

Calian Reports Record Revenue For Year Ended September 30, 2019

Ottawa, Ontario, Monday, November 25, 2019 – Calian Group Ltd. (TSX:CGY) today released its annual results for the year ended September 30, 2019.

Fourth quarter and fiscal year 2019 highlights:

- Revenue at an annual record of \$343 million, an increase of 12% from the prior year
- Revenue at a quarterly record of \$90.9 million for Q4, up 16% from the same period in the prior year
- EBITDA⁽¹⁾ at a record \$27.1 million for 2019; and a record \$8.1 million for the fourth quarter
- 72nd consecutive profitable quarter
- Introduction of new operating segments to better reflect Calian's core businesses
- Dividend of \$0.28 per share for the fourth quarter

The Company reported revenues for the quarter of \$90.9 million, representing a 16% increase from the \$78.5 million reported in the same quarter of the previous year. For the year ended September 30, 2019, the Company reported revenues of \$343.0 million, a 12% gain compared to \$305.1 million in the prior year.

EBITDA⁽¹⁾ for the fourth quarter was \$8.1 million or \$1.03 per share basic and \$1.02 per share diluted, an increase from \$6.7 million or \$0.86 per share basic and diluted in the same quarter of the previous year. For the year ended September 30, 2019, EBITDA⁽¹⁾ was \$27.1 million or \$3.46 per share basic and \$3.45 per share diluted, a 7.9% increase compared to \$25.3 million or \$3.28 per share basic and \$3.26 per share diluted in the same period of the previous year.

Adjusted net profit,⁽¹⁾ which excludes non-cash items related to our recent acquisitions and adjustments to our earnout payments, was \$2.43 per share basic and \$2.41 diluted; this compares to \$2.27 per share basic and \$2.25 diluted in the previous year. Net profit for the fourth quarter was \$8.5 million or \$1.08 per share basic and diluted, an increase from \$4.3 million or \$0.56 per share basic and \$0.55 per share diluted in the same quarter of the prior year. On a year-to-date basis, net profit was \$20.0 million or \$2.55 per share basic and \$2.54 per share diluted, an increase of 23% compared to \$16.3 million or \$2.11 per share basic and \$2.10 diluted in the same period of the previous year.

Calian is announcing a change in its operating segments which is reflected in our results released today. The two-divisional structure comprised of the former BTS Division and the Systems Engineering Division has been replaced by the following four operating segments to better reflect Calian's core businesses and align with our broader business strategy: Advanced Technologies, Health, Learning and Information Technology. Advanced Technologies is comprised of the Systems Engineering Division, the Engineering and Technical Services team of BTS, and the recent acquisitions IntraGrain Technologies and SatService. The remainder of BTS has been split into the Health, Learning and Information Technology segments.

Further information, discussion, and a view of current and prior year performance for these four segments is available in Calian's annual 2019 Financial Statements and Management's Discussion and Analysis (MD&A).

“As I look back at a year of record revenues and EBITDA, I was particularly pleased to see all four of our segments grow in terms of both revenues and earnings contribution,” stated Patrick Houston, CFO. “We believe that this diversified profitable growth is one of our Company’s unique strengths.”

“The 2019 fiscal year has been exciting for Calian on many fronts. We reported record quarterly revenue for all four quarters in 2019, leading to the Company’s highest reported annual revenue and earnings. This year we also executed two acquisitions, launched innovative products, strengthened our global presence, and gained new customers across all lines of business,” stated Kevin Ford, President and CEO.

“I am excited that our reporting is now aligned to four segments: Advanced Technologies, Health, Learning and Information Technology. This new reporting segmentation demonstrates our focus going forward, and I believe it is an important development for shareholders as we move away from the previous two-divisional construct, which we had outgrown. This will help simplify the Company for our customers and shareholders, while providing insight into our diverse lines of business,” said Ford.

“We continue to see positive momentum for Calian’s growth path as we execute our organic and acquisitive growth strategy. Calian has now closed nine acquisitions in the past eight years, including two in the 2019 fiscal year for the Advanced Technologies segment. Regina, Saskatchewan-based IntraGrain Technologies has enabled our push into the AgTech market with complementary capabilities for this segment. The acquisition of SatService, based in Germany, has provided Calian with a foothold in Europe and supports the Company’s expansion in the European market with turnkey satellite solutions as well as products,” Ford added.

“Overall, our 2019 results indicate that our growth framework – based on the four pillars of customer retention, customer diversification, service line evolution and continuous improvement – is working. We posted another record year while demonstrating that Calian as an investment opportunity represents both growth and stability,” Ford stated.

“Today we reported our 72nd consecutive profitable quarter, and I am proud of the total shareholder return of 21% for the current year. With strong cash flows, acquisitive and organic revenue growth, investments in innovation, and a dedicated employee base, we are well-positioned to continue the execution of our growth plan,” said Ford.

Traditional markets in which Calian operates are stable and management expects organic revenue and earnings growth in most, or all of its segments through the successful execution of our growth strategy. However, we must caution that revenues realized are ultimately dependent on the extent and timing of future contract awards as well as customer utilization of existing contracting vehicles. Please refer to the section regarding forward-looking statements which forms an integral part of this release.

Based on currently available information and our assessment of the marketplace, we expect revenues for fiscal 2020 to be in the range of \$365 million to \$395 million, EBITDA per share in the range of \$4.00 to \$4.30, and adjusted net profit per share in the range of \$2.35 to \$2.65.

For Calian’s Financial Statements, MD&A and other disclosures, please visit our IR webpage at <https://www.calian.com/en/investor-relations>; for more information contact us at ir@calian.com.

(1) 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.

About Calian

Calian employs over 3,300 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 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.

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CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2019 and 2018
(Canadian dollars in thousands)

| | September 30, 2019 | September 30, 2018 <i>Restated⁽ⁱ⁾</i> |
|---|-----------------------|--|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 17,135 | \$ 21,842 |
| Accounts receivable | 63,977 | 69,096 |
| Work in process | 39,221 | 17,377 |
| Inventory | 3,147 | 1,498 |
| Prepaid expenses | 5,403 | 3,879 |
| Derivative assets | 96 | 1,021 |
| Total current assets | 128,979 | 114,713 |
| NON-CURRENT ASSETS | | |
| Capitalized research and development | 3,216 | 1,449 |
| Equipment | 10,965 | 9,795 |
| Application software | 1,013 | 788 |
| Investment and loan receivable | 452 | 435 |
| Acquired intangible assets | 16,699 | 6,702 |
| Goodwill | 33,702 | 18,236 |
| Total non-current assets | 66,047 | 37,405 |
| TOTAL ASSETS | \$ 195,026 | \$ 152,118 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Line of Credit | \$ 13,000 | \$ - |
| Accounts payables and accrued liabilities | 45,058 | 33,915 |
| Contingent earn-out | 800 | 3,166 |
| Provisions | 1,129 | 1,932 |
| Unearned contract revenue | 8,778 | 10,042 |
| Deferred tax liabilities | 922 | 297 |
| Derivative liabilities | 143 | 525 |
| Total current liabilities | 69,830 | 49,877 |
| NON-CURRENT LIABILITIES | | |
| Contingent earn-out | 5,519 | - |
| Deferred tax liabilities | 4,603 | 2,191 |
| Total non-current liabilities | 10,122 | 2,191 |
| TOTAL LIABILITIES | 79,952 | 52,068 |
| SHAREHOLDERS' EQUITY | | |
| Issued capital | 32,515 | 28,647 |
| Contributed surplus | 1,817 | 1,065 |
| Retained earnings | 81,608 | 70,521 |
| Accumulated other comprehensive loss | (866) | (183) |
| TOTAL SHAREHOLDERS' EQUITY | 115,074 | 100,050 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 195,026 | \$ 152,118 |
| Number of common shares issued and outstanding | 7,929,238 | 7,764,762 |

(i) See note 3 of the Financial Statements.

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF NET PROFIT
For the years ended September 30, 2019 and 2018
(Canadian dollars in thousands, except per share data)

| | Three months ended September 30, | | Year ended September 30, | |
|--|-------------------------------------|---------------------------------------|-----------------------------|---------------------------------------|
| | 2019 | <i>Restated⁽ⁱ⁾</i> 2018 | 2019 | <i>Restated⁽ⁱ⁾</i> 2018 |
| Revenue | | | | |
| Advanced Technologies | \$ 31,437 | \$ 24,098 | \$ 109,697 | \$ 99,201 |
| Health | 31,286 | 26,777 | 115,718 | 99,458 |
| Learning | 13,983 | 13,988 | 63,098 | 61,552 |
| Information Technology | 14,208 | 13,672 | 54,531 | 44,857 |
| Total Revenue | 90,914 | 78,535 | 343,044 | 305,068 |
| Cost of revenues | 70,571 | 62,081 | 268,387 | 240,994 |
| Gross profit | 20,343 | 16,454 | 74,657 | 64,074 |
| Selling and marketing | 2,769 | 2,295 | 10,499 | 9,188 |
| General and administration | 8,064 | 6,259 | 31,706 | 24,829 |
| Facilities | 1,362 | 1,197 | 5,306 | 4,722 |
| Profit before under noted items | 8,148 | 6,703 | 27,146 | 25,335 |
| Depreciation of equipment and application software | 622 | 539 | 2,220 | 1,807 |
| Amortization of acquired intangible assets | 1,460 | 324 | 3,168 | 1,193 |
| Gain on change in estimate | (4,522) | - | (5,172) | - |
| Profit before interest income and income tax expense | 10,588 | 5,840 | 26,930 | 22,335 |
| Accretion interest expense related to acquisitions | 297 | 23 | 1,023 | 93 |
| Interest expense (income) | 50 | (115) | 36 | (320) |
| Profit before income tax expense | 10,241 | 5,932 | 25,871 | 22,562 |
| Income tax expense – current | 1,982 | 1,619 | 6,318 | 6,645 |
| Income tax expense – deferred | (217) | (23) | (439) | (374) |
| Total income tax expense | 1,765 | 1,596 | 5,879 | 6,271 |
| NET PROFIT | \$ 8,476 | \$ 4,336 | \$ 19,992 | \$ 16,291 |
| Net profit per share: | | | | |
| Basic | \$ 1.08 | \$ 0.56 | \$ 2.55 | \$ 2.11 |
| Diluted | \$ 1.08 | \$ 0.55 | \$ 2.54 | \$ 2.10 |

(i) See note 3 of the Financial Statements.

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2019 and 2018
(Canadian dollars in thousands)

| | Three months ended September 30, | | Year ended September 30, | |
|--|-------------------------------------|---------------------------------------|-----------------------------|---------------------------------------|
| | 2019 | <i>Restated⁽ⁱ⁾</i> 2018 | 2019 | <i>Restated⁽ⁱ⁾</i> 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net profit | \$ 8,476 | \$ 4,336 | \$ 19,992 | \$ 16,291 |
| Items not affecting cash: | | | | |
| Interest expense (income) | 50 | (115) | 36 | (320) |
| Accretion interest expense related to acquisitions | 297 | 23 | 1,023 | 93 |
| Income tax expense | 1,765 | 1,596 | 5,879 | 6,271 |
| Employee share purchase plan | 37 | 64 | 173 | 133 |
| Share based compensation | 322 | 112 | 1,182 | 720 |
| Depreciation and amortization | 2,082 | 863 | 5,388 | 3,000 |
| Gain on change in estimate | (4,522) | - | (5,172) | - |
| | 8,507 | 6,879 | 28,501 | 26,188 |
| Change in non-cash working capital | | | | |
| Accounts receivable | 3,140 | 4,556 | 6,334 | (12,868) |
| Work in process | (12,501) | 3,067 | (20,973) | 1,544 |
| Prepaid expenses | 1,173 | (607) | (1,395) | (818) |
| Inventory | (85) | (461) | 1,216 | (929) |
| Accounts payable and accrued liabilities | 4,479 | 2,605 | 8,167 | 5,563 |
| Unearned contract revenue | (2,587) | (3,888) | (1,806) | (412) |
| | 2,126 | 12,151 | 20,044 | 18,268 |
| Interest received (paid) | (50) | 81 | (127) | 285 |
| Income tax paid | (1,409) | (1,939) | (6,384) | (7,170) |
| | 667 | 10,293 | 13,533 | 11,383 |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | | | |
| Issuance of common shares | 366 | 226 | 3,316 | 2,122 |
| Dividends | (2,235) | (2,186) | (8,803) | (8,668) |
| Draw on line of credit | 1,000 | - | 13,000 | - |
| Share repurchase | - | - | (118) | - |
| | (869) | (1,960) | 7,395 | (6,546) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | | | |
| Investments and loan receivable | - | - | - | (150) |
| Business acquisitions | - | (1,275) | (20,849) | (4,975) |
| Capitalized research and development | (96) | (437) | (1,768) | (1,149) |
| Equipment and application software | (552) | (3,049) | (3,018) | (5,360) |
| | (648) | (4,761) | (25,635) | (11,634) |
| NET CASH (OUTFLOW) INFLOW | \$ (850) | \$ 3,572 | \$ (4,707) | \$ (6,797) |
| CASH, BEGINNING OF PERIOD | 17,985 | 18,270 | 21,842 | 28,639 |
| CASH, END OF PERIOD | \$ 17,135 | \$ 21,842 | \$ 17,135 | \$ 21,842 |

(i) See note 3 of the Financial Statements.

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 non-recurring. 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. EBITDA exclude 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.

Reconciliation of EBITDA

| | Three months ended | | Year ended | |
|--|----------------------|---|----------------------|---|
| | September 30 2019 | September 30 2018 <i>Restated⁽ⁱ⁾</i> | September 30 2019 | September 30 2018 <i>Restated⁽ⁱ⁾</i> |
| Net profit | \$ 8,476 | \$ 4,336 | \$ 19,992 | \$ 16,291 |
| Depreciation | 622 | 539 | 2,220 | 1,807 |
| Amortization | 1,460 | 324 | 3,168 | 1,193 |
| Interest Expense (Income) | 50 | (115) | 36 | (320) |
| Accretion interest expense related to acquisitions | 297 | 23 | 1,023 | 93 |
| Change in estimate | (4,522) | - | (5,172) | - |
| Income Tax Expense | 1,765 | 1,596 | 5,879 | 6,271 |
| EBITDA | \$ 8,148 | \$ 6,703 | \$ 27,146 | \$ 25,335 |

Adjusted EPS (non-GAAP)

| | Three months ended | | Year ended | |
|--|----------------------|---|----------------------|---|
| | September 30 2019 | September 30 2018 <i>Restated⁽ⁱ⁾</i> | September 30 2019 | September 30 2018 <i>Restated⁽ⁱ⁾</i> |
| Net profit | \$ 8,476 | \$ 4,336 | \$ 19,992 | \$ 16,291 |
| Change in estimate | (4,522) | - | (5,172) | - |
| Accretion interest expense related to acquisitions | 297 | 23 | 1,023 | 93 |
| Amortization of intangibles | 1,460 | 324 | 3,168 | 1,193 |
| Adjusted net profit | \$ 5,711 | \$ 4,683 | \$ 19,011 | \$ 17,577 |
| Adjusted EPS Basic | 0.74 | 0.61 | 2.43 | 2.27 |
| Adjusted EPS Diluted | 0.73 | 0.60 | 2.41 | 2.25 |

(i) See note 3 of the Financial Statements.

The Company uses adjusted profit and adjusted earnings per share, which remove the impact of our acquisition amortization and gains, resulting in accounting for acquisitions and interest accretion 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-IFRS 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-IFRS 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.