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PRINCIPAL(S)/PRINCIPAUX: Kevin Ford, Chief Executive Officer;
Patrick Houston, Chief Financial & Development

Officer;

Jennifer McCaughey, Director Investor Relations.

SUBJECT/SUJET: Calian held their FY24 Review and Management Update at 8:30 a.m. (EST) on Tuesday, November 26, 2024.

Jennifer McCaughey: Good morning ladies and gentlemen. My name is Jennifer McCaughey, Director of Investor Relations at Calian. Thank you for joining us for Calian's fiscal year '24 review and management update video webcast.

With me this morning live from Ottawa are Kevin Ford, Chief Executive Officer and Patrick Houston, Chief Financial Officer.

In today's presentation we will review our fiscal year '24 results and key achievements. We will also do a deeper dive of our recent strategic acquisitions and partnerships and conclude with our fiscal year '25 guidance and our plans to grow beyond a billion dollars.

Before we begin please take a moment to review the caution regarding forward looking statements which is now being displayed on your screen. A few housekeeping items to take note before we begin.

This webcast is being recorded. There will be a Q&A at the end of the presentation. Analysts will have the opportunity to ask questions. If you are not an analyst but would like to ask a question please feel free to submit it in the designated box and we will be happy to address it after the webcast.

If you are having technical issues please press on the help button and a technician will assist you. On that note I will turn it over to Kevin.

Kevin Ford: Thank you, Jennifer, and I thought I would give a few introductory remarks. First and foremost welcome everybody. It's our first time using this format so we're looking forward to your feedback, but we thought it was important with our year-end, the beginning of the new fiscal year to give you some thoughts on results, on strategies, so we really appreciate your time this morning.

When I start with fiscal '24 clearly, from my viewpoint a lot of positives here from the company, very strong year. We had another record revenue and adjusted EBITDA year, our seventh consecutive year of double-digit revenue growth. Our EBITDA growth surpassed our top-line growth. New contract signings of \$785 million and a healthy backlog of \$1.2 billion, so again very strong.

And also we've worked on our two new presidents with Mike and Valerie joining the company and they've been bringing new energies and thought process into the company. It's been exciting to see them join the company with such a vigour on growing their parts of the business.

On globalization, international revenues are now 32% of our total and that's come a long way since I've got here and clearly a key part of our strategy is the globalization of kind, and it's great to see those results demonstrate we're doing exactly that.

On the acquisition front coming off the Hawaii Pacific Teleport acquisition in August of '23 we've completed three acquisitions and Patrick's going to talk to them decisive, the nuclear assets of MDA and Mabway, investing close to \$90 million in our M&A engine at attractive multiples and supported our innovation and diversification goals.

I'm also going to talk to some of the customers and partners that we're seeing and basically excited to be working with, Walmart and Microsoft, the Ottawa Senators, our sponsorship and partnership with the Ottawa Senators.

Clearly our goal is not only to deliver but to raise brand awareness in our target markets and these are just some exciting announcements that I'll talk to you a bit later in the podcast.

So with that I'm going to turn it over to Patrick to talk about our fiscal '24 results and I'll come back with some comments on '24 and our strategy moving forward. Over to you Patrick.

Patrick Houston: Thank you, Kevin, and good morning. As Kevin said we're pleased to announce another record year for Calian, our seventh consecutive record year. Revenue increased 13% driven by growth in all of our service offerings. Acquisition growth was strong this year at 11% with contributions from HBT, Decisive the nuclear assets of MDA and Mabway.

Strong organic growth in health as well as growth in our global defence business was offset by reductions by the Canadian Armed Forces and our domestic training services. Overall organic growth was 2% but would have been closer to our 5% target when isolating the impact of the Canadian Armed Forces dynamic.

EBITDA growth was strong this year increasing 30% significantly outpacing our revenue growth. Margins ended at 11.5%, that's the highest level in company history. Free cash flow increased 29% to \$58 million excluding working capital, this represents a conversion rate of 68% from adjusted EBITDA. Working capital dynamics continue to be positive this year, we recaptured \$35 million in working capital and our efficiency improved from 40% last year to 7% in FY24.

We deployed capital across multiple initiatives, as Kevin mentioned \$90 million across three acquisitions this year. Our CapEx was approximately \$12 million, mainly growth CapEx for IT and space businesses.

We returned \$13 million to shareholders in the form of dividends and we continue to buy back shares. Last year we purchased \$6 million of shares and we've continued to buy

back shares in October and November.

Adjusted EBITDA per share offering free cash flow per share and adjusted EPS per share all up over 25% from last year and all represent a high level for Calian. We're able to do this by increasing gross margins, focussing on growing our more profitable businesses and remaining disciplined on our balance sheet.

Our balance sheet continues to be in a great position. Debts sit at \$90 million and on a net date basis \$38 million at the end of Q4. That's a leverage ratio of 0.4 times, well below our target of two and a half times and we have over \$200 million of liquidity ready to deploy on both our M&A and buyback agendas.

We completed three strategic acquisitions this year which will contribute significantly to Calian in the coming years. Let's take a moment to look at those deals.

We acquired Decisive Group in 2023 for a purchase price of \$50 million. Our strategy is to be a leading local provider in multiple key North American regions for cloud, cyber and IT solutions. The team at Decisive has been a trusted provider for a diverse set of clients with a particular focus in defence and security, a highly regulated market.

This is very synergistic with Calian's core business of serving defence and security customers with a host of solutions over the last 25 years. Decisive portfolio allowed us to round out our offering in the Ottawa and federal procurement market, a key growth driver for us in the coming years. The acquisition also brings enhanced scale to our overall IT business which will provide superior economics for our existing US and Canadian offerings.

Since acquiring Decisive we've seen considerable revenue and EBITDA growth, growth since the acquisition on an annualized basis surpassed 25%. Through existing contract vehicles and a strong sales and delivery team they've been able to respond to growing demand from federal, defence and security customers.

Our government cloud offering will be a key differentiator as we support our customers on their ongoing transition to a secure sovereign solution and we'll be leveraging the team as we push into the Canadian commercial market and bring Calian's differentiated IT solutions portfolio to key regions in North America.

Let's take a look at the deal we did with MDA earlier this year. We purchased their nuclear assets and were able to add it to our existing nuclear consulting business which has been growing consistently within Calian over the last five years. Nuclear power, a backbone of the Canadian electrical grid, has experienced significant tailwinds as various jurisdictions seek out ways to expand capacity while minimizing greenhouse gases.

We quickly integrated the two groups that are now able to bring end-to-end solutions to our customers. This includes safety analysis, environmental studies, system engineering and robotics to name just a few. We continue to expand the combined teams to meet growing demand from our customers. This team's also gotten off to a strong start posting in excess of 25% EBITDA growth since the acquisition. We also announced earlier this year a considerable amount of new contracts with

nuclear operators in provinces across Canada which will ensure continued growth into FY25.

We've also started to bring some of Calian's other assets to our nuclear customers, this includes integrating our market-leading GNSS antennas on our nuclear robotics solution to further enhance its capability as well as we kicked off our first project in virtual reality training by duplicating a nuclear power plant to be used to rehearse various procedures in the future.

I think this transaction highlights three key factors for Calian, the ability to pair an acquisition with an existing Calian business to accelerate the momentum, integrate the business quickly to achieve better efficiencies and finally, capitalize on market trends and grow aggressively.

Let's take a look at our most recent acquisition Mabway. This is our third acquisition outside Canada aimed at expanding our military training into the European continent. Mabway supports the UK Ministry of Defence in delivering large-scale role-playing environments which supports real-world training.

Following the acquisition Calian is now one of the main training partners for Canada, the UK and NATO. This includes training exercises delivered on a daily basis across the globe but also a seat at the table as each of these groups develops their long-term defence strategies.

The combination of Calian and Mabway has resulted in again, a very strong start. Growth and demand and the team's ability to respond and deliver has resulted in strong financial growth.

The urgency in Europe continues to increase due to the continuing conflict in Ukraine. Almost all European nations have announced increases in military spending and are making significant investments. Training and operational readiness will be a key skill for these nations as they deploy across Europe and this is where Calian's broad capabilities come in.

To recap on M&A, three strategic assets that enhance our offerings across Canada and Europe became part of Calian this year. We acquired all of them at attractive prices. All three have grown significantly since becoming part of the broader Calian offering and all three have significant growth tailwinds behind them for the coming years.

Now I'm going to pass it back over to Kevin to speak about some partnerships we've recently announced.

Kevin Ford: Thank you Patrick. This year we signed two strategic partnerships with Microsoft and Walmart, two Fortune 100 companies, and it's demonstrating to me that our strategy is working.

When a small cap company is getting the attention of multi-billion dollar global companies it shows we're on the right track from my viewpoint and these partnerships are in some ways different in the context that one's a customer and one's a go-to-market partner, but the fact that they're working with Calian, I think, is a proud

moment for the company.

We're working with them in mission-critical areas of health and cybersecurity and it's a great example of our ability to cross-sell with regard to these customers and our go-to-market strategy.

Clearly it's going to help raise our brand awareness which is a goal for us globally and provides building blocks for future growth as we look at strategic partnerships as a key element of our growth strategy.

So let me take a moment to look and review each of these deals. With Microsoft, and if Mike Trombley was here, in many ways I'm using his words, so hello Mike. Today, and Mike's vision is to basically ensure that we seek to be a trusted regional partner for cybersecurity, IT and cloud solutions in select North American markets.

AI has become a key driver in the consolidation of fragmented markets and this is particularly true in the world of cybersecurity.

Through our collaboration with Microsoft, Calian ITCS integrates Microsoft Sentinel and co-pilot with our cybersecurity expertise to offer AI-enhanced predictive security solutions. Our partnership with Microsoft significantly expands our service capabilities allowing us to deliver end-to-end protection and enablement solutions that address complex challenges for our clients.

And this collaboration with Microsoft is transformative, empowering us to leverage next-generation tools particularly in AI and automation which enables rapid market-responsive solutions for our customers.

Through this partnership we're broadening Calian's reach across high growth, high margin areas such as cloud, AI and security and in hockey terms we're going to where the puck is going. This diversification drives balanced growth and positions us as a comprehensive solutions provider capable of supporting clients across their entire digital journey and this strategic bull move sets the stage for organic and acquisitive growth targets to become a regional market player in all the markets that we're targeting. So congrats to Mike and the team on this, we're very proud of this and again, we're just getting going with this relationship and I'm happy to say it's off to a very strong start.

With regard to our collaboration with Walmart the key element to me when I met with the team and Walmart executives in their office in Toronto is that I was there as a CEO of a company not representing just health but our healthcare business, our training business, our cloud services, our infrastructure, security monitoring and protecting and what we were able to do is knit the components of Calian into a comprehensive solution for our customer.

This relationship will also provide visibility for Calian's Nexi platform as we go to market now with digital assets and what our anchor customer it is and it clearly exemplifies our commitment to providing leading edge healthcare solutions for organizations such as Walmart.

So exciting, I know we're just getting going on this and frankly from the team I'm

expecting big results in the sense of providing an opportunity to take our brand on our Nexi platform to new levels.

With that let me conclude on fiscal '24. Our fiscal '24 results are on track with our 2026 strategic plan. Revenues are up 13% in line with 15% target growth rates, our adjusted EBITDA, as Patrick mentioned, was up 30% or \$29 on track with reaching \$125 million and essentially doubling our adjusted EBITDA over three years.

Our M&A agenda is on track with three acquisitions completed generating half of the annualized EBITDA targeted in our three-year plan and a healthy pipeline exists for fiscal '25. We expect '25 to be another record-breaking year and with that I'm going to pass it to Patrick to talk about our guidance for fiscal '25.

Patrick Houston: Thank you Kevin. Before I discuss FY25 guidance I'd like to mention that we'll be realigning the definition of our adjusted EBITDA going forward. In order to align with many of our peers and provide a more accurate comp in the market we'll now be excluding the impact of stock compensation expense as well as the one-time transaction costs related to our M&A agenda.

FY24 adjusted EBITDA of \$86 million would have been \$92 million once adjusted. In the attendance of this presentation which will be posted on our website after the webcast you'll find a reconciliation of the new and adjusted EBITDA for the past five years.

Now turning over to fiscal 2025 we expect revenue guidance in a range of \$800 to \$880 million. This represents double-digit growth again for the eighth consecutive year. Adjusted EBITDA guidance in a range of \$96 to \$106 million, at the midpoint of the range it would represent revenue and EBITDA growth of 12 and 10% respectively.

We have a strong backlog of approximately \$500 million entering this year with a diverse set of offerings and a strong pipeline. These numbers do not account for any additional acquisitions that may close in FY25. We continue to be a consistent capital deployer and we expect to complete a few incremental transactions as we've been doing so over the last several years. Now back over to Kevin to close off this call with growing beyond a billion.

Kevin Ford: Thank you Patrick. I often get asked the question about the billion dollar target that I put out there in the context of our one 2026 plan and I want to be clear here, the one billion is not where we stop the company, the one billion is a target for our three-year strategic plan.

This is my third three-year strategic plan since taking over as CEO of Calian, I'm a big fan of three-year plans. It holds us accountable to achieve the objectives we set out with our board with regard to growing the company, growing the company the right way not only from a financial perspective but on the building blocks that will take this company not just to a billion but to a multi-billion dollar company globally.

The key element to me is that as I mentioned, this one billion is a goal post, it's an objective, it's a milestone and I believe that we have all the ingredients to continue to grow not just to a billion but to a multi-billion dollar global company.

Some of them I've listed in this chart and I'm going to talk to each one. First and foremost our M&A engine. I think we're getting known as a good deployer of capital, a good acquirer. We're going to be announcing a new VP of mergers and acquisitions soon.

We're going to continue to strengthen that office and we are going to continue to lean in on our M&A agenda because we believe it's working, it's helping us to innovate, it's helping us to diversify and the companies we're bringing in are excellent. They're fantastic people with innovative solutions that's helping us differentiate Calian globally.

I'll talk to our record of performance, I'll talk to our tailwinds on our target markets, our revenue diversification and industry solutions.

From a track record of performance, and I've said this many times, you know when it came to Calian I'm not sure people viewed us as a growth company. I hope we're putting that to bed. I hope with continued results as you see in this chart, double digit growth over time, seven years of consecutive double digit growth and our guidance puts us in another record year for our eighth consecutive year.

I'm hoping that people are excited by that, I am, and we are not a company that's talking about growing, we're a company that's growing and doing it the right way.

The other thing that I have an inflection point because I think we are at an inflection point as a company talking to our shareholders with regard to how does all this work Kevin, the four segments?

And I think we've got to start quit talking about how we're organized as a company and how we're knitting together all those competencies that we have as a company to deliver exciting solutions for our customers.

Tailwinds in our target markets that we are focussed on every day is clearly going to be a growth driver. We've got to start talking more about that. Defence and public safety, you look at the macro environment that exists today in the world.

You look at the current U.S. election. You look at the state of our climate change, public safety initiatives, I think we're well positioned to continue to grow because we are and have been working in this sector for almost 30 years now.

In space programs the space economy clearly is hot. I'm not sure we get the respect that we deserve frankly in the space economy and I've got to work on that. I've got to work on that because this has been our advanced technologies group and we've got to make sure that we're highlighting the great work we're doing in space for almost 40 years now and the role that we play in the orchestration of space.

In cybersecurity it's not often a company can say that something they do is relevant to every customer you talk to. Cybersecurity is probably in the top one, two, three priorities of any company or board with regard to protection and how they actually expand their presence being safe and secure in a cyber world. This is exciting.

The relationship with Microsoft, as I mentioned, Mike's vision, I'm very excited by this

and I think now we're going to see continued momentum in our cybersecurity business.

And then clearly in healthcare capacity challenges, just the reality of demand, aging population not just in Canada but globally. Who better than to take all of our capabilities and address that sector which we have been, having growing consistently over the last couple of years.

We expect to see continued growth in our targeted markets and I'm excited to say that we're going to talk more about these going forward.

In revenue diversification one of the goals when I took over this company that we were primarily a Canadian company, primarily government. Well as you can see here from an international perspective our revenues continue to grow, we continue to take the company global.

We now have a presence in the UK, in Europe, we have a presence in the U.S. that's growing. I think that's critical to our long-term growth objectives and we will continue to invest in our international globalization efforts.

One of the other goals was to continue to work with our incredible government customers but also expand into commercial markets to help us balance the ups and downs of those markets. And again as you can see here we're making great progress in expanding our presence in not just the government globally but also in commercial organizations.

And the third one is really I think where we need to continue to highlight to our shareholders, to our customers is our product and innovation agenda. As you can see here we continue to grow our product revenue, we have more accounting products in the market and we're also moving to take those products and knit them together into incredible solutions for our customers, bringing in together other components at Calian.

I think this is going to be an exciting footprint for us going forward and again we're going to talk more about this because again I'm not sure we're recognizing the innovative company that we are.

So diversifying revenue streams and higher margin areas is what we've been trying to do and that's exactly what we have done. As you can see by the results this will be a key element of our growth going forward.

Opportunities for more cross-selling. As I mentioned, we have to move away from talking about this company as four distinct separate segments and start talking about the unique opportunity Calian has to take those capabilities to customers and offer comprehensive solutions.

For example, in defence we today provide cybersecurity, healthcare, military equipment manufacturing, training. I view this as an operational readiness solution. I'm going to say that again. I believe Calian has an operational readiness solution for militaries both domestically and globally.

There's no other company that can knit these things together and offer whether it's

capacity for troops, training for troops as far as healthcare, as well as providing engineering manufacturing capabilities, cybersecurity. Who does all of that? We do, and we've got to celebrate that and start positioning this as a solution, not the sum of its parts.

In our space business the same. Cyber security, training, software engineering, manufacturing, communication products, we have to quit talking about them as separate things and talking about our incredible solution that we can offer to a customer, an orchestration solution, something that basically differentiates in the space economy and Valerie, I know, has a passion to do this with her team, so stand by on that.

In healthcare same again, digital health services, cybersecurity training, cloud, IT, clinician services, I can go meet with CEO of a hospital and say what's your pain point today? Is it data integration? Is it cyber? Is it capacity? Is it how you're basically looking at all of it? How many companies can go and have that discussion with the customer? Not many and I'm proud to say Calian is doing exactly that and if we look at our healthcare solutions we have to start talking that way, not about the sum of the parts.

Clearly we're going to continue to focus on industry solutions and I think in future you're going to hear me talking more about that in the company and how we go to market, not how we're organized. That's the inflection point for this company right now for the markets.

So moving forward I believe we have a solid base to build and grow. We have a track record of performance. As I mentioned we're not a company that's talking and hoping to become a growth company, we have been. Seven years of record growth, eight years on track.

We have an M&A pipeline I think that frankly is still strong. Patrick's doing a great job running that office, we're going to invest in it. I'm looking forward to announcing that VP of M&A to support Patrick and the team and that's coming soon but that's not stopping.

The tailwinds on our growth markets, defence, healthcare, cyberspace, I don't see that changing any time soon and frankly we're uniquely positioned to take in all of Calian and differentiate ourselves globally on being able to be a trusted partner to customers when they cannot fail.

Revenue diversification, we will continue to go global, we will continue to move between commercial and international markets. We'll continue to look at government as a strategic partner and I think then when you look at our results it's exactly what we've been doing.

And I think the pivot point for us as a company, the inflection point is the last one is that recognizing the solutions we're bringing to customers not as a four-piston engine anymore but as a cohesive company aligned to our growth markets, all of this is backed by a strong financial position that we've built, earned, the team at Calian working hard has earned this and the trust of our shareholders.

I'm confident this is an inflection point and I think what you're going to see is some more exciting news from Calian as we move forward as we inflect on how we go to market as

a company. I'm going to pass that back to Jennifer.

Jennifer McCaughey: Thank you very much Kevin and Patrick. As I mentioned at the beginning we will be taking questions from our analysts at this time. If you are not an analyst and would like to ask a question please feel free to submit it in the designated box and we will be happy to address it after the webcast.

I would also like to mention that you can provide us with your feedback by clicking on the survey link on the platform. Please give us a moment and we'll start with our first question. I see that the first question is from Doug Taylor from Cannaccord. Please go ahead.

Question: Yes, thank you. Good morning. I'm going to ask a couple questions on the guidance that you've provided this morning. The first question is about the Canadian defence budgetary pressures that you've flagged now for a couple quarters is impacting revenue across several segments, certainly learning. You referenced also the tailwinds in those areas.

So I guess my question I'd like to start with is about what sort of relief or catch-up or any of that there is factored into your new guidance and perhaps you can speak to your early take on the impact of some of the rhetoric we're hearing around defence spending from the incoming Trump administration and what that might have in terms of impact on your business.

Kevin Ford: Thanks Doug. I think from... let me start with Canada first and where we saw the headwind I think last year was primarily in our learning business just on the pace of training and our healthcare business was very strong. We're still seeing good engineering manufacturing mandates.

So what I'm seeing right now from a Canadian perspective is the baselining. We don't see discussion around further cuts, we see now the department working within the budget mandate they've been given and us having a clearer mandate on basically our portfolio whether it's on training and healthcare.

So I'm not expecting it to get worse, I think they've stabilized and now it's working with the customer within the budget envelope they've been given to grow, or to execute. So for now unless there's a fundamental change in policy I'm not expecting Canada to go into deeper budget cuts and hopefully now we can move forward with a stable budget working with our customer on training pace, healthcare pace, IT manufacturing pace as well.

On the global defence market I'll start with that and then deal with the Trump administration as the last point. We still can see incredible urgency in Europe and NATO with regard to pace, with regard to training mandates. We're seeing opportunities now across all of the European Union.

Our presence now in Mabway, we see strong pace and demand on the UK training as well. So we expect Europe to continue to be a strong contributor in context to our guidance, Doug, as well as the US administration, I'll leave on that.

We're not expecting that type of pressure to mean that folks are going to be considering

less defence spending in certain areas for sure. We'll wait and see what that is but in the past Mr. Trump was clearly clear on his expectation on the 2% of GDP spending for NATO and I don't think that's going to be subsiding in any sense in the short term.

So if anything it may solidify budgets and pace I think exists in Europe and I believe Canada is now at a stable point where we can hopefully move forward here on a solid base for the year.

Question: And so a follow-up question on that then, I mean understanding the revenue guidance I think, believe suggests some optimism at least at the midpoint towards the high end in organic growth rebounding quite a bit above the 5% target rate if I'm not mistaken, certainly at the top end.

In light of some tricky conditions you've had over the past couple years I guess my question here is can you speak to your confidence interval in the guidance that you've laid out today and what are the factors that separate the low end from the midpoint and high end of the range that we should consider?

Kevin Ford: Yes, great question and I'm cognizant as I said, Doug, the areas, the company's performance I think has been masked a bit by exactly what you're saying just on the guidance and the expectations and making sure we're managing that. I'm reflective of that, inflective of that if I can say it that way, so I appreciate the question.

From my viewpoint we do a lot of work with our team on looking at all the factors as we set guidance at the beginning of the year, our budgets. Really what it reflects is that I believe when I took over I talked about a 5% of granted growth posture, I believe we're well-positioned this year.

Again, if you took out some of the defence headwinds we had last year in learning we would have been in that range. So I believe all the investment we're making continues to keep us in that 5% range.

What goes up, what goes down? Well from my viewpoint I think what we're seeing is some exciting opportunities in areas such as IT cyber, I think we're on a rebound for sure on there especially with Mike's leadership and our relationship with Microsoft. As I mentioned the Defence Canada spending I believe has stabilized so any increase in that would help move our guidance up if I can say it that way.

But I'm also trying to be very conservative about coming out of the blocks because we do not want to be in a situation where we're getting ahead of ourselves and our analysts frankly on expectations and guidance this year.

So a lot of moving parts right now, I think we have opportunities across all of our business and we're going to continue to model this but optimistic but we're also trying to be conservative about coming out of the blocks with regard to the realities we faced over the last couple of years on this exact issue of expectations and guidance.

Question: That's helpful. One more quick one for me for Patrick and I'll pass the line. Just so we can understand the EBITDA guidance you're providing with

some of the changes you're making in the definition so we can understand that better. Can you speak to what, if any, acquisition or restructuring costs are baked into that guidance or is that zero at this point? That would just help with the reconciliation. Thank you.

Patrick Houston: Yeah, we have some integration costs relating to the last three acquisitions we've done, I'd say one to two million in the guidance so that's been excluded out, otherwise the other costs will happen if we do transactions in the future and those will be removed.

Question: Thanks very much.

Jennifer McCaughey: Thank you Doug. Next I believe is Scott Fletcher from CIBC.

Question: Hi, good morning. Thanks for taking the question. I wanted to just stick with the guidance on the adjusted EBITDA side. You're sort of looking at year over year what the adjusted new definition of adjusted EBITDA looks like, a little bit of margin compression. Could you maybe sort of speak to where that might be coming from on a segmented basis?

Patrick Houston: This year we're down to 11.2 to 3 in the guidance. I think we are certainly making some investments to try to capitalize on the growth initiatives that Kevin talked about, whether that's investing in more people in Europe to try to capitalize on that. So I think those are some of the short-term investments but I think they'll pay off both this year but in the year following with stronger organic growth. So I think it's very slight but I think it's worthwhile investments for the long-term.

Question: Okay, thanks. And then I did want to sort of dig into something you mentioned near the end of the call where you talked about highlighting industry-specific solutions versus how you're organized.

Are there any changes you need to make internally to sort of approach your sales process in that manner or is that already sort of done within the segments? Just curious from an operational and organizational standpoint.

Kevin Ford: No, great question, Scott. The inflection points when I got here, we're a two-division company, a four-division company now and an inflection point for me especially over the last year is just how much we've invested in products and technology and innovation and our pivot to solutions, innovative solutions.

When I'm out meeting with customers and we're talking about not how we're organized but all the components we're bringing to customers, as I mentioned, I think it's an inflection point for the company.

So for us your point is a good one because how do you operationalize that behaviour? Well this is where we're looking now with our sales organizations, our cross-BU sales plans so basically that we ensure we're incenting that behaviour with our go-to-market team. Let's quit talking about the company as one thing, let's look at all the different capabilities we can knit together for customers and solutions and then define those, making sure we define those solutions so it's clear, clear both to the customers, clear

our public markets and I think what you'll see over this year is us becoming very definitive on what those solutions look like.

So I don't expect major organizational changes. There is an operating rhythm that needs to be updated with regard to cross-BU and also how we position ourselves as a solutions provider versus four distinct segments.

Question: Great thanks. I'll pass the line.

Jennifer McCaughey: Thank you, Scott. So I believe the next one is Rob from Ventum.

Question: Good morning and thank you for taking my questions. So my question would be, I guess I follow along with respect to Doug's question with the Canadian defence spending. I understand where you're seeing a baseline. How quickly can that change? Like what would it take to get a change in momentum and the lag from declaration to actual commercial traction picking up?

Kevin Ford: Great question. I think what will change, there is a new... I have to explain to a lot of people the department went through a lot of things last year. They went through major change in their executive leadership right from the chief of defence staff, vice chief, commander of the army, there was a lot of executive change to start.

So that creates, in any organization that creates some moment where there's a pause, everyone takes a step back and looks at the mandate moving forward. So I think now everyone is well into their positions, everyone is very much clear on their mandates and what they're trying to get done.

The second thing is as we look at just the continued pace of what's going on in Europe and some of the tensions, I can't speak for the government, I have no idea of plans to increase defence spending, I'm not saying that in any way, but I think if there was to be any relief on areas such as training the good news is we have contract vehicles that can ingest that.

That's not something we have to start as a new procurement, we have the ability to respond to that and really now it's going to be up to the government to decide at what pace they're going to continue to do things such as training. So we're going to support them in those discussions.

We're having those discussions today and if there's a heightened readiness requirement we're going to be ready, we're going to be ready, but I can't commit to that, Doug, or Rob, sorry, because I just... it's beyond our mandate to obviously talk about the defence budget. But right now discussions are at least our baseline, we know what we need to get done this year and if there's an increase in posture with regard to spending we'll be ready to go.

Question: Thank you. And as a follow-up perhaps for Patrick. With respect to your M&A pipeline can you talk to the composition or the mix of that pipeline in any way? And is it all impacted by this focus on providing solutions?

Patrick Houston: Yeah, absolutely. We're looking at every M&A in terms of how does it enhance the solutions we have, so that's a big part of our screening criteria. So we're looking at you know every M&A through that lens and on top of the financial lens and the cultural lens.

I think from a pipeline perspective we've seen much more activity in health, I think that's been a good sight to see after a very difficult environment to do good M&A at good value post COVID, so we're optimistic we can do a transaction in health this year and we're continuing to see a good pipeline.

Like we've built a team now, a process that can deploy \$100 million a year on good M&A. I think we've proven we can do that and we're expecting a similar outcome this year. So you know the team was busy last year, we did three transactions, all of them you know we highlighted on the call today I think were excellent transactions and now we're... the team's ready to go do that again.

Question: Thank you. Good luck.

Jennifer McCaughey: Thank you, Rob. So the next one would be Benoit from Desjardins.

Question: Yes, thank you and good morning everyone. Just to come back on organic growth I was wondering if you could provide more details about the expected seasonality as we go through fiscal year '25. If I recall Q1 last year you started off the gate with 12% growth, so just wondering what about the cadence that we should be expecting and if the midpoint assumed kind of a 5%.

Kevin Ford: I think from a cadence perspective, Benoit, we're happy to talk to that in the sense of our expectations from Q1, Q2, Q3, Q4. So let us take that offline with the analysts and just make sure everyone's in sync on our expected rates because we've mapped that out and we want to make sure again as we talked about, as I talked about it's not getting ahead of ourselves with regards to what is happening in each quarter and aligning on how we see this playing out this year.

With regard to the organic growth as I mentioned, I think both the investment we made in M&A and what we're seeing with again things like Microsoft, our nuclear group, our space business, our defence business, we're cognizant and confident that basically those markets that we're serving are organic growth markets and we should be taking our role in those. So I think 5% is achievable, we just got to make sure we're stick to our knitting with our execution plans. So happy to discuss offline.

Jen will work with our analysts to make sure everyone understands how this looks like from our perspective from a roadmap viewpoint right now but we are confident in our ability to continue on our organic growth posture this year for sure.

Question: Okay. And yesterday there was a big announcement about the tariffs that are looking to be implemented in Canada and Mexico. Just wondering if you could point out your exposure about the stuff that moves in the U.S. that could be impacted by some potential tariff at one point.

Kevin Ford: Patrick, do you want to talk about that?

Patrick Houston: Yeah, the majority of our revenue, Benoit, in the U.S. right now is being done from the U.S. So the investments we made in acquisitions in the U.S. has given us a platform to deliver there. So I think we do have some revenue that comes exported from Canada to the U.S. but it's a small portion. So I think we'll continue to look at how we use the M&A agenda to invest and get base in U.S. and I think that will help us kind of avoid any of the issues with tariffs.

Question: Okay. Thank you very much. That's it for me.

Kevin Ford: Thank you, Benoit.

Patrick Houston: Thanks. Benoit.

Jennifer McCaughey: Thank you. And the next question is from Paul. Right now it looks like our last question. If the analysts have any follow-up please raise your hand so I can see it. Thank you. Please go ahead, Paul.

Question: Thanks very much. Good morning. Just a question on backlog coverage relative to guidance. I didn't see a disclosure in the MD&A but it does look like that the coverage is better than last year. Just hoping you could comment on what you're seeing with backlog and the visibility that that gives you to the upcoming year.

Patrick Houston: Yes, we're entering the year with almost \$500 million, Paul, as revenue that's booked. We had a really strong year in signings, we think \$785 million in signings this year as well as when we brought on Mabway we got good backlog coverage as well. So I think good basis there.

I think the coverage, to your point, is a bit better than we were last year so I think that gives us some confidence going to the year. And then the pipeline and the sales team is how we get to the organic growth and the number we put in the guidance.

Question: Okay. And then looking at the revenue from the Canadian government, the disclosure in the MD&A includes all three levels. In the revenue there rose year over year despite some of the headwinds that you've seen on the learning side. Can you speak to the drivers of the total revenue growth across all three levels of government, in particular which segments are driving that and then also which levels of government are seeing the most growth?

Patrick Houston: Health was probably the strongest. I mean double digit organic growth this year, that included defence where we're continuing to see increased demand, it includes provincial governments as well as federal agencies. So really strong performance when the health team really knocked out of the park this year with double digit organic growth primarily with government. So I think they were probably the strongest driver of that growth, Paul.

Question: Okay. Thanks for taking my questions.

Kevin Ford: Thank you.

Jennifer McCaughey: Thank you Paul. I don't see any other hands raised. Any analysts have any follow up questions? No? Okay. So thank you very much everyone for attending. I please remind you to provide us with your feedback by clicking on the survey link and with that we will be speaking to you at our next quarterly call. Thank you so much.

Kevin Ford: Thanks everyone for joining us. Look forward to keeping updated as we move through the year. Thanks again for your time this morning.