



## FOR IMMEDIATE RELEASE

### Calian Reports Record EBITDA and Gross Margins in Third Quarter

*Revenue of \$136 million, an increase of 29%, and second highest quarterly revenue in company history*

OTTAWA, August 10, 2021 – Calian Group Ltd. (TSX: CGY), deliverer of trusted solutions across Advanced Technologies, Health, Learning and IT and Cyber Solutions segments, today released its quarterly results for the three-month period ended June 30, 2021.

Calian Group Ltd. (the “Company”) reported revenues for the quarter of \$136 million, representing a 29% increase from the \$105 million reported in the same quarter of the previous year.

Third quarter 2021 highlights:

- Quarterly revenue of \$136 million, an increase of 29%
- Record level of adjusted EBITDA at \$14.9 million for the quarter, an increase of 66%
- Record gross margins of 25%
- Revenue growth over 15% for each of the four operating segments
- Adjusted net profit increased by 98%
- 79<sup>th</sup> consecutive profitable quarter
- New contract signings of \$113 million in the quarter
- Dividend of \$0.28 per share

“This quarter’s performance demonstrates our focus on organic and acquisitive growth with excellent execution,” said Kevin Ford, Calian CEO. “Our strategic focus on customer diversification continues, with our Advanced Technologies segment landing a contract with a major electric vehicle manufacturer and our IT and Cyber Solutions segment introducing two dozen new customers in the third quarter.”

Adjusted EBITDA for the third quarter was \$14.9 million, an increase of 66% from \$9 million in the same quarter of the previous year. Adjusted net profit, which excludes non-cash items related to recent acquisitions, was \$11.1 million for the quarter, which increased by 98% from \$5.6 million in the same period of the previous year.

“This quarter represents a new high for the Company in both gross margins and adjusted EBITDA,” said Patrick Houston, Calian CFO. “This was achieved through contributions from all four segments which have grown double digits in the last year.”

Calian is proud to play a key role in the response to the COVID-19 pandemic. In the third quarter, Calian healthcare professionals vaccinated more than 50,000 Canadians at 19 pop-up clinics and managed seven rapid testing initiatives across Canada.

“Our strong performance through our first three quarters, and our continued momentum have allowed us to increase our guidance for the FY21 fiscal year,” said Kevin Ford, Calian CEO.

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## GUIDANCE

	Guidance	
	Low	High
Revenue	\$ 500,000	\$ 525,000
Adjusted EBITDA	\$ 49,000	\$ 52,500
Adjusted net profit	\$ 34,850	\$ 38,150
Anticipated weighted average shares outstanding	10,600,000	

### About Calian

Calian employs over 4,500 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: Advanced Technologies, Health, Learning, and IT and Cyber Solutions. Advanced Technologies provides innovative products, technologies and manufacturing services and solutions for the space, communications, defence, nuclear, government and agriculture sectors. Health manages a network of more than 2,400 healthcare 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. IT and Cyber Solutions 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 further information, please visit our website at [www.calian.com](http://www.calian.com).

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

	June 30, 2021	September 30, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 56,050	\$ 24,235
Accounts receivable	111,058	81,109
Work in process	84,331	84,132
Inventory	6,122	6,095
Prepaid expenses	11,187	6,707
Derivative assets	137	358
<b>Total current assets</b>	<b>268,885</b>	<b>202,636</b>
<b>NON-CURRENT ASSETS</b>		
Capitalized research and development	3,415	3,924
Equipment	12,241	11,655
Application software	6,577	3,092
Right of use asset	16,164	17,595
Investments	670	670
Acquired intangible assets	57,191	36,191
Goodwill	100,257	55,290
<b>Total non-current assets</b>	<b>196,515</b>	<b>128,417</b>
<b>TOTAL ASSETS</b>	<b>\$ 465,400</b>	<b>\$ 331,053</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	74,141	72,007
Contingent earn-out	20,235	3,251
Provisions	1,155	1,038
Unearned contract revenue	26,384	13,435
Derivative liabilities	513	152
Lease obligations	3,036	2,790
<b>Total current liabilities</b>	<b>125,464</b>	<b>92,673</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease obligations	15,224	16,800
Contingent earn-out	13,721	11,913
Deferred tax liabilities	16,148	9,261
<b>Total non-current liabilities</b>	<b>45,093</b>	<b>37,974</b>
<b>TOTAL LIABILITIES</b>	<b>170,557</b>	<b>130,647</b>
<b>SHAREHOLDERS' EQUITY</b>		
Issued capital	193,802	107,931
Contributed surplus	4,886	2,002
Retained earnings	93,422	92,030
Accumulated other comprehensive income (loss)	2,733	(1,557)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>294,843</b>	<b>200,406</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 465,400</b>	<b>\$ 331,053</b>
Number of common shares issued and outstanding	<u>11,258,055</u>	<u>9,760,032</u>

**CALIAN GROUP LTD.**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT**  
For the three and nine month periods ended June 30, 2021 and 2020  
(Canadian dollars in thousands, except per share data)

	Three months ended June 30,		Nine months ended June 30,	
	2021	2020	2021	2020
Revenue				
Advanced Technologies	\$ 43,802	\$ 35,912	\$ 123,862	\$ 115,813
Health	50,800	43,936	150,770	106,187
Learning	18,113	11,110	57,061	43,551
Information Technology	23,379	14,570	59,072	43,712
<b>Total Revenue</b>	<b>136,094</b>	<b>105,528</b>	<b>390,765</b>	<b>309,263</b>
Cost of revenues	102,197	82,997	297,132	242,974
<b>Gross profit</b>	<b>33,897</b>	<b>22,531</b>	<b>93,633</b>	<b>66,289</b>
Selling and marketing	4,484	3,187	11,883	9,308
General and administration	13,256	9,848	39,230	28,034
Research and development	1,208	490	3,013	1,340
<b>Profit before under noted items</b>	<b>14,949</b>	<b>9,006</b>	<b>39,507</b>	<b>27,607</b>
Depreciation of equipment, application software and research and development	1,126	851	3,172	2,007
Depreciation of right of use asset	770	681	2,273	2,037
Amortization of acquired intangible assets	3,200	1,376	8,359	3,482
Other changes in fair value	-	-	-	(101)
Deemed compensation	750	-	3,100	-
Changes in fair value related to contingent earn-out	5,130	393	6,780	889
<b>Profit before interest income and income tax expense</b>	<b>3,973</b>	<b>5,705</b>	<b>15,823</b>	<b>19,293</b>
Lease obligations interest expense	112	120	343	352
Interest expense (income)	52	(75)	297	166
<b>Profit before income tax expense</b>	<b>3,809</b>	<b>5,660</b>	<b>15,183</b>	<b>18,775</b>
Income tax expense – current	2,433	2,022	6,647	6,049
Income tax expense (recovery) – deferred	(687)	(228)	(1,526)	(749)
Total income tax expense	1,746	1,794	5,121	5,300
<b>NET PROFIT</b>	<b>\$ 2,063</b>	<b>\$ 3,866</b>	<b>\$ 10,062</b>	<b>\$ 13,475</b>
<b>Net profit per share:</b>				
Basic	\$ 0.18	\$ 0.40	\$ 0.97	\$ 1.53
Diluted	\$ 0.18	\$ 0.40	\$ 0.97	\$ 1.52

**CALIAN GROUP LTD.**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the three and nine month periods ended June 30, 2021 and 2020  
(Canadian dollars in thousands)

	Three months ended June 30,		Nine months ended June 30,	
	2021	2020	2021	2020
<b>CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>				
Net profit	\$ 2,063	\$ 3,866	\$ 10,062	\$ 13,475
Items not affecting cash:				
Interest expense (income)	52	(75)	297	166
Changes in fair value related to contingent earn-out	5,130	393	6,780	889
Lease obligations interest expense	112	120	343	352
Income tax expense	1,746	1,794	5,121	5,300
Employee share purchase plan expense	106	75	354	121
Share based compensation expense	484	292	1,507	884
Depreciation and amortization	5,095	2,908	13,803	7,526
Deemed compensation	750	-	3,100	-
Other changes in fair value	-	-	-	(101)
	15,538	9,373	41,367	28,612
Change in non-cash working capital				
Accounts receivable	(2,298)	(8,210)	(23,730)	(18,932)
Work in process	(8,923)	(10,168)	1,882	(36,403)
Prepaid expenses	(2,862)	(2,304)	(4,265)	(2,496)
Inventory	480	850	50	(195)
Accounts payable and accrued liabilities	934	11,308	3,641	15,018
Unearned contract revenue	862	13,962	10,078	16,815
	3,731	14,811	29,023	2,419
Interest received (paid)	(164)	(45)	(640)	(536)
Income tax recovered (paid)	(2,408)	(41)	(9,507)	(4,872)
	1,159	14,725	18,876	(2,989)
<b>CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>				
Issuance of common shares net of costs	397	2,487	78,294	68,899
Dividends	(3,150)	(2,700)	(8,670)	(7,191)
Draw (repayment) on line of credit	(55,000)	-	-	(13,000)
Payment of lease obligations	(771)	(623)	(2,251)	(1,853)
	(58,524)	(836)	67,373	46,855
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
Investments and loan receivable	-	-	-	(100)
Business acquisitions	(3,616)	-	(49,108)	(10,433)
Capitalized research and development	(125)	(5)	(337)	(1,119)
Equipment and application software	(2,771)	(797)	(4,989)	(3,053)
	(6,512)	(802)	(54,434)	(14,705)
<b>NET CASH (OUTFLOW) INFLOW</b>	<b>\$ (63,877)</b>	<b>\$ 13,087</b>	<b>\$ 31,815</b>	<b>\$ 29,161</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>119,927</b>	<b>33,209</b>	<b>24,235</b>	<b>17,135</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 56,050</b>	<b>\$ 46,296</b>	<b>\$ 56,050</b>	<b>\$ 46,296</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.

### Adjusted EBITDA

	Three months ended		Nine months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net profit	\$ 2,063	\$ 3,866	\$ 10,062	\$ 13,475
Depreciation of equipment and application software	1,126	851	3,172	2,007
Depreciation of right of use asset	770	681	2,273	2,037
Amortization of acquired intangible assets	3,200	1,376	8,359	3,482
Lease interest expense	112	120	343	352
Changes in fair value related to contingent earn-out	5,130	393	6,780	889
Interest expense (income)	52	(75)	297	166
Deemed Compensation	750	-	3,100	-
Other changes in fair value	-	-	-	(101)
Income tax	1,746	1,794	5,121	5,300
<b>Adjusted EBITDA</b>	<b>\$ 14,949</b>	<b>\$ 9,006</b>	<b>\$ 39,507</b>	<b>\$ 27,607</b>

### Adjusted Net Profit and Adjusted EPS

	Three months ended		Nine months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net profit	\$ 2,063	\$ 3,866	\$ 10,062	\$ 13,475
Other changes in fair value	-	-	-	(101)
Changes in fair value related to contingent earn-out	5,130	393	6,780	889
Deemed Compensation	750	-	3,100	-
Amortization of intangibles	3,200	1,376	8,359	3,482
<b>Adjusted net profit</b>	<b>11,143</b>	<b>5,635</b>	<b>\$ 28,301</b>	<b>\$ 17,745</b>
Weighted average number of common shares basic	11,251,483	9,677,680	10,375,745	8,815,199
Adjusted EPS Basic	0.99	0.58	2.73	2.01
Adjusted EPS Diluted	0.98	0.58	2.71	2.00

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.