



FOR IMMEDIATE RELEASE

Calian Announces \$518 Million in Revenue for Year Ended September 30, 2021

20% revenue growth caps off 20 years of profitability

(All amounts in release are in Canadian dollars)

OTTAWA, November 24, 2021 – Calian Group Ltd. (TSX: CGY), a diverse product and services company providing innovative solutions for the healthcare, communications, learning and security sectors, today released its annual results for the year ended September 30, 2021.

Calian Group Ltd. (the “Company”) reported revenues for the quarter of \$128 million, representing a 4% increase from the \$123 million reported in the same quarter of the previous year. For the year ended September 30, 2021, the Company reported revenues of \$518 million, a 20% increase from the \$432 million in the previous year.

Fourth quarter highlights:

- 80th consecutive profitable quarter
- Revenue of \$128 million, a 4% increase over Q4'20
- Adjusted EBITDA of \$12.4 million, a 35% increase over Q4'20
- Adjusted net profit of \$8.9 million, a 54% increase over Q4'20
- Gross margins of 26%, a new record
- New contract signings of \$84 million

Full year 2021 highlights:

- 20th consecutive profitable year
- Revenue of \$518 million, a 20% increase over FY20
- Adjusted EBITDA of \$51.9 million, a 41% increase over FY20
- Adjusted net profit of \$37.2 million, a 58% increase over FY20
- Consolidated gross margin of 24% represents the highest annual gross margin performance in company history
- EBITDA margin exceeds 10%

“Calian passed the half billion-dollar annual revenue mark for the first time in company history. Our success can be attributed to our employees, who execute our four-pillar growth framework—continuous improvement, customer retention, customer diversification and innovation,” said Kevin Ford, Calian CEO. He continued: “We have never had more technology assets than we have right now and we continue to invest in new assets quarter over quarter. Our unrelenting focus on customer retention means that customer satisfaction remains strong despite the challenges posed by COVID-19. We also diversified our customer base, expanding our military training footprint from Canada only to Europe, becoming one of the leading training partners for NATO in Europe. Calian now has one of the largest diversified Health footprints in Canada. Our pivot to an innovative global growth

strategy is working—as a result of the acquisition of Tallysman, we strengthened our antenna offerings, allowing Calian to enter new markets in this vertical, such as electric vehicle manufacturing.”

Adjusted EBITDA for the fourth quarter was \$12.4 million, an increase of 35% from \$9.2 million in the same quarter of the previous year. For the year ended September 30, 2021, Adjusted EBITDA was \$51.9 million, a 41% increase compared to the \$36.8 million in the previous year. Adjusted EBITDA has grown nearly 2x (192%) since 2019, when it was reported at \$27M.

Adjusted net profit, which excludes non-cash items related to recent acquisitions, was \$8.9 million for the quarter, a 54% increase compared to \$5.8 million in the same period of the previous year. For the year ended September 30, 2021, Adjusted net profit was \$37.2 million, a 58% increase over the \$23.5 million reported in the previous year.

Net profit for the fourth quarter was \$1.1 million and \$11.2 million for the year ended September 30, 2021, representing a 45% decrease from the \$20.4 million in the same period of the previous year, due primarily to the accounting treatment of acquisitions. This marks the 80th consecutive profitable quarter for Calian—20 years of profitability.

“The end of our fiscal year marks multiple key indicators at record levels. Our third consecutive year of double-digit growth, coupled with our highest gross margins and EBITDA margins, indicates our efforts to grow profitably were successful in 2021. In FY22 as in FY21, we will seek opportunities to deploy capital through internal initiatives to harvest our assets, as well as new M&A transactions.” said Patrick Houston, Calian CFO.

Kevin Ford, Calian CEO noted: “Our focus on both organic and acquisitive growth persists, as we welcomed SimFront to the Calian family in early October. Their innovative, immersive learning technologies will strengthen our market offerings in this segment. We continue to pursue acquisitive opportunities aligned to our strategic plan.”

“We pride ourselves in solving significant and complex customer problems—problems that stand in the way of better health, communications, learning and security. But we can’t do this without our dedicated and talented people, who have had to adapt to continue supporting customers throughout the pandemic. At the end of this fiscal year, we find ourselves in a strong position, focused on future growth so we can help more customers in more places succeed and deliver on their objectives,” said Kevin Ford, Calian CEO.

Guidance

	Guidance			
		Low		High
Revenue	\$	550,000	\$	590,000
Adjusted EBITDA	\$	57,000	\$	61,000
Adjusted net profit	\$	39,250	\$	42,750

About Calian

www.calian.com

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.

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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, 2021 and 2020

(Canadian dollars in thousands, except per share data)

	September 30, 2021	September 30, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 78,611	\$ 24,235
Accounts receivable	111,138	81,109
Work in process	55,307	84,132
Inventory	6,617	6,095
Prepaid expenses	9,891	6,707
Derivative assets	610	358
Total current assets	262,174	202,636
NON-CURRENT ASSETS		
Capitalized research and development	3,217	3,924
Equipment	12,411	11,655
Application software	8,015	3,092
Right of use asset	15,383	17,595
Investments	670	670
Acquired intangible assets	54,519	36,191
Deferred tax asset	1,477	-
Goodwill	100,103	55,290
Total non-current assets	195,795	128,417
TOTAL ASSETS	\$ 457,969	\$ 331,053
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	68,093	72,007
Contingent earn-out	25,038	3,251
Provisions	1,541	1,038
Unearned contract revenue	23,321	13,435
Derivative liabilities	158	152
Lease obligations	3,029	2,790
Total current liabilities	121,180	92,673
NON-CURRENT LIABILITIES		
Lease obligations	14,449	16,800
Contingent earn-out	13,224	11,913
Deferred tax liabilities	16,756	9,261
Total non-current liabilities	44,429	37,974
TOTAL LIABILITIES	165,609	130,647
SHAREHOLDERS' EQUITY		
Issued capital	194,960	107,931
Contributed surplus	5,224	2,002
Retained earnings	91,359	92,030
Accumulated other comprehensive income (loss)	817	(1,557)
TOTAL SHAREHOLDERS' EQUITY	292,360	200,406
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 457,969	\$ 331,053
Number of common shares issued and outstanding	11,285,828	9,760,032

CALIAN GROUP LTD. CONSOLIDATED STATEMENTS OF NET PROFIT

For the years ended September 30, 2021 and 2020
(Canadian dollars in thousands, except per share data)

	Three months ended September 30,		Year ended September 30,	
	2021	2020	2021	2020
Revenue				
Advanced Technologies	\$ 42,728	\$ 37,570	\$ 166,591	\$ 153,382
Health	44,167	56,848	194,936	163,035
Learning	17,561	14,282	74,622	57,834
ITCS	23,183	14,357	82,255	58,069
Total Revenue	127,639	123,057	518,404	432,320
Cost of revenues	94,535	100,190	391,667	343,164
Gross profit	33,104	22,867	126,737	89,156
Selling and marketing	4,451	3,028	16,334	12,336
General and administration	14,223	9,978	53,454	38,012
Research and development	2,007	658	5,020	1,998
Profit before under noted items	12,423	9,203	51,929	36,810
Depreciation of equipment, application software and research and development	1,112	969	4,285	2,976
Depreciation of right of use asset	781	734	3,054	2,771
Amortization of acquired intangible assets	3,374	1,684	11,731	5,166
Other changes in fair value	-	-	-	(101)
Deemed compensation	906	-	4,006	-
Changes in fair value related to contingent earn-out	3,556	(2,772)	10,336	(1,882)
Profit before interest income and income tax expense	2,694	8,588	18,517	27,880
Lease obligations interest expense	107	123	450	475
Interest expense (income)	63	19	360	185
Profit before income tax expense	2,524	8,446	17,707	27,220
Income tax expense – current	1,752	2,122	8,399	8,171
Income tax expense (recovery) – deferred	(321)	(562)	(1,847)	(1,311)
Total income tax expense	1,431	1,560	6,552	6,860
NET PROFIT	\$ 1,093	\$ 6,886	\$ 11,155	\$ 20,360
Net profit per share:				
Basic	\$ 0.10	\$ 0.70	\$ 1.08	\$ 2.25
Diluted	\$ 0.10	\$ 0.70	\$ 1.07	\$ 2.23

CALIAN GROUP LTD. CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended September 30, 2021 and 2020

(Canadian dollars in thousands)

	Three months ended September 30,		Year ended September 30,	
	2021	2020	2021	2020
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES				
Net profit	\$ 1,093	\$ 6,886	\$ 11,155	\$ 20,360
Items not affecting cash:				
Interest expense (income)	63	19	360	185
Changes in fair value related to contingent earn-out	3,556	(2,772)	10,336	(1,882)
Lease obligations interest expense	107	123	450	475
Income tax expense	1,431	1,560	6,552	6,860
Employee share purchase plan expense	45	78	399	199
Share based compensation expense	428	279	1,935	1,163
Depreciation and amortization	5,267	3,387	19,070	10,913
Deemed compensation	906	-	4,006	-
Other changes in fair value	-	-	-	(101)
	12,896	9,560	54,263	38,172
Change in non-cash working capital				
Accounts receivable	(384)	7,256	(24,114)	(11,676)
Work in process	29,052	(8,508)	30,934	(44,911)
Prepaid expenses	1,513	1,225	(2,752)	(1,271)
Inventory	(496)	(133)	(446)	(328)
Accounts payable and accrued liabilities	(10,022)	2,233	(6,381)	17,251
Unearned contract revenue	(3,297)	(12,314)	6,781	4,501
	29,262	(681)	58,285	1,738
Interest received (paid)	(170)	(142)	(810)	(678)
Income tax recovered (paid)	(1,426)	1,059	(10,933)	(3,813)
	27,666	236	46,542	(2,753)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES				
Issuance of common shares net of costs	1,005	1,589	79,299	70,488
Dividends	(3,156)	(2,747)	(11,826)	(9,938)
Draw (repayment) on line of credit	-	-	-	(13,000)
Payment of lease obligations	(782)	(656)	(3,033)	(2,508)
	(2,933)	(1,814)	64,440	45,042
CASH FLOWS USED IN INVESTING ACTIVITIES				
Investments and loan receivable	-	-	-	(100)
Business acquisitions	351	(18,855)	(48,757)	(29,288)
Capitalized research and development	(93)	(107)	(430)	(1,227)
Equipment and application software	(2,430)	(1,521)	(7,419)	(4,574)
	(2,172)	(20,483)	(56,606)	(35,189)
NET CASH (OUTFLOW) INFLOW	\$ 22,561	\$ (22,061)	\$ 54,376	\$ 7,100
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	56,050	46,296	24,235	17,135
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 78,611	\$ 24,235	\$ 78,611	\$ 24,235

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		Year ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net profit	\$ 1,093	\$ 6,886	\$ 11,155	\$ 20,360
Depreciation of equipment and application software	1,112	969	4,285	2,976
Depreciation of right of use asset	781	734	3,054	2,771
Amortization of acquired intangible assets	3,374	1,684	11,731	5,166
Lease interest expense	107	123	450	475
Changes in fair value related to contingent earn-out	3,556	(2,772)	10,336	(1,882)
Interest expense (income)	63	19	360	185
Deemed Compensation	906	-	4,006	-
Other changes in fair value	-	-	-	(101)
Income tax	1,431	1,560	6,552	6,860
Adjusted EBITDA	\$ 12,423	\$ 9,203	\$ 51,929	\$ 36,810

Adjusted Net Profit and Adjusted EPS

	Three months ended		Year ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net profit	\$ 1,093	\$ 6,886	\$ 11,155	\$ 20,360
Other changes in fair value	-	-	-	(101)
Changes in fair value related to contingent earn-out	3,556	(2,772)	10,336	(1,882)
Deemed Compensation	906	-	4,006	-
Amortization of intangibles	3,374	1,684	11,731	5,166
Adjusted net profit	8,929	5,798	\$ 37,228	\$ 23,543
Weighted average number of common shares basic	11,271,536	9,732,754	10,599,693	9,044,588
Adjusted EPS Basic	0.79	0.60	3.51	2.60
Adjusted EPS Diluted	0.79	0.59	3.50	2.59

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.