents, seventeen issued US patents, four issued patents in both Great Britain and Europe respectively, and numerous in process patent applications.

Employees

As of September 30, 2023, the Company's workforce consists of approximately 4,400 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 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 the offices are in leased premises. R&D and manufacturing facilities are in leased premises located in Saskatoon, Regina, Ottawa, Vaudreuil-Dorion as well as in Company-owned premises in 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. The Company's ESG vision Calian CARES–**C**ollaboration to **A**dvance **R**esilience **E**xcellence and **S**ustainability, builds on the company mission, values, and historical commitment to social responsibility and integrates its key competencies. It provides a framework and focus for activities and corporate communications related to ESG. By delivering on the Company's 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.

In 2023, the Company conducted a formal materiality assessment of ESG topics to quantitatively measure stakeholder priorities. Research was conducted among 831 survey respondents (497 internal, 334 external) to establish a broad list of 25 ESG topics most material to the Company's activities. Engagement was conducted through quantitative surveys and documentation review to understand what topics are most material to stakeholders. The most material environmental topics for customers were responsible supply chain, waste management and lifecycle management. Twelve topics were identified as most material and out of those top 12, internal and external stakeholders are aligned, with top 10 topics being the same. The Company identified actions in four areas: policies, documented commitments, key performance indicators and assigned responsibility.

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 2022 baseline year was gathered for the reporting period October 1, 2021 to September 30, 2022. In 2023, the Company completed its full-year emissions inventory for 2022 and 2023, and will continue to report annually, including identifying the company's greatest opportunities for carbon reduction. The Advanced Technologies operating segment, which includes the Company's manufacturing facilities, represents most of its scope 1 and 2 emissions with 87 per cent of total emissions. In terms of climate change, the Company's nuclear team has been actively working with three major Canadian utility companies to harness the potential of small modular reactors as a low carbon alternative to traditional energy sources. Related to environmental protection and specifically food supply, an estimated 364 million bushels of grain are monitored by Calian Bin-Sense.

In 2023, the company launched six Employee Resource Groups with over 275 members, a new Leadership Development Program (LDP) with 29 leaders participating and a retirement savings program with a 3% match to employee contributions. In terms of representation, the Company's board has 50% female representation, 45% female representation in its workforce and 23% of the workforce are under 30 years of age. In 2023, the Company contributed over $720 in community giving providing support to over 27 organizations. The Company's Indigenous engagement projects continue to expand and in 2023, it was certified as an Indigenous Works Employer of Choice. The Company continued to fund and provide expertise to several research projects with universities including cyber research at Dalhousie University regarding data exhaust which to date has resulted in in two research papers, and an Indigenous-led research project focusing on land based Indigenous knowledge and emergency preparedness.

Strong leadership and well-established corporate governance are key elements of the Company's continued financial success. The Governance and Risk Committee mandate includes 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 the Company and identify the ESG oversight responsibilities of all of the Board committees. The Company has adopted the International Financial Reporting Standards/International Sustainability Standards Board ("IFRS") as the Company's guide for future disclosures.

Risk Factors

The Company is subject to several risks and uncertainties. The Company operates in rapidly changing economic and technological environments that present numerous risks, many of which are driven by factors that it cannot control or predict. The following risks and uncertainties are in addition to those outlined in the Company's other filings with Canadian securities regulatory authorities. These risks are those that the

Company currently believes to be material and are not the only ones it faces. There may be others that the Company may not be aware of, or may not consider material today, but could become material in the future. If any of the following risks or other risks occur, the Company's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted.

Risks Relating to the Company's 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 the Company's 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 Uncertainty

The Company's business depends in part on a stable and growing economy. If the Canadian or global economy suffers a downturn or enters a recession 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.

If interest rates or inflation rates fluctuate or maintain increased levels, they could impact customers' purchasing trends and the Company's operating activities, financial position and profitability. In addition, the current inflationary environment has increased the risk of a recession which could have an adverse impact on the demand for the Company's products and services, and as a result revenues and profitability could be negatively impacted.

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. 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 many new employees and acquisitions into the corporate culture and processes which could limit the ability to operate effectively.

Acquisitions

The Company has completed several 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 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 the Company's own business and products; (ii) additional demands on Company resources, systems, procedures, and controls; (iii) disruption of the Company's ongoing business; (iv) adverse effects to the Company's 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 based on a less than optimal capital structure.

There is a risk that the Company will not be able to identify suitable acquisition candidates available for sale at reasonable prices, complete any acquisition, or successfully integrate any acquired product or business into its operations. The Company is likely to face competitors for acquisition candidates from other parties, including those that may have substantially greater available resources.

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.

Access to Capital

While the Company has secured access to capital under a debt facility, in the future it may need to raise additional funds to pursue its growth strategy, enhance its products and services, respond to competitive pressures, or make acquisitions or other investments. There can be no guarantee that such additional capital will be available when needed or on favourable terms. The Company's access to capital and its cost of capital will be subject to several factors, including general market conditions, the Company's current and expected future earnings, the market's perception of the Company, the Company's cash flow, and the market price of the Common Shares. If the Company is unable to secure sources of capital, it may not be able to pursue opportunities, engage in R&D, compete effectively with its competitors or weather an economic downturn.

Negative Covenants in Credit Facilities

The Company has a debt facility with the Royal Bank of Canada that provides the Company with the ability to draw up to $255 million. The agreement has a three-year term, which will mature on July 21, 2026. As of fiscal year end, the Company's draw was at $37,750. The facility is secured against the Company's assets and is interest bearing at the Royal Bank of Canada's Prime Rate plus applicable margin. As any outstanding indebtedness under the debt facility is subject to floating interest rates, it is also subject to fluctuations in interest rates. Interest rate fluctuations are beyond our control and there can be no assurance that interest rate fluctuations will not have a significant adverse effect on our financial performance. Throughout 2023 and at September 30, 2023, the Company was in compliance with the terms of the debt facility.

The Company is subject to various financial covenants and the Company, and its subsidiaries are subject to other customary positive and negative covenants (including limitations on dispositions, incurring additional indebtedness, providing financial assistance, making capital expenditures or investments, amalgamating, or merging with third parties, making distributions, and making changes to the business).

When outstanding, indebtedness of the Company could have material adverse consequences, including (i) limiting the Company's ability to obtain additional financing for working capital, capital expenditures, product development, acquisitions and general corporate or other purposes, (ii) requiring the Company to dedicate a portion of its cash flows from operations to the payment of interest and principal on existing indebtedness rather than having that cash available for other purposes, including operations, capital expenditures and future business opportunities, (iii) restricting the Company's flexibility and discretion to operate its business, (iv) limiting the Company's ability to adjust to changing market conditions, (v) placing the Company at a competitive disadvantage compared to its competitors that have relatively less debt or less onerous contractual restrictions and (vi) making the Company more vulnerable in a downturn in general economic conditions.

The Company's failure to comply with obligations under the facility could result in an event of default, which, if not cured or waived, would permit acceleration of the loans and the realization of security, and could trigger cross-defaults on other indebtedness. There can be no assurance that the assets of the Company and its subsidiaries would be sufficient to repay in full all such indebtedness.

The Company may incur additional indebtedness in connection with future acquisitions or for working capital or other corporate purposes.

Availability of Commodities and Inflationary Prices

The impacts of global events 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. Ongoing 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.

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 because 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. There can be no assurances that the Company's insurance will be adequate to cover such risks.

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 resulting in a loss of revenues and reputational harm.

Competition 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 may have greater name recognition, and significantly greater financial, technical, sales, marketing, and other resources, and there is no assurance that the Company may be able to keep pace with its competitors. Further, the Company's existing or potential customers may develop their own products or acquire companies that provide similar or competitive services. Any of these competitive threats, alone or in combination with others, could result in pricing pressure, reduced sales, loss of market share, lower margins, or have other adverse effects on the Company's business.

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 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. If an operating segment cannot secure an appropriate workforce, such operating segment may not be able 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.

Government Contracts

During fiscal 2023, approximately 48% 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.

Contractual non-compliance, failure to comply with procurement regulations and regulations regarding the protection of classified information, and other improper or illegal activities, may result in various civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government.

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. The Company also manufactures components that may be used in defence equipment with inherent risks associated with this 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.

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. If any of these circumstances occur, it could have a material adverse effect on the Company's business, financial condition, or operations.

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. The Company may face challenges to attract suitable candidates for senior positions, and the failure to adequately replace senior management may have a material adverse effect on the Company's business, financial condition, and operations.

Concentration of Key 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 able 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.

Rapidly Changing Technologies and Customer Demands

The markets in which the Company operates are characterized by rapid technological change 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 in existing markets 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.

There can be no assurance that the Company's products will be competitive with the products of its competitors or that it will be able to keep pace with technological developments in the market. Such advances could make the Company's technologies and products partially or completely redundant or impact future sales, which could have a material adverse impact on the Company's business, revenues, and profitability.

Outsourcing/Subcontracting

The Company outsources large parts of its projects, including professional services in all four operating segments, manufacturing of numerous components, and distribution of products to various subcontractors and therefore are subject to the risk that its subcontractors do not provide its customers with the quality and performance that they expect from the Company's products. If the Company is unable to fulfill customer expectations, it may lose business opportunities and its reputation could suffer. Quality or performance failures of its products or changes in subcontract manufacturers' financial or business conditions could disrupt the ability to supply quality products to customers and have a material and adverse effect on the Company's business, results of operations or financial condition.

The Company is responsible for any errors caused by its subcontractors in the same way it is for its own employees and there are generally higher costs associated with subcontractors, which could have a material adverse effect on the Company's results if the ratio of subcontractors to employees increases and if large volumes of major projects are assigned to subcontractors. These risks related to the use of subcontractors could, if they materialize, have a material adverse effect on the Company's business, financial condition, and results of operations.

Historical Pricing Trends

Selling prices of technology products tend to decrease over time. The average sales prices for the Company's products may decline for a variety of reasons, including competitive pricing pressures, a change in the mix of its products, and anticipation of the introduction of new products. Furthermore, average sales prices for the Company's products may decrease over product life cycles.

The Company's gross profit and financial results will suffer if it is unable to offset any reductions in its selling prices by reducing its costs, developing new or enhanced products on a timely basis with higher selling prices, or increasing sales volumes. A decline in the Company's selling prices more than its expectations may harm the business, results of operations or financial condition.

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 its 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.

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 realized could be materially different from the original contract value. At September 30, 2023, the Company's backlog included $211 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.

Accounts Receivable Collection Risk

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 negatively impact 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, 2023, 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, 2023. 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 Company's consolidated financial statements for the year ended September 30, 2023.

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.

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;
- compliance with international trade laws, tariffs and trade agreements; 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.

Dependence on Subsidiaries' Cash Flows

The Company is a holding company and substantially all its operations are carried out by its subsidiaries, most of which are incorporated or formed in Canada. The Company has no direct operations and no significant assets other than the shares of its subsidiaries and cash proceeds from sales of its securities or other financings or borrowings. Accordingly, the Company is dependent on the cash flows from our subsidiaries to meet its obligations. If the Company is unable to receive sufficient cash from its subsidiaries, it may be required to incur indebtedness, raise funds in a public or private equity or debt offering, or sell some or all its subsidiaries. There can be no assurance that any such financing will be available on satisfactory terms or that it will be sufficient to meet the Company's obligations.

The Company may be subject to limitations on the repatriation of earnings in each of the countries where it does business. These limitations may be imposed in circumstances where the repatriation of funds may harm a country's international balance of payments, cause excessive fluctuations in interest or exchange rates, or threaten the stability of its domestic financial markets. There can be no assurance that countries in which the Company does business will not impose exchange controls or otherwise limit our ability to repatriate cash payments, which could affect the Company's ability to service its indebtedness and its creditors to recover their investment.

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.

Tax Consequences

The Company may be subject to income taxes in various jurisdictions. Ensuring global compliance can be complex and time consuming. Compliance, and any lack therefore, could impact the Company's cash flows, particularly if the Company is subject to any interest and/or penalties. Significant judgment is required in determining the Company's worldwide provision for income taxes and, in the ordinary course of its business, there are many transactions and calculations where the ultimate tax determination may be uncertain.

The Company will be required to estimate what its taxes will be in the future. Although management of the

Company believes its current tax estimates are reasonable, the estimate process and applicable tax laws are inherently uncertain, and its estimates are not binding on tax authorities. The Company's effective tax rate could be adversely affected by changes in its business, including but not limited to the mix of earnings in countries with differing statutory tax rates, changes in the elections it makes and changes in applicable tax laws. The Company's tax determinations may be subject to audit by tax authorities, which audits, if any, could adversely affect the Company's income tax provision. Should the Company's ultimate tax liability exceed its estimates, its income tax provision and net income may be materially affected.

Privacy Concerns

The Company's operations include the transmission and storage of data, including personal information. This includes highly sensitive personal health information in the 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 several 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 ("PIPEDA") and the European Union's General Data Protection Regulation ("GDPR") 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 GDPR, 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 also be subject to fines, penalties, and damages for non-compliance with such requirements.

The Company could be adversely affected if legislation or regulations regarding personal information 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 and Protection

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. Even if the Company prevails, any claims brought against the Company may be distracting for management, costly and time-consuming.

The Company protects its patents, trademarks, and proprietary rights in accordance with industry practice or as it determines to be appropriate. There can be no assurance that the Company's actions are adequate to prevent the imitation of its process and products by others or to prevent others from claiming violations of their intellectual property by the Company. Further, the Company's intellectual property rights may not have the value that it believes they have. If the Company fails to protect its intellectual property rights, the value of such rights could be diminished, and its sales and profitability adversely affected. The Company may also incur significant costs if required to defend its intellectual property rights.

The failure to obtain patents or the invalidation of the Company's existing patents, or any inability to protect its intellectual property, may weaken the Company's competitive position and may materially and adversely affect its business, operations, or financial condition.

In addition, the laws of certain countries do not protect proprietary rights to the same extend as the laws of Canada, and therefore there can be no assurance that the Company will be able to adequately protect its intellectual property against unauthorized third-party use. Any such unauthorized use may adversely affect the Company's competitive position.

Manufacturing Limitations

The Company's products are manufactured at a small number of locations and the Company's revenues are dependent on the continued operations of its manufacturing facilities. The operation of the Company's manufacturing facilities in Saskatchewan, Ontario, Quebec, and Germany involves some risk, including failure or substandard performance of equipment, natural disasters, delays in obtaining raw production materials and components, plant shutdowns and labour disruptions. The Company does not generally carry a large inventory of finished products, and therefore, any significant interruptions in production could have material adverse effect on its business, financial condition, and results of operations.

Use of Open-Source Software

Some of the Company's IT solutions are developed using third party open-source software components, and any failure to comply with the terms of the underlying open-source licences could restrict its ability to sell the Company's products or increase its operating costs. Certain open-source licences contain requirements that the licensee make available source code for modifications or derivative works created based upon the type of open-source software used. To the extent the Company's proprietary IT solutions are combined with open-source software, the Company could in certain limited circumstances be required to release some of its proprietary technology to the public. In addition, usage of open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties or controls on the origin of the software. Additionally, the terms of many open-source licences have not yet been interpreted by courts and there is a risk that these licences could be construed in a manner that could impose unanticipated conditions or restrictions on the Company's ability to commercialize its IT solutions.

The Company cannot guarantee that its processes for controlling the use of open-source software in its products will be effective. If it is held to have breached the terms of an open-source software licence, the Company could be required to pay significant damages, seek licences from third parties, stop distributing IT solutions and services that contain the open-source software, revise or modify its code to remove the alleged infringing code, release the source code of its proprietary software, or take other steps to avoid or remedy an alleged infringement. The occurrence of any of the foregoing could have a material adverse effect on the Company's business, financial condition, and results of operations.

Use of Licensed Technology

The Company licenses certain technologies used in its products from third parties, generally on a non-exclusive basis. The termination of any of these licenses, or the failure of the licensors to adequately maintain or update their products, could delay the Company's ability to manufacture its products while it seeks to implement alternative technology offered by other sources and may require significant unplanned investments. In addition, alternative technology may not be available on commercially reasonable terms. In the future, it may be necessary or desirable to purchase other third-party technology licenses relating to one or more of the Company's products or relating to current or future technologies. There is a risk that the Company will not be able to obtain licensing rights to the needed technology on commercially reasonable terms, if at all. The advent of any of the foregoing, could have a material adverse effect on the Company's business, financial condition, and results of operations.

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. 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.

Negotiation of Facilities Leases

The Company leases all its facilities except for one owned property in Germany. There can be no assurance as to the Company's ability to renegotiate these leases on terms acceptable to it or at all. If the Company is unable to renew certain leases as they mature, it may seek alternative facilities to lease or to consolidate certain operations into other facilities. The failure to renew certain leases, obtain extensions to those leases, or secure alternate facilities on terms acceptable to the Company could result in dislocation of certain operational functions, which could have a resulting material adverse effect on the Company's business, financial condition, liquidity, and results of operation.

Warranty and Product Liability Claims

The Company is exposed to potential product liability risks. Although the Company maintains product liability insurance and takes precautions to avoid product liability claims, there can be no assurance that it will be able to avoid significant product liability exposure or that its insurance will provide adequate protection against potential claims. The sale and support of its products may entail the risk of those claims, which are likely to be substantial considering the use of its products in critical applications. Accordingly, any such claim could have a material adverse effect upon the business, results of operations and financial condition. In addition, defending this kind of claim, regardless of its merits, or otherwise satisfying affected customers, could entail substantial expense and require the devotion of significant time and attention by key management personnel.

If the Company's products fail to perform as warranted and the Company is unable to resolve product quality or performance issues in a timely manner, the Company may lose sales or be forced to pay damages. In addition, because the Company's products are sold and marketed in different countries, the products must function in and meet the requirements of many different environments and be compatible with various systems and products. Any failure of the Company's products to meet these requirements could have a negative impact on sales and a material adverse effect on the Company's business, results of operations and financial condition. Further, there is a risk that customers may uncover latent defects in the Company's products that were not apparent at the time the product was sold. This type of defect may be discovered before or after the warranty period has expired. Performance failure due to a defect may cause loss of customers, damage to the Company's reputation for delivering high-quality products, delay in or loss of market acceptance, additional warranty expense or costs associated with product recall.

As a result of their complexity, software products may contain undetected errors or failures when entering the market. Despite conducting testing and quality assurance, defects and errors may be found in new software products after commencement of commercial shipments or the offering of a network service using these software products. In these circumstances, the Company may be unable to successfully correct the errors in a timely manner or at all. The occurrence of errors and failures in the Company's software products could result in negative publicity and a loss of, or delay in, market acceptance of those software products. Such publicity could reduce revenue from new licenses and lead to increased customer attrition. Alleviating these errors and failures could require significant expenditure of capital and other resources by the Company. The consequences of these errors and failures could have a material adverse effect on the business, results of operations and financial condition. Because many of the Company's customers use its software products for business-critical applications, any errors, defects, or other performance problems could result in financial or other damage to customers. The Company's customers or other third parties could seek to recover damages in the event of actual or alleged failures of software solutions.

The Company also provides warranties on its some of its products, requiring it to repair or replace defective products at its own cost. If the Company experiences a greater number of warranty claims than budgeted in the normal course, its gross margins could be negatively affected. In addition, product recalls, withdrawals or replacements of the Company's products may harm its reputation and acceptance of its products by its customers, which may adversely affect the business, results of operations or financial condition.

If any of the Company's products prove defective, the Company may be required to redesign or recall such products. A redesign or recall may cause the Company to incur significant expenses, disrupt sales and adversely affect its reputation and products, any one or a combination of which could have a material adverse effect on the Company's business, financial condition, and results of operations.

Litigation

From time to time, the Company may become subject to claims, lawsuits (including class actions and individual lawsuits), government investigations and other proceedings involving intellectual property, data protection, labour and employment, competition, securities, tax, marketing, commercial disputes, and other matters. They may include disputes with technology partners, customers, subcontractors, suppliers, employees, or investors. The Company may also become subject to proceedings by governmental authorities in connection with its compliance with laws and regulatory requirements, including in the areas of labour, tax, and data protection.

The outcome of pending or potential future legal, arbitration or regulatory proceedings is, as a general matter, difficult to predict. An unfavourable outcome on any litigation or arbitration matter could require the Company to pay substantial damages, prevent it from selling certain of its solutions, or, in connection with any intellectual property infringement claims, require the Company to pay ongoing royalty payments. The Company's provisions for losses related to pending legal proceedings in the future may not be adequate to cover its ultimate costs in relation to such proceedings and may need to be adjusted as a result of subsequent developments in, or the final outcome of, such legal proceedings. Whether or not the Company will ultimately prevail in future litigation matters, litigation and arbitration are costly and can divert management's attention from the Company's business. In addition, the Company may decide to settle a litigation or arbitration matter, which could cause the Company to incur significant costs. A settlement or an unfavourable outcome on any litigation or arbitration matter could have a material adverse effect on the Company's business, financial condition, and results of operations.

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 post significant risks to the Company's key infrastructure, including its manufacturing and cyber security centers, and affect their insurability. Severe drought or changes to food supply production may affect the Company's agriculture 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. Climate change may also have indirect effects on the Company's business by increasing the cost of, or making unavailable, property insurance on terms acceptable to the Company.

Environmental and Health and Safety Risks

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 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. The Company could be subject to increased costs, fines, civil or criminal sanctions, third-party property damage or personal injury claims if it violates or becomes liable under any of these laws.

Events Out of the Company's Control

Localized or global events out of the Company's control, such as a natural disaster, a geopolitical crisis, a widespread outbreak of illness or other health issue, or an act or threat of war or terrorism, could negatively affect the Company's business and financial condition.

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. There can be no assurance that these risk mitigation steps will be successful in avoiding financial loss or reputational risk associated with the occurrence of fraud.

Corruption

The Company's operations are governed by the laws of multiple jurisdictions, which generally prohibit bribery and other forms of corruption. The Company has policies against giving or accepting money or gifts in certain circumstances. Despite these policies, it is possible that the Company, or some of its employees or contractors, could be charged with bribery or corruption. If the Company is found guilty of such a violation, it could be subject to onerous penalties and a mere investigation could lead to significant corporate disruption and legal costs. In addition, bribery allegations or bribery or corruption convictions could impair the Company's ability to work with governments or non-governmental organizations. Such convictions or allegations could result in the Company's formal exclusion from a country or market, government sanctions or fines, suspensions or delays, or negative reputational impacts.

Conflicts of Interest

The directors of the Company may be, or may become, engaged in different industries, both on their own behalf and on behalf of other companies, and situations may arise where the directors and officers may be in direct competition with the Company. Conflicts of interest, if any, which arise, will be subject to and governed by the procedures prescribed by the Board. Notwithstanding these procedures, such conflicts of interest may be difficult to manage, and could have a negative impact on the Company's business.

Product Obsolesce

As the Company develops new products, many of its older products will reach the end of their operating life. As the Company discontinues the manufacturing and sale of these older products, it must manage the liquidation of inventory, supplier commitments, and customer expectations. If the Company is unable to properly manage the discontinuance of these older products, this could have material adverse effect on its business, financial condition, and results of operations.

COVID-19 and Impact on Global Markets

The COVID-19 pandemic has had disruptive effects and presented a source of economic uncertainty to the markets in which the Company operates. While the effects of the pandemic have eased, it is possible that the resulting economic impact may adversely affect operations and the financial performance of the Company and its customers, the demand for the Company's products or services, or the equity markets generally, any of which alone or in tandem could adversely affect the Company's operations or financial performance.

Following the Company's COVID-related work-from-home mandate, and the gradual return-to-work plan implemented in 2022, the Company now provides most employees the ability to choose between work-from-home, hybrid, or full work-from-office options. The Company continues to comply with all public health guidance.

While easing, the Company continues to be subject to risks associated with the 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. 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 the Company's customers' ability to invest and spend on new or existing programs, which could reduce its deliverables.

Changes in Laws, Rules and Regulations

Changes to any of the laws, rules, regulations, or policies to which the Company or its customers or suppliers is subject could have a significant impact on the Company's business. There can be no assurance that the Company will be able to comply with any future laws, rules, regulations, and policies. Failure by the Company to comply with applicable laws, rules, regulations, and policies may subject it to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse impact on the Company's business, financial condition, liquidity, and operations. Further, compliance with any future laws, rules, regulations, and policies could negatively impact the Company's profitability and have a material adverse effect on its business, financial condition, liquidity, and operations.

SRED or Other R&D Tax Credits

Although management is of the view that all expenses and tax credits claimed by the Company, including research and development expenses and related tax credits, are reasonable and deductible and have been correctly determined, there can be no assurance that the Canadian taxation authorities will agree. If the Canadian taxation authorities successfully challenge such expenses or the correctness of such income tax credits claimed, the Company's operating results could be adversely affected. If the Canadian taxation authorities reduce the tax credit either by reducing the rate of the grant or the eligibility of some research and development expenses in the future, the Company's operating results will be adversely affected.

Most of the Company's research and development activities are conducted in Ontario and Saskatchewan. The Company participates in government programs with both the federal government and the Governments of Ontario and Saskatchewan that provide research and development tax credits based upon qualifying research and development expenditures. These expenditures primarily consist of the salaries of the persons conducting research and development activities or materials involved in the development where it pertains to tangible products. If these research and development tax credits are reduced or eliminated, this may adversely affect the Company's business, financial condition, and results of operations.

Transfer Pricing

The Company conducts business operations in various jurisdictions and through legal entities in various jurisdictions. The Company and certain of its subsidiaries provide products and services to, and may from time to time undertake certain significant transactions with, other currently existing or new subsidiaries in different jurisdictions. The tax laws of these jurisdictions, including Canada, have detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's length pricing principles and that contemporaneous documentation must exist to support such pricing. The taxation authorities in the jurisdictions where the Company carries on business could challenge its arm's length related party transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities are successful in challenging the Company's transfer pricing policies, the Company's income tax expense may be adversely affected, and the Company could also be subjected to interest and penalty charges. Any such increase in the Company's income tax expense and related interest and penalties could have a significant impact on the Company's future earnings and future cash flows.

Investment in R&D

As the markets in which the Company operates are characterized by rapid technological advancement and continually evolving customer preferences and demands, the success of the Company largely depends on its ability to develop new, innovative technologies, to efficiently manufacture and market its products, and to effectively provide services to its customers. There can be no assurances that any of the Company's investment in R&D will develop new, marketable products and services, and even if successful in developing such products or services, there can be no assurance that they will be accepted by the market or generate increased sales or improve profit margins.

Compliance with ESG Reporting Requirements

The Company is subject to compliance with growing stakeholder focus on ESG policies and disclosure requirements. Climate-related disclosure requirements and standards are evolving, with several alternative approaches being considered, including mandatory reporting requirements. The Company's climate-related disclosure standards may not be complete, consistent, or comparable to those of other companies in its peer group or other companies generally. Quantitative ESG and sustainability information the Company reports may be deemed limited and inconsistent with other companies and commonly accepted or preferred standards. Sustainability-related accounting and disclosure standards are intended to provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed investment decisions. These standards increase disclosure and reporting requests, for which the Company will need to implement increasingly detailed data gathering and analysis and reporting. The Company may not achieve its stated objectives for environmental, social, and corporate governance targets, and its inability to implement appropriate action plans, or achieve stated objectives could create reputational harm, a competitive disadvantage and increase business risk. Meeting the Company's ESG objectives could require significant investments.

Certain of the Company's contracts require that it implement and maintain employment equity practices in its workplace, to ensure its workforce is representative of Canada's labour force with respect to four designated groups under *the Employment Equity Act*, being women, indigenous peoples, persons with disabilities, and members of visible minorities. While the Company strives to achieve these practices, and diversity, equity and inclusion is a critical objective of its ESG policy statement, compliance with such objectives can be difficult to achieve and maintain. The Company's ability to hire and retain representatives of such designated groups can be negatively impacted by labour constraints and the nature of our business. The Company's inability to maintain such standards could cause reputational harm and negatively impact its ability to conduct business with certain clients, and as a result the Company's revenue and profitability could be negatively impacted.

Risks Relating to the 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 its control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of the Company's 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 the Company operates 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 the Company's operating results, underlying asset values or prospects have not changed. Conversely, the market price of the Common Shares may increase without any changes to the Company's 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, the Company's operations could be adversely affected, and the trading price of the 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, the Company may seek additional equity or debt financing to fund its growth, enhance its products and services, respond to competitive pressures, or make acquisitions or other investments. The Company's business plans may change, general economic, financial, or political conditions in its markets may deteriorate or other circumstances may arise, in each case that have a material adverse effect on the Company's cash flows and the anticipated cash needs of its business. Any of these events or circumstances could result in significant additional funding needs, requiring the Company to raise additional capital. The Company 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 the Common Shares over the three most recently completed fiscal years:

	Fiscal 2023	Fiscal 2022	Fiscal 2021
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. Decisions on dividend payments are made on a quarterly basis by the Board. Other than the applicable "solvency test" under the CBCA, there are no restrictions preventing the Company from declaring dividends on any classes of its shares, however, any future payment of dividends will be dependent upon the earnings and financial condition of the Company and other factors that the Board may deem appropriate at the time.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares (the "Preferred Shares"). The holders of Common Shares are entitled to dividends if, as and when declared by the Board, to one vote per share at the meetings of holders of Common Shares and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares.

The Preferred Shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. The Preferred Shares are entitled to a priority over the Common Shares with respect to the payment of dividends and the distribution of assets upon liquidation of the Company. No Preferred Shares are outstanding as of the date of this Annual Information Form.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "CGY". The following table sets forth the monthly range of high and low prices per Common Share at the market close of the TSX and the total monthly volume of the Common Shares traded on the TSX for the Company's most recently completed financial year.

Fiscal 2023	**Volume**	**High Trading Price**	**Low Trading Price**
October 2022	214,700	61.50	53.02
November 2022	443,600	66.75	54.74
December 2022	302,800	68.53	64.53
January 2023	125,900	67.50	60.50
February 2023	194,100	63.22	58.26
March 2023	332,300	66.13	59.20
April 2023	95,800	66.00	60.89
May 2023	125,100	64.25	57.50
June 2023	122,800	62.82	56.91
July 2023	158,600	64.88	60.45
August 2023	413,400	63.91	51.25
September 2023	217,000	53.97	49.63

Prior Sales

During the fiscal year ended September 30, 2023, the Company issued the following securities that are not listed or quoted on a marketplace:

Date of Issue	Type of Security Issued	Number of Securities Issued	Issuance / Exercise Price Per Security
November 22, 2022	Performance Share Units	158,500	$59.18
November 22, 2022	Restricted Share Units	30,132	$59.18
November 22, 2022	Stock Options	21,430	$60.43
February 15, 2023	Stock Options	1,168	$60.44

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

The Company held 34,286 shares in escrow at the beginning of fiscal year 2023 in relation to the acquisition of CDS, which amounts to 0.3% of the Company's common shares. These shares were fully issued in the fiscal year, and at September 30, 2023 there are no securities held in escrow or that were subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

Directors

The following table sets forth the names, residency, position(s) with the Company, period of service as a director and principal occupation during the five preceding years of each of the current directors of the Company. All directors hold office until the next annual meeting of shareholders of the Company or until their successors are elected.

Name and Residence	Position(s) within the Company	Director Since	Principal Occupation(s) within the 5 Preceding Years
George Weber Ontario, Canada	Director, Chair of the Board	2012	Corporate Director
Ray Basler, CPA, CA Saskatchewan, Canada	Director, Chair of the Audit Committee	2005	Corporate Director
Kevin Ford Ontario, Canada	Director, President and CEO	2015	President and CEO, Calian Group Ltd.
Jo-Anne Poirier Ontario, Canada	Director, Chair of the HR & Compensation Committee	2016	President and CEO, VON Canada (a home care and community support services company)
Young Park Ontario, Canada	Director, Chair of the Governance & Risk Committee	2017	Corporate Director
R. Ronald Richardson Ontario, Canada	Director	2021	Corporate Director
Valerie Sorbie Ontario, Canada	Director	2022	Partner and Managing Director, Gibraltar & Company (a venture investment firm)
Lori O'Neill Ontario, Canada	Director	2023	Corporate Director and Consultant

Mr. Weber, Mr. Basler, Ms. Poirier, Ms. Park, Mr. Richardson, Ms. Sorbie and Ms. O'Neill 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:

- Young Park, who was a consultant from 2016 to 2020; and

- Ronald Richardson, who was Vice President Product Strategy for Benbria Corporation from May 2018 to May 2020.

Executive Officers

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

Name	Residence	Position within the Company
Kevin Ford	Ontario, Canada	Chief Executive Officer
Patrick Houston	Ontario, Canada	Chief Financial Officer and Corporate Secretary
Sue Ivay	Ontario, Canada	Chief Human Resources Officer
Michael Muldner	Ontario, Canada	Chief Information and Technology Officer
Patrick Thera	Saskatchewan, Canada	President, Advanced Technologies
Don Whitty	New Brunswick, Canada	President, Learning
Derek Clark	Ontario, Canada	President, Health
Michael Tremblay	Ontario, Canada	President, ITCS

All 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
- Sue Ivay, who was Director of Human Resources from September 1, 2017 to March 1, 2019
- Michael Muldner, who was appointed Chief Information Officer on October 1, 2022 and Chief Information and Technology Officer September 1, 2023
- Patrick Thera, who was the Vice President, SED from 2011 to September 30, 2020
- 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
- Derek Clark, who was appointed President, Health on February 6, 2023
- Michael Tremblay, who was appointed President, ITCS on December 1, 2023

As of September 30, 2023, the directors and executive officers of the Company as a group, beneficially own, directly and indirectly, or exercise control or direction over 90,502 or 0.77% of the issued and outstanding 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 (including the 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, that was in effect for a period of more than 30 consecutive days (an "order") 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 an order 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, as at the date of this Annual Information Form, or has been, within the 10 years preceding the date of this Annual Information Form, a director or executive officer of any company (including the 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.

- Lori O'Neill was formerly a director 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).

- 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).

- Valerie Sorbie was formerly a director of LXRandCo. On November 3, 2023, the Superior Court of Quebec appointed a receiver over the business and assets of LXRandCo., following an application by LXRandCo.'s 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, has, within the 10 years preceding the date of this Annual Information Form, 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

Certain of the Company's directors and executive officers serve or may agree to serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the

Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. To the knowledge of the Company, there are no existing or potential material conflicts of interest between Calian or any of its subsidiaries and any director or officer of Calian or any of its subsidiaries.

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. Lori O'Neill, Ms. Jo-Anne Poirier, Ms. Young Park, Mr. Ronald Richardson and Ms. Valerie Sorbie. All the committee members are independent and financially literate for the purposes of National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Education and Experience

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

Mr. Ray Basler is a CPA, CA with many years of financial experience. Mr. Basler worked for Deloitte from 1979 to 1987 before joining Calian Ltd. (formerly SED Systems and now a subsidiary of Calian) as V.P Finance. After the Calian acquisition in 1990, he held several 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 several 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 $300 million. 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. 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 ICD and earned her ICD.D designation in 2015.

Mr. Ronald Richardson is a corporate director and private investor, holding professional, governance and investment positions in the technology, energy, space, and not-for-profit sectors. Ronald is, or has been, a board member for several organizations, including James Richardson & Sons, Ltd.; Tundra Oil & Gas Ltd.; Mission Control Space Services, Inc.; Tough Commerce, Inc.; Benbria Corporation; and Queensway Carleton Hospital Foundation. He is also a trustee or observer for six other private or not-for-profit organizations. Ronald is a licensed professional engineer (P.Eng.) and honours co-op graduate from the University of Waterloo (BSE, Bachelor of Software Engineering). He is also a certified corporate director with the Institute of Corporate Directors (ICD.D).

Ms. Valerie Sorbie is currently a corporate director and is also Partner 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 Neighbourly Pharmacy, LXRandCo., 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.

Ms. Lori O'Neill is a corporate director and independent financial consultant. Lori served over 24 years at Deloitte, including various national partnership roles, with a focus on advising growth companies from start-ups to multinationals, supporting complex transactions, financings, private and public equity offerings, mergers and acquisitions in Canada and the U.S. Over the past 11 years, Lori has been providing this expertise as a strategic consultant, operator, and investor with several growth companies. Lori is a board member for Constellation Software (CSU.TO) and has served on the boards of several publicly traded and private companies, crown corporations and non-profits. Board and audit committee experience includes Sierra Wireless, Ontario Lottery and Gaming Corporation, University of Ottawa Heart Institute, Circle Cardiovascular Imaging, Hydro Ottawa, Pythian, Defence Construction Canada, DragonWave and PageCloud. Lori has a Bachelor of Commerce with Highest Honours from Carleton University, and is accredited as a FCPA, FCA (Honor Roll) in Ontario, a CPA in the U.S., and is also a certified corporate director with the Institute of Corporate Directors (ICD.D).

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), Section 3.2 of NI 52-110 (*Initial Public Offering*), Section 3.4 (*Events Outside Control of Members*), Section 3.5 (*Death, Disability or Resignation of Audit Committee Member*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Reliance on the Exemption in Subsection 3.3(2) or Section 3.6

At no time since the commencement of the Company's most recently completed financial year has the Company relied upon the exemption in subsection 3.3(2) (*Controlled Companies*) or Section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*).

Reliance on Section 3.8

At no time since the commencement of the Company's most recently completed financial year has the Company relied upon Section 3.8 (*Acquisition of Financial Literacy*).

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The following describes the Company's policy and procedures relating to the engagement 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.

Audit and Audit-Related Fees

The following table summarizes fees billed by the Company's independent auditors, KPMG LLP and Deloitte LLP, respectively for the years ended September 30, 2023 and September 30, 2022, presented in actual amounts, not thousands:

	Fiscal 2023	Fiscal 2022
Audit Fees	$677,310	$ 811,515
Tax Fees	$4,173	$ 156,177
All Other Fees	$ -	$ -
TOTAL	$681,483	$ 967,692

PROMOTERS

No person or company has been, within the two most recently completed financial years, or during the current financial year, of the Company, a promoter of Calian or of a subsidiary of Calian.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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, 2023, (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, 2023.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

As of the date hereof, Mawer Investment Management Ltd. (“Mawer”) is the only shareholder known to the Corporation that owns greater than 10 percent (10%) of the common shares of the Corporation. Mawer holds approximately 15% of the total common shares outstanding of the Corporation. To the Company’s knowledge, 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% 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 or during the current financial year 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 Odyssey Trust Company at its principal office in Toronto, Ontario.

INTERESTS OF EXPERTS

The Company’s auditors are KPMG LLP, Chartered Professional Accountants and Licensed Public Accountants, who have prepared the Auditor’s Report to Shareholders dated December 1, 2023. KPMG LLP has confirmed that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. To the Company’s knowledge, KPMG LLP has no registered or beneficial interest, direct or indirect, in any securities or other property of the Company.

MATERIAL CONTRACTS

No material contract has been entered into by the Company within the year ended September 30, 2023, or before such time which is still in effect, 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 https://www.sedarplus.ca. 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, if applicable, is contained in the Company's Management Proxy Circular for its 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 the auditors and if appropriate, recommend to the Board the approval thereof. 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. Based on the report received from the auditors and other information known or available to the Committee, determine if the level of auditor independence is adequate;
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;

a) the level of cooperation received from management;
b) any unresolved material differences of opinion or disputes;
c) the effectiveness of the work of internal audit; and
d) 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:

a) Reviewing with management the Corporation's tolerance for financial risks;
b) Reviewing with management its assessment of the significant financial risks facing the Corporation;
c) Reviewing with management the Corporation's policies and any proposed changes hereto for managing those significant financial risks;
d) 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.