



Calian Reports Record Second Quarter Results

Record revenues with 33% growth, coupled with Calian's largest acquisition to date

OTTAWA, Wednesday, May 12, 2021 – Calian Group Ltd. (TSX:CGY), deliverer of trusted solutions across Advanced Technologies, Health, Learning & Information Technology segments, today released its quarterly results for the three-month period ended March 31, 2021.

Calian Group Ltd. (the "Company") reported revenues for the quarter of \$138 million, representing a 33% increase from the \$104 million reported in the same quarter of the previous year.

Second quarter 2021 highlights:

- Record quarterly revenue of \$138 million, an increase of 33%
- Record level of adjusted EBITDA⁽¹⁾ at \$14.2 million for the quarter, an increase of 39%
- 78th consecutive profitable quarter
- New contract signings of \$138 million in the quarter
- Dividend of \$0.28 per share

"It is my pleasure to announce another record quarter for the Company with both revenue, and adjusted EBITDA at all-time highs." said Kevin Ford, Calian CEO. "The performance of our Health segment was particularly impressive. We have seen increased demand across all of our Health services, and our team has been able to respond in short order, and deliver superior services in a very difficult environment."

Adjusted EBITDA⁽¹⁾ for the second quarter was \$14.2 million, an increase of 39% from \$10.2 million in the same quarter of the previous year. Adjusted net profit,⁽¹⁾ which excludes non-cash items related to recent acquisitions, was \$10.3 million for the quarter; which increased by 51% from the \$6.8 million in the same period of the previous year.

"Our investments in organic revenue growth was evident with all four segments showing growth over the previous year. Our recent acquisitions in Advanced Technologies and Information Technology has contributed to our margin growth." stated Patrick Houston, Calian CFO. "With the recent completion of our equity offering and our new debt facility, the Company is in excellent liquidity position to invest in our future growth."

The Company closed the largest acquisition of its history in the quarter through Dapasoft Inc. This acquisition will facilitate Calian's next chapter of growth and further expand its delivery of Healthcare, IT Services and Cybersecurity solutions to its clients.

"We had last updated our guidance in late February following the acquisition of Dapasoft Inc. We have maintained this guidance which would represent our fourth consecutive year of double digit revenue growth, and significantly higher EBITDA margins", continued Ford. "I want to thank the Calian team for their continued service excellence and delivery in these trying times".

GUIDANCE

	Current Guidance	
	Low	High
Revenue	\$ 476,000	\$ 516,000
Adjusted EBITDA	\$ 45,000	\$ 49,000
Adjusted net profit	\$ 29,350	\$ 32,650
Anticipated weighted average shares outstanding	10,650,000	

About Calian

Calian employs over 4,400 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 2,000 health care professionals delivering primary care and occupational health services to public and private sector clients across Canada. Our Health services team also provides management and strategy services to pharmaceutical companies conducting clinical trials and delivers patient support programs. The Learning segment is a trusted provider of emergency management, consulting and specialized training services, products 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 Canadian and international markets.

For investor information, please visit our website at www.calian.com/investor-resources or contact us at ir@calian.com.

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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 GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31, 2021 and September 30, 2020
(Canadian dollars in thousands, except per share data)

	March 31, 2021	September 30, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 119,927	\$ 24,235
Accounts receivable	110,517	81,109
Work in process	75,516	84,132
Inventory	6,602	6,095
Prepaid expenses	8,325	6,707
Derivative assets	128	358
Total current assets	321,015	202,636
NON-CURRENT ASSETS		
Capitalized research and development	3,576	3,924
Equipment	12,506	11,655
Application software	4,381	3,092
Right of use asset	16,934	17,595
Investment and loan receivable	670	670
Acquired intangible assets	60,391	36,191
Goodwill	100,646	55,290
Total non-current assets	199,104	128,417
TOTAL ASSETS	\$ 520,119	\$ 331,053
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Line of Credit	\$ 55,000	\$ -
Accounts payable and accrued liabilities	76,473	72,007
Contingent earn-out	11,392	3,251
Provisions	1,019	1,038
Unearned contract revenue	25,816	13,435
Derivative liabilities	33	152
Lease obligations	3,031	2,790
Total current liabilities	172,764	92,673
NON-CURRENT LIABILITIES		
Lease obligations	16,000	16,800
Contingent earn-out	22,929	11,913
Deferred tax liabilities	16,650	9,261
Total non-current liabilities	55,579	37,974
TOTAL LIABILITIES	228,343	130,647
SHAREHOLDERS' EQUITY		
Issued capital	193,287	107,931
Contributed surplus	1,787	2,002
Retained earnings	94,509	92,030
Accumulated other comprehensive income (loss)	2,193	(1,557)
TOTAL SHAREHOLDERS' EQUITY	291,776	200,406
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 520,119	\$ 331,053
Number of common shares issued and outstanding	11,247,360	9,760,032

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT
For the three and six month periods ended March 31, 2021 and 2020
(Canadian dollars in thousands, except per share data)

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
Revenue				
Advanced Technologies	\$ 42,731	\$ 39,856	\$ 80,061	\$ 79,899
Health	52,917	32,241	99,970	62,251
Learning	20,901	17,334	38,948	32,442
Information Technology	21,921	15,060	35,692	29,143
Total Revenue	138,470	104,491	254,671	203,735
Cost of revenues	104,956	80,988	194,935	159,977
Gross profit	33,514	23,503	59,736	43,758
Selling and marketing	4,035	3,344	7,399	6,121
General and administration	14,358	9,528	25,974	18,186
Research and development	968	436	1,805	850
Profit before under noted items	14,153	10,195	24,558	18,601
Depreciation of equipment, application software and research and development	1,046	584	2,046	1,156
Depreciation of right of use asset	774	685	1,503	1,356
Amortization of acquired intangible assets	3,041	1,217	5,159	2,106
Other changes in fair value	-	-	-	(101)
Deemed compensation	503	-	2,350	-
Changes in fair value related to contingent earn-out	1,266	289	1,650	496
Profit before interest income and income tax expense	7,523	7,420	11,850	13,588
Lease obligations interest expense	114	122	231	232
Interest expense (income)	233	178	245	241
Profit before income tax expense	7,176	7,120	11,374	13,115
Income tax expense – current	2,195	2,048	4,214	4,027
Income tax expense (recovery) – deferred	(534)	(204)	(839)	(521)
Total income tax expense	1,661	1,844	3,375	3,506
NET PROFIT	\$ 5,515	\$ 5,276	\$ 7,999	\$ 9,609
Net profit per share:				
Basic	\$ 0.55	\$ 0.60	\$ 0.80	\$ 1.15
Diluted	\$ 0.54	\$ 0.59	\$ 0.80	\$ 1.13

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three and six month periods ended March 31, 2021 and 2020
(Canadian dollars in thousands)

	Three months ended		Six months ended	
	March 31, 2021	2020	March 31, 2021	2020
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES				
Net profit	\$ 5,515	\$ 5,276	\$ 7,999	\$ 9,609
Items not affecting cash:				
Interest expense (income)	233	178	245	241
Changes in fair value related to contingent earn-out	1,266	289	1,650	496
Lease obligations interest expense	114	122	231	232
Income tax expense	1,661	1,844	3,375	3,506
Employee share purchase plan expense	102	46	248	46
Share based compensation expense	574	319	1,023	592
Depreciation and amortization	4,861	2,486	8,708	4,618
Deemed compensation	1,098	-	2,945	-
Other changes in fair value	-	-	-	(101)
	15,424	10,560	26,424	19,239
Change in non-cash working capital				
Accounts receivable	(14,424)	(5,044)	(21,432)	(10,722)
Work in process	(1,831)	(13,381)	10,805	(26,235)
Prepaid expenses	(2,169)	(480)	(1,403)	(192)
Inventory	295	(501)	(430)	(1,045)
Accounts payable and accrued liabilities	9,193	4,682	2,710	3,708
Unearned contract revenue	4,042	2,877	9,216	2,853
	10,530	(1,287)	25,890	(12,394)
Interest received (paid)	(945)	(300)	(1,074)	(491)
Income tax recovered (paid)	(3,397)	(3,550)	(7,099)	(4,831)
	6,188	(5,137)	17,717	(17,716)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES				
Issuance of common shares net of costs	77,049	65,695	77,897	66,412
Dividends	(2,776)	(2,259)	(5,520)	(4,491)
Draw (repayment) on line of credit	55,000	(26,180)	55,000	(13,000)
Payment of lease obligations	(771)	(613)	(1,480)	(1,227)
	128,502	36,643	125,897	47,694
CASH FLOWS USED IN INVESTING ACTIVITIES				
Investments and loan receivable	-	-	-	(100)
Business acquisitions	(43,864)	(10,433)	(45,492)	(10,433)
Capitalized research and development	(93)	(457)	(212)	(1,115)
Equipment and application software	(1,086)	(1,802)	(2,218)	(2,256)
	(45,043)	(12,692)	(47,922)	(13,904)
NET CASH (OUTFLOW) INFLOW	\$ 89,647	\$ 18,814	\$ 95,692	\$ 16,074
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	30,280	14,395	24,235	17,135
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 119,927	\$ 33,209	\$ 119,927	\$ 33,209

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.

Adjusted EBITDA

	Three months ended		Six months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Net profit	\$ 5,515	\$ 5,276	\$ 7,999	\$ 9,609
Depreciation of equipment and application software	1,046	584	2,046	1,156
Depreciation of right of use asset	774	685	1,503	1,356
Amortization of acquired intangible assets	3,041	1,217	5,159	2,106
Lease interest expense	114	122	231	232
Changes in fair value related to contingent earn-out	1,266	289	1,650	496
Interest expense (income)	233	178	245	241
Deemed Compensation	503	-	2,350	-
Other changes in fair value	-	-	-	(101)
Income tax	1,661	1,844	3,375	3,506
Adjusted EBITDA	\$ 14,153	\$ 10,195	\$ 24,558	\$ 18,601

Adjusted Net Profit and Adjusted EPS

	Three months ended		Six months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Net profit	\$ 5,515	\$ 5,276	\$ 7,999	\$ 9,609
Other changes in fair value	-	-	-	(101)
Changes in fair value related to contingent earn-out	1,266	289	1,650	496
Deemed Compensation	503	-	2,350	-
Amortization of intangibles	3,041	1,217	5,159	2,106
Adjusted net profit	\$ 10,325	\$ 6,782	\$ 17,158	\$ 12,110
Weighted average number of common shares basic	10,091,840	8,824,150	9,937,876	8,383,959
Adjusted EPS Basic	1.02	0.77	1.73	1.44
Adjusted EPS Diluted	1.02	0.76	1.71	1.43

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.