

## Calian Reports Record Second Quarter Results

**OTTAWA, Tuesday, May 12, 2020** – Calian Group Ltd. (TSX:CGY) today released its quarterly results for the three-month period ended March 31, 2020.

Second quarter 2020 highlights:

- Record quarterly revenue for the seventh consecutive quarter
- Quarterly revenue at \$104.5 million, exceeding \$100 million for the first time
- Adjusted EBITDA<sup>(1)</sup> at \$10.2 million
- 74th consecutive profitable quarter
- New contract signings of \$140 million
- Dividend of \$0.28 per share

The Company reported revenues for the quarter of \$104.5 million, representing a 25% increase from the \$83.4 million reported in the same quarter of the previous year.

Adjusted EBITDA<sup>(1)</sup> for the second quarter was \$10.2 million, an increase of 55% from \$6.6 million in the same quarter of the previous year. Net profit for the second quarter was \$5.3 million, an increase of 36% from \$3.9 million in the same period of the prior year. Adjusted net profit,<sup>(1)</sup> which excludes non-cash items related to recent acquisitions, was \$6.8 million for the quarter; this compares to \$4.5 million in the same period of the previous year.

"It is exciting to report another record quarter for both revenue and EBITDA. The execution of profitable growth during these challenging economic times speaks to the criticality of our products and services," stated Patrick Houston, CFO. "We also completed a successful public offering this quarter which strengthens our balance sheet and allows us to pursue new growth opportunities."

"First, I would like to thank all of the frontline health and essential service workers for their dedication and courage during these very challenging times," said Kevin Ford, President and CEO. "Frontline health workers, Canadian Armed Forces members and other essential service professionals, including our own dedicated staff at Calian, are serving those in need on a daily basis and as a result encounter exposure risk. From all of us at Calian, we recognize and offer our deepest appreciation for your service."

"Calian has remained resilient through this crisis. We again saw the the results of our diversified engine at work during the quarter. The Advanced Technologies segment posted very positive organic revenue growth of 60%, and 7% from acquisitions, compared to the same period a year earlier, with top line contributions from a new ground systems project and our newly launched mobile wireless product. Health revenues rose 16% from a year earlier as we completed an acquisition and continued to grow organically. Information Technology posted 7% revenue growth on stronger solutions sales for our cyber security practice. Our Learning segment

---

<sup>(1)</sup> Caution regarding non-GAAP measures:

This press release is based on reported earnings in accordance with IFRS. Reference to generally accepted accounting principles (GAAP) means IFRS, unless indicated otherwise. This press release is also based on non-GAAP financial measures including EBITDA, adjusted net profit and adjusted net profit per share. These non-GAAP measures do not have a standardized meaning prescribed by IFRS; therefore, others using these terms may calculate them differently. Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of our financial reports with enhanced understanding of our results and related trends and increases transparency and clarity into the core results of our business. Refer to the MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.

had a slight decline due to some delays in major training exercises related to COVID-19 and pace of new business,” said Ford. “The Company also posted strong contract signings of \$140M in the quarter, increasing our overall contract backlog.”

“During the quarter we were very happy to close the acquisition of Allphase Clinical Research Services Inc. and Alio Health Services Inc. (collectively, “Allphase/Alio”), in support of our customer diversification objectives and innovation agenda. Their teams are already making strong contributions,” said Ford. “We continue to seek new M&A opportunities across all four of our segments.”

“While the COVID-19 pandemic has impacted Calian, our delivery of essential services has supported the Company’s growth during this extraordinary time. We were pleased to recently announce our successful re-compete for a contract from the Department of National Defence (DND), to provide training services for the Canadian Forces School of Aerospace Technology and Engineering (CFSATE). With two optional extension periods of two years each, the aggregate contract value over the full six-year period is approximately \$54 million.

“With a solid cash position and access to our debt facility, we have the liquidity we need to carry us through the short-term and financing available to support the Company’s continued innovation, and long-term, profitable growth,” said Ford.

## Guidance

	Previous Guidance Feb 6, 2020		Current Guidance May 12, 2020	
	Low	High	Low	High
Revenue	\$ 380,000	\$ 410,000	\$ 380,000	\$ 410,000
Adjusted EBITDA	\$ 34,306	\$ 36,728	\$ 34,306	\$ 36,728
Adjusted EBITDA per share	4.25	4.55	3.77	4.03
Adjusted net profit	20,180	22,602	20,180	22,602
Adjusted net profit per share	2.50	2.80	2.21	2.48
Anticipated weighted average shares outstanding		8,072,000		9,110,735

Current per share guidance reflects the equity financing that the Company completed in February 2020. The Company has included the anticipated weighted average shares to give users the ability to compare current guidance to previously issued guidance.

## About Calian

Calian employs over 3,400 people in its delivery of diverse products and solutions for private sector, government and defence customers in North American and global markets. The Company’s diverse capabilities are delivered through four segments: Advanced Technologies, Health, Learning and Information Technology. The Advanced Technologies segment provides innovative products, technologies and manufacturing services and solutions for the space, communications, defence, nuclear, government and agriculture sectors. The Health segment manages a network of more than 1,800 health care professionals delivering primary care and occupational health services to public and private sector clients across Canada. Learning is a trusted provider of emergency management, consulting and specialized training services and solutions for the Canadian Armed Forces and clients in the defence, health, energy and other sectors. The Information Technology segment supports public- and private-sector customer requirements for subject matter expertise in the delivery of complex IT and cyber security solutions. Headquartered in Ottawa, the Company’s offices and projects span Canada and international markets.

For investor information, please visit our website at [www.calian.com](http://www.calian.com) or contact us at [ir@calian.com](mailto:ir@calian.com)

Kevin Ford  
President and Chief Executive Officer  
613-599-8600

Patrick Houston  
Chief Financial Officer  
613-599-8600

Media inquiries:  
Simon Doyle  
613-599-8600 x 2205

---

## DISCLAIMER

Certain information included in this press release is forward-looking and is subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Such statements are generally accompanied by words such as "intend", "anticipate", "believe", "estimate", "expect" or similar statements. Factors which could cause results or events to differ from current expectations include, among other things: the impact of price competition; scarce number of qualified professionals; the impact of rapid technological and market change; loss of business or credit risk with major customers; technical risks on fixed price projects; general industry and market conditions and growth rates; international growth and global economic conditions, and including currency exchange rate fluctuations; and the impact of consolidations in the business services industry. For additional information with respect to certain of these and other factors, please see the Company's most recent annual report and other reports filed by Calian with the Ontario Securities Commission. Calian disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. No assurance can be given that actual results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

Calian · Head Office · 770 Palladium Drive · Ottawa · Ontario · Canada · K2V 1C8  
Tel: 613.599.8600 · Fax: 613-592-3664 · General Info email: [info@calian.com](mailto:info@calian.com)

**CALIAN GROUP LTD.**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**As at March 31, 2020 and September 30, 2019**  
**(Canadian dollars in thousands, except per share data)**

	March 31, 2020	September 30, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 33,209	\$ 17,135
Accounts receivable	79,025	63,977
Work in process	65,456	39,221
Inventory	4,192	3,147
Prepaid expenses	5,517	5,403
Derivative assets	153	96
<b>Total current assets</b>	<b>187,552</b>	<b>128,979</b>
<b>NON-CURRENT ASSETS</b>		
Capitalized research and development	4,331	3,216
Equipment	10,907	10,965
Application software	2,224	1,013
Right of use asset	17,708	-
Investment and loan receivable	670	452
Acquired intangible assets	23,509	16,699
Goodwill	42,268	33,702
<b>Total non-current assets</b>	<b>101,617</b>	<b>66,047</b>
<b>TOTAL ASSETS</b>	<b>\$ 289,169</b>	<b>\$ 195,026</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Line of Credit	\$ -	\$ 13,000
Accounts payable and accrued liabilities	55,666	45,058
Contingent earn-out	6,932	800
Provisions	1,108	1,129
Unearned contract revenue	11,725	8,778
Derivative liabilities	297	143
Lease obligations	2,561	-
<b>Total current liabilities</b>	<b>78,289</b>	<b>68,908</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease obligations	17,085	-
Contingent earn-out	2,438	5,519
Deferred tax liabilities	4,600	5,525
<b>Total non-current liabilities</b>	<b>24,123</b>	<b>11,044</b>
<b>TOTAL LIABILITIES</b>	<b>102,412</b>	<b>79,952</b>
<b>SHAREHOLDERS' EQUITY</b>		
Issued capital	103,248	32,515
Contributed surplus	1,893	1,817
Retained earnings	86,726	81,608
Accumulated other comprehensive income (loss)	(5,110)	(866)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>186,757</b>	<b>115,074</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 289,169</b>	<b>\$ 195,026</b>
Number of common shares issued and outstanding	<u>9,638,157</u>	<u>7,929,238</u>

**CALIAN GROUP LTD.**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT**  
For the three and six month periods ended March 31, 2020 and 2019  
(Canadian dollars in thousands, except per share data)

	Three months ended		Six months ended	
	March 31,		March 31,	
	2020	2019	2020	2019
Revenue				
Advanced Technologies	\$ 39,856	\$ 23,903	\$ 79,899	\$ 47,717
Health	32,241	27,809	62,251	55,159
Learning	17,334	17,637	32,442	33,487
Information Technology	15,060	14,065	29,143	26,972
Total Revenue	104,491	83,414	203,735	163,335
Cost of revenues	80,988	65,278	159,977	128,355
Gross profit	23,503	18,136	43,758	34,980
Selling and marketing	3,344	2,320	6,121	4,783
General and administration	9,528	8,892	18,186	17,307
Research and development	436	361	850	640
Profit before under noted items	10,195	6,563	18,601	12,250
Depreciation of equipment and application software	584	540	1,156	1,035
Depreciation of right of use asset	685	-	1,356	-
Amortization of acquired intangible assets	1,217	422	2,106	702
Other changes in fair value	-	-	(101)	-
Changes in fair value related to contingent earn-out	289	237	496	379
Profit before interest income and income tax expense	7,420	5,364	13,588	10,134
Lease obligations interest expense	122	-	232	-
Interest expense (income)	178	(23)	241	(55)
Profit before income tax expense	7,120	5,387	13,115	10,189
Income tax expense (recovery) – current	2,048	1,649	4,027	3,005
Income tax expense (recovery) – deferred	(204)	(126)	(521)	(35)
Total income tax expense	1,844	1,523	3,506	2,970
<b>NET PROFIT</b>	<b>\$ 5,276</b>	<b>\$ 3,864</b>	<b>\$ 9,609</b>	<b>\$ 7,219</b>
<b>Net profit per share:</b>				
Basic	\$ 0.60	\$ 0.50	\$ 1.15	\$ 0.93
Diluted	\$ 0.59	\$ 0.49	\$ 1.13	\$ 0.92

**CALIAN GROUP LTD.**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the three and six month periods ended March 31, 2020 and 2019  
(Canadian dollars in thousands)

	Three months ended March 31,		Six months ended March 31,	
	2020	2019	2020	2019
<b>CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>				
Net profit	\$ 5,276	\$ 3,864	\$ 9,609	\$ 7,219
Items not affecting cash:				
Interest expense (income)	178	(23)	241	(55)
Changes in fair value related to contingent earn-out	289	237	496	379
Lease interest expense	122	-	232	-
Income tax expense	1,844	1,523	3,506	2,970
Employee share purchase plan expense	46	66	46	101
Share based compensation expense	319	303	592	503
Depreciation and amortization	2,486	962	4,618	1,737
Other changes in fair value	-	-	(101)	-
	10,560	6,932	19,239	12,854
Change in non-cash working capital				
Accounts receivable	(5,044)	610	(10,722)	5,079
Work in process	(13,381)	(3,349)	(26,235)	(2,020)
Prepaid expenses	(480)	(1,374)	(192)	(973)
Inventory	(501)	(147)	(1,045)	(1,036)
Accounts payable and accrued liabilities	4,682	5,173	3,708	(1,338)
Unearned contract revenue	2,877	(44)	2,853	(2,008)
	(1,287)	7,801	(12,394)	10,558
Interest received (paid)	(300)	(69)	(491)	(36)
Income tax paid	(3,550)	(3,547)	(4,831)	(5,359)
	(5,137)	4,185	(17,716)	5,163
<b>CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>				
Issuance of common shares	65,695	2,288	66,412	2,288
Dividends	(2,259)	(2,184)	(4,491)	(4,360)
Draw (repayment) on line of credit	(26,180)	5,000	(13,000)	17,000
Share repurchase	-	(37)	-	(118)
Payment of lease obligations	(613)	-	(1,227)	-
	36,643	5,067	47,694	14,810
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
Investments and loan receivable	-	-	(100)	-
Business acquisitions	(10,433)	-	(10,433)	(11,299)
Capitalized research and development	(457)	(529)	(1,115)	(1,023)
Equipment and application software	(1,802)	(1,312)	(2,256)	(1,705)
	(12,692)	(1,841)	(13,904)	(14,027)
<b>NET CASH (OUTFLOW) INFLOW</b>	<b>\$ 18,814</b>	<b>\$ 7,411</b>	<b>\$ 16,074</b>	<b>\$ 5,946</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>14,395</b>	<b>20,376</b>	<b>17,135</b>	<b>21,841</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 33,209</b>	<b>\$ 27,787</b>	<b>\$ 33,209</b>	<b>\$ 27,787</b>

## Reconciliation of non-GAAP measures to most comparable IFRS measures

These non-GAAP measures are mainly derived from the consolidated financial statements, but do not have a standardized meaning prescribed by IFRS; therefore, others using these terms may calculate them differently. The exclusion of certain items from non-GAAP performance measures does not imply that these are necessarily nonrecurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure. Other entities may define the above measures differently than we do. In those cases, it may be difficult to use similarly named non-GAAP measures of other entities to compare performance of those entities to the Company's performance.

Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of the Company's financial reports with enhanced understanding of the Company's results and related trends and increases transparency and clarity into the core results of the business. Adjusted EBITDA excludes items that do not reflect, in our opinion, the Company's core performance and helps users of our MD&A to better analyze our results, enabling comparability of our results from one period to another.

The weighted average shares outstanding over the period presented increased largely because of equity of an equity financing in the three-month period ended March 31, 2020. The equity financing closed in February 2020 resulted in an additional 1,568,600 common shares being issued, bringing the total number of issued and outstanding common shares to 9,638,157 as at March 31, 2020. The fully diluted weighted average shares outstanding increased to 8,924,309 for the three-month period and 8,471,985 for the six-month period ended March 31, 2020 when compared to 7,857,934 and 7,870,990, respectively, for the same periods of the previous year.

### Adjusted EBITDA

	Three months ended		Six months ended	
	March 31, 2020	March 31, 2019 <sup>(1)</sup>	March 31, 2020	March 31, 2019 <sup>(1)</sup>
Net profit	\$ 5,276	\$ 3,864	\$ 9,609	\$ 7,219
Depreciation of equipment and application software	584	540	1,156	1,035
Depreciation of right of use asset	685	-	1,356	-
Amortization of acquired intangible assets	1,217	422	2,106	702
Lease interest expense	122	-	232	-
Changes in fair value related to contingent earn-out	289	237	496	379
Interest expense (income)	178	(23)	241	(55)
Other changes in fair value	-	-	(101)	-
Income tax	1,844	1,523	3,506	2,970
Adjusted EBITDA	\$ 10,195	\$ 6,563	\$ 18,601	\$ 12,250

### Adjusted Net Profit and Adjusted EPS

	Three months ended		Six months ended	
	March 31, 2020	March 31, 2019 <sup>(1)</sup>	March 31, 2020	March 31, 2019 <sup>(1)</sup>
Net profit	\$ 5,276	\$ 3,864	\$ 9,609	\$ 7,219
Other changes in fair value	-	-	(101)	-
Changes in fair value related to contingent earn-out	289	237	496	379
Amortization of intangibles	1,217	422	2,106	702
Adjusted net profit	\$ 6,782	\$ 4,523	\$ 12,110	\$ 8,300
Weighted average number of common shares basic	8,824,150	7,803,234	8,383,959	7,785,792
Weighted average number of common shares diluted	8,924,309	7,857,934	8,471,985	7,870,990
Adjusted EPS Basic	0.77	0.58	1.44	1.07
Adjusted EPS Diluted	0.76	0.58	1.43	1.05

(1) No restatement performed in Fiscal 2019 or 2018 figures due to the entity applying the modified retrospective approach on implementation of IFRS 16 which occurred in fiscal 2020.

The Company uses adjusted net profit and adjusted earnings per share, which remove the impact of our acquisition amortization and gains, resulting in accounting for acquisitions and changes in fair value to measure our performance. These measurements better align the reporting of our results and improve comparability against our peers. We believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Management also uses non-GAAP measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and working capital requirements. Adjusted profit and adjusted earnings per share are not recognized, defined or standardized measures under the International Financial Reporting Standards. Our definition of adjusted profit and adjusted earnings per share will likely differ from that used by other companies (including our peers) and therefore comparability may be limited. Non-GAAP measures should not be considered a substitute for or be considered in isolation from measures prepared in accordance with International Financial Reporting Standards. Investors are encouraged to review our financial statements and disclosures in their entirety and are cautioned not to put undue reliance on non-GAAP measures and view them in conjunction with the most comparable International Financial Reporting Standards financial measures. The Company has reconciled adjusted profit to the most comparable International Financial Reporting Standards financial measure as shown above.