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NEWS RELEASE

FOR IMMEDIATE RELEASE

Calian Reports Record Results for the Fourth Quarter and FY22 and Publishes Inaugural ESG Report

(All amounts in release are in Canadian dollars)

OTTAWA, November 24, 2022 – Calian® Group Ltd. (TSX:CGY), a diverse products and services company providing innovative healthcare, communications, learning and cybersecurity solutions, today released its fourth quarter and annual results for the year ended September 30, 2022.

Highlights of record performance in Q4:

- Revenue up 26% to \$161 million a record high
• Adjusted EBITDA¹ up 54% to \$19 million
• New contract signings of \$161 million

Highlights of 8th consecutive record year:

- Revenue up 12% to \$582 million
• Gross margin of 29%, a new annual record for the company
• Adjusted EBITDA¹ up 27% to \$66 million, surpassing revenue growth
• Operating free cash flow¹ up 39% to \$47 million

Table with 7 columns: Financial Highlights, Three months ended September 30, 2022, 2021, %, Twelve months ended September 30, 2022, 2021, %. Rows include Revenue, Adjusted EBITDA¹, Adjusted EBITDA %¹, Net Profit, EPS, Adjusted Net Profit¹, and Adjusted EPS Diluted¹.

1 This is a non-GAAP measure. Please refer to the section "Reconciliation of non-GAAP measures to most comparable IFRS measures" at the end of this press release.

Access the full report on the Calian Financial Results web page.

Register for the conference call on Friday, November 25, 2022, 8:30 a.m. Eastern Time

“The fourth quarter capped off another record-breaking year for Calian,” said Kevin Ford, Calian CEO. “We continued our growth through acquisitions and margin expansion posting a 5<sup>th</sup> consecutive year of double-digit profitable growth. Fourth quarter revenues increased 26% driven by our expansion in the United States and Europe, gross margin set a new record at 31% and adjusted EBITDA grew 54% significantly outpacing top line growth. This strong performance was due to the dedication of our staff, the power of diversification and the successful execution of our strategic plan.”

#### **Fourth Quarter Results**

Revenues increased 26%, from \$128 million to \$161 million, primarily driven by strong performance in our Information Technology & Cyber Solutions (ITCS) and Learning segments.

- **ITCS:** Revenues tripled to \$69 million driven by the company’s strong performance from its expansion into the United States with the acquisition of Computex in March. Supply chain shortages experienced in the last few quarters began to ease allowing the company to deliver a backlog of orders to customers in the quarter.
- **Learning:** Revenues grew 24% to \$22 million driven by the strong performance of the company’s recent acquisition of SimFront and continued push into Europe.
- **Advanced Technologies:** Revenues declined 31% to \$31 million due to the timing of new ground systems projects, combined with ongoing supply chain delays. Despite this, the segment signed new contracts for \$60 million and significantly increased its adjusted EBITDA margin, from 13% to 15%, due to a revenue mix with strong contribution from its products and software offerings and cost containment.
- **Health:** Revenues decreased 11% to \$39 million due to lower COVID-19 related business and a gap in the award of new patient support engagements. Despite this, the segment maintained its adjusted EBITDA margin at 16% and signed new contracts for \$35 million.

#### **Liquidity and Capital Resources**

“Our continued focus on profitable growth, margin expansion, and efficiency as we scale was evident again this year,” said Patrick Houston, Chief Financial Officer. “We generated operating free cash flow of \$14 million in Q4 and \$47 million for the fiscal year, a 39% increase over the prior year and representing a 72% conversion rate from adjusted EBITDA. This performance along with our solid balance sheet, ample liquidity and proven track record of M&A puts us in a strong position to continue to deploy capital and drive long term value in the coming years.”

#### **Quarterly Dividend**

Today, Calian declared a quarterly dividend of \$0.28 per share. The dividend is payable December 22, 2022, to shareholders of record as of December 8, 2022. Dividends paid by the Corporation are considered “eligible dividend” for tax purposes.

## ESG Report

Today, Calian published its inaugural ESG report. Being socially responsible is part of the fabric of Calian. This report describes the company's ESG journey and shares the framework for its key priorities. It can be found on the website at [www.calian.com](http://www.calian.com).

## Guidance

"With new contract signings of \$699 million during the year, a robust backlog of \$1.3 billion combined with increased recurring revenue streams, we are well positioned to deliver another record year in FY23," said Mr. Ford.

Guidance for the year ended Sept. 30, 2023		
<i>(in thousands of Canadian \$)</i>	Low	High
Revenue	630,000	680,000
Adjusted EBITDA	70,000	75,000
Adjusted Net Profit	46,000	50,000

## About Calian

We keep the world moving forward. Calian® helps others communicate, innovate, learn, stay safe and lead healthy lives with confidence. Every day, our employees live our values of customer-commitment, integrity, innovation and teamwork to engineer reliable solutions that solve complex problems. That's Confidence. Engineered. A stable and growing 40-year company, we are headquartered in Ottawa with offices and projects spanning North American and International markets. Visit [calian.com](http://calian.com) to learn about innovative healthcare, communications, learning and cybersecurity solutions.

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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**  
For the years ended September 30, 2022 and 2021  
(Canadian dollars in thousands, except per share data)

	September 30, 2022	September 30, 2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 42,646	\$ 78,611
Accounts receivable	171,453	111,138
Work in process	39,865	55,307
Inventory	18,643	6,617
Prepaid expenses	23,780	9,891
Derivative assets	123	610
Total current assets	296,510	262,174
<b>NON-CURRENT ASSETS</b>		
Capitalized research and development	2,186	3,217
Equipment	16,623	12,411
Application software	10,395	8,015
Right of use asset	16,678	15,383
Investments	670	670
Acquired intangible assets	57,087	54,519
Deferred tax asset	1,054	1,477
Goodwill	145,959	100,103
Total non-current assets	250,652	195,795
<b>TOTAL ASSETS</b>	<b>\$ 547,162</b>	<b>\$ 457,969</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Debt facility	\$ 7,500	\$ -
Accounts payable and accrued liabilities	126,096	68,093
Contingent earn-out	25,676	25,038
Provisions	1,249	1,541
Unearned contract revenue	46,210	23,321
Derivative liabilities	812	158
Lease obligations	4,115	3,029
Total current liabilities	211,658	121,180
<b>NON-CURRENT LIABILITIES</b>		
Lease obligations	14,920	14,449
Contingent earn-out	2,874	13,224
Deferred tax liabilities	12,524	16,756
Total non-current liabilities	30,318	44,429
<b>TOTAL LIABILITIES</b>	<b>241,976</b>	<b>165,609</b>
<b>SHAREHOLDERS' EQUITY</b>		
Issued capital	213,277	194,960
Contributed surplus	3,479	5,224
Retained earnings	92,198	91,359
Accumulated other comprehensive income (loss)	(3,768)	817
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>305,186</b>	<b>292,360</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 547,162</b>	<b>\$ 457,969</b>
Number of common shares issued and outstanding	11,607,391	11,285,828

**CALIAN GROUP LTD.**  
**CONSOLIDATED STATEMENTS OF NET PROFIT**  
For the three and twelve months ended September 30, 2022 and 2021  
(Canadian dollars in thousands)

	Three months ended		Year ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Revenue				
Advanced Technologies	\$ 30,517	\$ 42,728	\$ 150,398	\$ 166,591
Health	39,470	44,167	167,141	194,936
Learning	21,799	17,561	91,668	74,622
ITCS	68,764	23,183	172,965	82,255
<b>Total Revenue</b>	<b>160,550</b>	<b>127,639</b>	<b>582,172</b>	<b>518,404</b>
Cost of revenues	110,400	94,535	412,946	391,667
<b>Gross profit</b>	<b>50,150</b>	<b>33,104</b>	<b>169,226</b>	<b>126,737</b>
Selling and marketing	13,064	4,451	32,514	16,334
General and administration	17,004	14,223	65,408	53,454
Research and development	1,015	2,007	5,372	5,020
<b>Profit before under noted items</b>	<b>19,067</b>	<b>12,423</b>	<b>65,932</b>	<b>51,929</b>
Depreciation of equipment, application software and research and development	2,308	1,112	6,974	4,285
Depreciation of right of use asset	950	781	3,629	3,054
Amortization of acquired intangible assets	3,484	3,374	20,555	11,731
Deemed compensation	3,314	906	4,314	4,006
Changes in fair value related to contingent earn-out	2,289	3,556	5,555	10,336
<b>Profit before interest income and income tax expense</b>	<b>6,722</b>	<b>2,694</b>	<b>24,905</b>	<b>18,517</b>
Lease obligations interest expense	143	107	451	450
Interest expense (income)	7	63	295	360
<b>Profit before income tax expense</b>	<b>6,572</b>	<b>2,524</b>	<b>24,159</b>	<b>17,707</b>
Income tax expense – current	5,650	1,752	14,307	8,399
Income tax recovery – deferred	(273)	(321)	(3,752)	(1,847)
Total income tax expense	5,377	1,431	10,555	6,552
<b>NET PROFIT</b>	<b>\$ 1,195</b>	<b>\$ 1,093</b>	<b>\$ 13,604</b>	<b>\$ 11,155</b>
<b>Net profit per share:</b>				
Basic	\$ 0.10	\$ 0.10	\$ 1.19	\$ 1.08
Diluted	\$ 0.10	\$ 0.10	\$ 1.19	\$ 1.07

**CALIAN GROUP LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the three and twelve months ended September 30, 2022 and 2021  
(Canadian dollars in thousands)

	Three months ended September 30,		Year ended September 30,	
	2022	2021	2022	2021
<b>CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>				
Net profit	\$ 1,195	\$ 1,093	\$ 13,604	\$ 11,155
Items not affecting cash:				
Interest expense	7	63	295	360
Changes in fair value related to contingent earn-out	2,289	3,556	5,555	10,336
Lease obligations interest expense	143	107	451	450
Income tax expense	5,377	1,431	10,555	6,552
Employee share purchase plan expense	125	45	518	399
Share based compensation expense	571	428	1,927	1,935
Depreciation, amortization and impairment	6,742	5,267	31,158	19,070
Deemed compensation	3,314	906	4,314	4,006
	19,763	12,896	68,377	54,263
Change in non-cash working capital				
Accounts receivable	(41,755)	(384)	(28,822)	(24,114)
Work in process	13,785	29,052	15,444	30,934
Prepaid expenses and other	(10,443)	1,513	(20,137)	(2,752)
Inventory	681	(496)	(4,340)	(446)
Accounts payable and accrued liabilities	20,962	(10,022)	15,142	(6,381)
Unearned contract revenue	403	(3,297)	11,333	6,781
	3,396	29,262	56,997	58,285
Interest received (paid)	(150)	(170)	(747)	(810)
Income tax recovered (paid)	(3,258)	(1,426)	(13,109)	(10,933)
	(12)	27,666	43,141	46,542
<b>CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>				
Issuance of common shares net of costs	571	1,005	2,705	79,299
Dividends	(3,249)	(3,156)	(12,765)	(11,826)
Draw (repayment) on debt facility	-	-	7,500	-
Payment of lease obligations	(929)	(782)	(3,655)	(3,033)
	(3,607)	(2,933)	(6,215)	64,440
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
Business acquisitions	(2,928)	351	(65,566)	(48,757)
Capitalized research and development	(2)	(93)	(177)	(430)
Equipment and application software	(2,240)	(2,430)	(7,148)	(7,419)
	(5,170)	(2,172)	(72,891)	(56,606)
<b>NET CASH (OUTFLOW) INFLOW</b>	<b>\$ (8,789)</b>	<b>\$ 22,561</b>	<b>\$ (35,965)</b>	<b>\$ 54,376</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>51,435</b>	<b>56,050</b>	<b>78,611</b>	<b>24,235</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 42,646</b>	<b>\$ 78,611</b>	<b>\$ 42,646</b>	<b>\$ 78,611</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		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net profit	\$ 1,195	\$ 1,093	\$ 13,604	\$ 11,155
Depreciation of equipment and application software	2,308	1,112	6,974	4,285
Depreciation of right of use asset	950	781	3,629	3,054
Amortization of acquired intangible assets	3,484	3,374	20,555	11,731
Lease interest expense	143	107	451	450
Changes in fair value related to contingent earn-out	2,289	3,556	5,555	10,336
Interest expense (income)	7	63	295	360
Deemed Compensation	3,314	906	4,314	4,006
Income tax	5,377	1,431	10,555	6,552
Adjusted EBITDA	\$ 19,067	\$ 12,423	\$ 65,932	\$ 51,929

### Adjusted Net Profit and Adjusted EPS

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net profit	\$ 1,195	\$ 1,093	\$ 13,604	\$ 11,155
Changes in fair value related to contingent earn-out	2,289	3,556	5,555	10,336
Deemed Compensation	3,314	906	4,314	4,006
Amortization of intangibles	3,484	3,374	20,555	11,731
Adjusted net profit	\$ 10,282	\$ 8,929	\$ 44,028	\$ 37,228
Weighted average number of common shares basic	11,399,172	11,271,536	11,343,615	10,599,693
Adjusted EPS Basic	0.90	0.79	3.88	3.51
Adjusted EPS Diluted	0.90	0.79	3.87	3.50



## Operating Free Cash Flow

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Cash flows generated from operating activities	(12)	27,666	43,141	46,542
Capitalized research and development	(2)	(93)	(177)	(430)
Equipment and application software	(2,240)	(2,430)	(7,148)	(7,419)
Free cash flow	<b>(2,254)</b>	<b>25,143</b>	<b>35,816</b>	<b>38,693</b>
Free cash flow	(2,254)	25,143	35,816	38,693
Adjustments:				
Change in non-cash working capital	16,367	(16,366)	11,380	(4,022)
Operating free cash flow	14,113	8,777	47,196	47,196
Operating free cash flow per share	<b>1.24</b>	<b>0.78</b>	<b>4.16</b>	<b>4.45</b>

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. Operating free cash flow measures the company's cash profitability after required capital spending when excluding working capital changes. 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 IFRS. 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 IFRS. 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 IFRS financial measures. The Company has reconciled adjusted profit to the most comparable IFRS financial measure as shown above.