



## **Calian Reports Record Revenue for Year Ended September 30, 2020 Annual Revenue Grows 26%, including Fourth-Quarter Increase of 35%**

**OTTAWA, Tuesday, November 24, 2020** – Calian Group Ltd. (TSX:CGY), deliverer of trusted solutions across advanced technologies, health, learning & information technology segments, today released its annual results for the year ended September 30, 2020.

Calian Group Ltd. (the “Company”) reported revenues for the quarter of \$123 million, representing a 35% increase from the \$90.9 million reported in the same quarter of the previous year. For the year ended September 30, 2020, the Company reported revenues of \$432 million, a 26% increase from the \$343 million in the prior year.

Fourth quarter and full year 2020 highlights:

- Record quarterly revenue for the ninth consecutive quarter
- Quarterly revenue of \$123 million, an increase of 35% from the same quarter of the previous year
- Annual revenue of \$432 million, an increase of 26% from the previous year
- Adjusted EBITDA<sup>(1)</sup> of 9.2 million for the fourth quarter, an increase of 13% from the previous year
- Adjusted EBITDA<sup>(1)</sup> of \$36.8 for the fiscal year 2020, an increase of 36%
- 76th consecutive profitable quarter
- New contract signings of \$111 million in fourth quarter
- Dividend of \$0.28 per share

“I am pleased to report Calian’s record year on multiple fronts. Revenue for the year was an all-time high for the Company at \$432M. Organic growth was strong at 21% in the twelve-month period, led by our Health and Advanced Technologies segments. Our profitable growth objective was also evident as we grew EBITDA by 36% thanks to increased volume and scaling our business efficiently,” said Kevin Ford, President and CEO. “We completed four acquisitions in 2020, three of them in new market verticals in which Calian did not previously participate. M&A has played an important role in all four of our segments by bringing in new customers and new technologies aligned to our growth strategy.”

Adjusted EBITDA<sup>(1)</sup> for the fourth quarter was \$9.2 million, an increase of 14% from \$8.1 million in the same quarter of the previous year. For the year ended September 30, 2020, Adjusted EBITDA<sup>(1)</sup> was \$36.8 million, a 36% increase compared to the \$27.1 million in the same period of the previous year.

Adjusted net profit,<sup>(1)</sup> which excludes non-cash items related to recent acquisitions, was \$5.6 million for the quarter; this compares to \$5.7 million in the same period of the previous year. For the year ended September

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<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.

30, 2020, Adjusted net profit<sup>(1)</sup> was \$23.5 million, which increased by 24% from the \$19.0 million in the same period of the previous year.

Net profit for the fourth quarter was \$6.9 million, and \$20.4 million the year ended September 30, 2020, representing an increase of 2% from the \$20.0 million in the same period of the previous year.

"Our ninth consecutive record revenue quarter capped a year in which we recorded our highest ever Revenue, EBITDA and Net Income," stated Patrick Houston, CFO. "Our focus on profitable growth was seen with 26% revenue growth and EBITDA growth of 36%. These results were accomplished in a rapidly changing environment due to COVID-19 which necessitated our team of dedicated professionals in each of our segments to adapt quickly and continue to deliver essential products and services."

"COVID-19 has resulted in a rapidly changing business environment, but our teams continued to adapt and find new ways to deliver our services which were deemed essential in all of our segments," said Kevin Ford. "I would like to thank all frontline health and essential service workers for their dedication and courage during this very challenging, ongoing public health crisis. Our own dedicated staff at Calian have been out there delivering essential services alongside other frontline health workers, Canadian Armed Forces members and many other service workers. From all of us at Calian, we offer our deepest appreciation for your service."

"I would like to also officially welcome the Tallysman team to Calian, an acquisition we completed in the last month of the quarter. Offering the most extensive range of Global Navigation Satellite System, Iridium and Globalstar antennas, Tallysman excels at supporting the requirements of any project, anywhere in the world. We look forward to their continued innovation as a global leader and are excited to have them on the Calian team" stated Ford.

"Looking forward, our initial guidance demonstrates our confidence in Calian maintaining a growth profile in this new fiscal year. I believe our diversified segments with a mix of domestic and global customer positions us well to navigate through the challenges created by COVID while continuing to execute our growth strategy", continued Ford.

## GUIDANCE

		Current Guidance	
		Low	High
Revenue	\$	450,000	\$ 490,000
Adjusted EBITDA	\$	38,500	\$ 42,000
Adjusted net profit	\$	25,200	\$ 28,300

### 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 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 further information, please visit our website at [www.calian.com](http://www.calian.com), or contact us at [ir@calian.com](mailto: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, 2020 and 2019

(Canadian dollars in thousands, except per share data)

	September 30, 2020	September 30, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 24,235	\$ 17,135
Accounts receivable	81,109	63,977
Work in process	84,132	39,221
Inventory	6,095	3,147
Prepaid expenses	6,707	5,403
Derivative assets	358	96
<b>Total current assets</b>	<b>202,636</b>	<b>128,979</b>
<b>NON-CURRENT ASSETS</b>		
Capitalized research and development	3,924	3,216
Equipment	11,655	10,965
Application software	3,092	1,013
Right of use asset	17,595	-
Investment and loan receivable	670	452
Acquired intangible assets	36,191	16,699
Goodwill	55,290	33,702
<b>Total non-current assets</b>	<b>128,417</b>	<b>66,047</b>
<b>TOTAL ASSETS</b>	<b>\$ 331,053</b>	<b>\$ 195,026</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Line of Credit	\$ -	\$ 13,000
Accounts payables and accrued liabilities	72,007	45,058
Contingent earn-out	3,251	800
Provisions	1,038	1,129
Unearned contract revenue	13,435	8,778
Derivative liabilities	152	143
Lease obligations	2,790	-
<b>Total current liabilities</b>	<b>92,673</b>	<b>68,908</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease obligations	16,800	-
Contingent earn-out	11,913	5,519
Deferred tax liabilities	9,261	5,525
<b>Total non-current liabilities</b>	<b>37,974</b>	<b>11,044</b>
<b>TOTAL LIABILITIES</b>	<b>130,647</b>	<b>79,952</b>
<b>SHAREHOLDERS' EQUITY</b>		
Issued capital	107,931	32,515
Contributed surplus	2,002	1,817
Retained earnings	92,030	81,608
Accumulated other comprehensive income (loss)	(1,557)	(866)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>200,406</b>	<b>115,074</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 331,053</b>	<b>\$ 195,026</b>
Number of common shares issued and outstanding	9,760,032	7,929,238

# Calian Group Ltd. Consolidated Statements of Net Profit

For the years ended September 30, 2020 and 2019  
(Canadian dollars in thousands, except per share data)

	Three months ended September 30,		Year ended September 30,	
	2020	2019	2020	2019
Revenue				
Advanced Technologies	\$ 37,570	\$ 31,437	\$ 153,382	\$ 109,697
Health	56,848	31,286	163,035	115,718
Learning	14,282	13,983	57,834	63,098
Information Technology	14,357	14,208	58,069	54,531
Total Revenue	123,057	90,914	432,320	343,044
Cost of revenues	100,190	70,571	343,164	268,387
Gross profit	22,867	20,343	89,156	74,657
Selling and marketing	3,028	2,769	12,336	10,499
General and administration	9,978	8,990	38,012	35,592
Research and development	658	436	1,998	1,420
Profit before under noted items	9,203	8,148	36,810	27,146
Depreciation of equipment, application software and research and development	969	622	2,976	2,220
Depreciation of right of use asset	734	-	2,771	-
Amortization of acquired intangible assets	1,684	1,460	5,166	3,168
Other changes in fair value	-	-	(101)	-
Changes in fair value related to contingent earn-out	(2,772)	(4,225)	(1,882)	(4,149)
Profit before interest and income tax expense	8,588	10,291	27,880	25,907
Lease obligations interest expense	123	-	475	-
Interest expense (income)	19	50	185	36
Profit before income tax expense	8,446	10,241	27,220	25,871
Income tax expense – current	2,122	1,982	8,171	6,318
Income tax expense (recovery) – deferred	(562)	(217)	(1,311)	(439)
Total income tax expense	1,560	1,765	6,860	5,879
<b>NET PROFIT</b>	<b>\$ 6,886</b>	<b>\$ 8,476</b>	<b>\$ 20,360</b>	<b>\$ 19,992</b>
<b>Net profit per share:</b>				
Basic	\$ 0.70	\$ 1.08	\$ 2.25	\$ 2.55
Diluted	\$ 0.70	\$ 1.08	\$ 2.23	\$ 2.54

# Calian Group Ltd. Consolidated Statements of Cash Flows

For the years ended September 30, 2020 and 2019  
(Canadian dollars in thousands, except per share data)

	Three months ended		Year ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<b>CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>				
Net profit	\$ 6,886	\$ 8,476	\$ 20,360	\$ 19,992
Items not affecting cash:				
Interest expense (income)	19	50	185	36
Changes in fair value related to contingent earn-out	(2,772)	(4,225)	(1,882)	(4,149)
Lease interest expense	123	-	475	-
Income tax expense	1,560	1,765	6,860	5,879
Employee share purchase plan expense	78	37	199	173
Share based compensation expense	279	322	1,163	1,182
Depreciation and amortization	3,387	2,082	10,913	5,388
Other changes in fair value	-	-	(101)	-
	9,560	8,507	38,172	28,501
<b>Change in non-cash working capital</b>				
Accounts receivable	7,256	3,140	(11,676)	6,334
Work in process	(8,508)	(12,501)	(44,911)	(20,973)
Prepaid expenses	1,225	1,173	(1,271)	(1,395)
Inventory	(133)	(85)	(328)	1,216
Accounts payable and accrued liabilities	2,233	4,479	17,251	8,167
Unearned contract revenue	(12,314)	(2,587)	4,501	(1,806)
	(681)	2,126	1,738	20,044
Interest received (paid)	(142)	(50)	(678)	(127)
Income tax recovered (paid)	1,059	(1,409)	(3,813)	(6,384)
	236	667	(2,753)	13,533
<b>CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>				
Issuance of common shares net of costs	1,589	366	70,488	3,316
Dividends	(2,747)	(2,235)	(9,938)	(8,803)
Draw (repayment) on line of credit	-	1,000	(13,000)	13,000
Share repurchase	-	-	-	(118)
Payment of lease obligations	(656)	-	(2,508)	-
	(1,814)	(869)	45,042	7,395
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
Investments and loan receivable	-	-	(100)	-
Business acquisitions	(18,855)	-	(29,288)	(20,849)
Capitalized research and development	(107)	(96)	(1,227)	(1,768)
Equipment and application software	(1,521)	(552)	(4,574)	(3,018)
	(20,483)	(648)	(35,189)	(25,635)
<b>NET CASH (OUTFLOW) INFLOW</b>	<b>\$ (22,061)</b>	<b>\$ (850)</b>	<b>\$ 7,100</b>	<b>\$ (4,707)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>\$ 46,296</b>	<b>\$ 17,985</b>	<b>\$ 17,135</b>	<b>\$ 21,842</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 24,235</b>	<b>\$ 17,135</b>	<b>\$ 24,235</b>	<b>\$ 17,135</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 financing in the twelve-month period ended September 30, 2020. The equity financing closed in February 2020 resulted in an additional 1,568,600 common shares being issued. Along with other equity transactions throughout the year, the total common shares outstanding grew from 7,929,238 at September 30, 2019 to 9,760,032 as at September 30, 2020. The fully diluted weighted average shares outstanding increased to 9,855,357 for the three-month period and 9,104,498 for the twelve-month period ended September 30, 2020 when compared to 7,965,442 and 7,863,361, respectively, for the same periods of the previous year.

### Adjusted EBITDA

	Three months ended		Year ended	
	September 30, 2020	September 30, 2019 <sup>(1)</sup>	September 30, 2020	September 30, 2019 <sup>(1)</sup>
Net profit	\$ 6,886	\$ 8,476	\$ 20,360	\$ 19,992
Depreciation of equipment and	969	622	2,976	2,220
Depreciation of right of use asset	734	-	2,771	-
Amortization of acquired	1,684	1,460	5,166	3,168
Lease interest expense	123	-	475	-
Changes in fair value related to	(2,772)	(4,225)	(1,882)	(4,149)
Deemed compensation	-	-	-	-
Interest expense (income)	19	50	185	36
Other changes in fair value	-	-	(101)	-
Income tax	1,560	1,765	6,860	5,879
Adjusted EBITDA	\$ 9,203	\$ 8,148	\$ 36,810	\$ 27,146

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

## Adjusted net profit and adjusted EPS

	Three months ended		Year ended	
	September 30, 2020	September 30, 2019 <sup>(1)</sup>	September 30, 2020	September 30, 2019 <sup>(1)</sup>
Net profit	\$ 6,886	\$ 8,476	\$ 20,360	\$ 19,992
Other changes in fair value	-	-	(101)	-
Changes in fair value related to	(2,772)	(4,225)	(1,882)	(4,149)
Deemed compensation	-	-	-	-
Amortization of intangibles	1,684	1,460	5,166	3,168
Adjusted net profit	5,798	5,711	\$ 23,543	\$ 19,011
Weighted average number of common shares basic	9,732,754	7,915,071	9,044,588	7,843,265
Adjusted EPS Basic	0.60	0.74	2.60	2.43
Adjusted EPS Diluted	0.59	0.73	2.59	2.41

(2) No restatement performed in Fiscal 2019 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.