

Company: Calian

Conference Title: Calian's Second Quarter results

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Operator: Good day ladies and gentlemen and welcome to Calian's second quarter results conference call. As a reminder, this conference is being recorded. I would now like to turn the conference over to Mr. Kevin Ford, chief executive officer, please go ahead, sir.

Kevin Ford: Thank you David, and good morning everyone. Good morning ladies and gentlemen, With me this morning is Patrick Houston, our CFO, and we'd like to welcome you to Calian's second quarter 2020 conference call. To start off, I'd like to thank all of the frontline health and essential service workers for their dedication encouraged during this extraordinary time. Frontline health workers, Canadian armed forces members, and other essential service professionals – including our own dedicated staff at Calian – are out there serving those in need and as a result in countering exposure risk every day. From all of us at Calian, I want to express that we recognize and deeply appreciate your service. Through this crisis, Calian has remained resilient. We've activated our own emergency management expertise internally to ensure we are responding appropriately in our crisis management. As a result, our experienced executive and management teams have been deeply engaged on a daily basis, ensuring leaders are well briefed now that we are taking necessary actions in response to this unprecedented global challenge.

While we have experienced some impacts on the company, overall, I am very proud of our second quarter results. We posted a quarterly revenue record of CAD \$104 million, representing the first time we've exceeded a hundred million in a quarter. It was also our seventh consecutive quarter in which we recorded a highest ever revenue. We also reported our 74th consecutive profitable quarter. Overall, the quarter reflected the essential nature of our services to our customers. Even in this turbulent environment, our continued focus has been growing our

business organically and through acquisitions and doing this while continuing to deliver consistent profitability. The advanced technology segment posted very positive organic revenue growth of 60% compared to the same period of year earlier. This included top-line contributions from our new ground systems project and the newly launched mobile wireless product. Health revenues rose 16% from a year earlier as we closed the acquisition of Allphase Alio and continue to grow organically. Information technology posted 7% revenue growth on stronger solution sales from our cyber security practice and the learning segment had a slight decline due to some delays and major training exercises related to COVID-19 and the pace of new business.

I would like to thank our dedicated team at Calion for their efforts during this unprecedented time. From my perspective, they truly are the stars who've been carrying Calian through this very challenging business environment. I'll now ask Patrick to review the quarterly numbers. Over to you, Patrick.

Patrick Houston: Thank you Kevin. It's exciting to post another record quarter with the results reflecting continued revenue and earnings growth. Second quarter revenue increased 25% year over year while EBITDA was up 55%. The company's essential services and the stability of our diversified business was epic in the quarter, as advanced technology, health and IT posted solid revenue and EBITDA growth compared to the prior year quarter. We continue to believe that Calian's diversified profitable growth engines is one of the company's unique strengths. During the month of March, as the government implemented stay at home orders and other physical distancing measures, the company experienced a reduction in revenue at CAD \$1.2 million. Please see our MD&A for further discussion of the impact of COVID-19 in the quarter. Going forward, we currently anticipate measures in place until at least early June and as a result, anticipate a further revenue impact of CAD \$6 million to \$8 million in the current fiscal year.

Consolidated gross margin in the quarter was 22.5%, an improvement from 21.7% in the second quarter of the prior year, largely due to contributions from our acquisitions and an increase in new

business at higher margin profiles. Operating expenses in the second quarter were CAD \$13.3 million. This compares to CAD \$11.6 million in the same quarter of the previous year, a 15% increase. Increase with the result of costs from our recent acquisitions as well as increased resources as we continue to invest in our business development and delivery engines to support the company's growth.

Adjusted EBITDA for the quarter was CAD \$10.2 million, an increase at 55% from CAD \$6.6 million in the same quarter of the previous year. Adjusted EBITDA Q2 included a favorable impact of CAD \$0.8 million from the adoption of IFRS 16. Growth on a pro forma basis year over year was 40%. Speak[?] to your financial statements and MT&A for reconciliation of the impact of this accounting change. Net profit in the second quarter was CAD \$5.3 million, an increase of 36% from CAD \$3.9 million in the same period of the prior year and adjusted net profit in the second quarter was CAD \$6.8 million, an increased at 51%.

Working capital in the quarter increased by CAD \$11.8 million. This was a result of ongoing implementation of our large ground system project and the impact of the change in the US to Canadian dollar for an exchange rate at the end of the month, March. The impact of overall business growth was offset by better than expected collections and prudent cash management. With respect to our large ground system project, working capital demand on the project in the quarter was CAD \$9.5 million. We expect additional usage in Q3 before seeing improvements by the end of the fiscal year about CAD \$5 million from our current position. The cash and cash equivalence balance ended at approximately CAD \$33 million. During the quarter, we repaid our credit facility balance of CAD \$26 million and then we will continue to maintain our CAD \$60 million credit facility with RBC for future use.

Finally, we're pleased to announce the completion of our public offering this quarter in which we issued 1.56 million shares for net proceeds, just approximately CAD \$66 million. This has

significantly strengthen our balance sheet and will provide liquidity going forward to execute our

profitable growth strategy. Post-transaction and we now have approximately 9.6 million shares outstanding and our weighted average shares outstanding for this fiscal year will be approximately 9.1 million. Please note that certain information discussed today is forward looking in subject to important risks and uncertainties. The results predicted in these statements may be materially different from actual results. I'll now turn it back over to Kevin.

Kevin Ford: Thank you Patrick. Overall, I was happy to see Calian's growth strategy continue through the quarter despite the challenging and extraordinary business environment across the global economy. When speaking to our investors, I use the phrase often stability through diversity, growth through innovation, and from my perspective, we're continuing to demonstrate the value in our core piston engine. During the quarter, on 31st January 2020, we announced the acquisition of health services companies Allphase Clinical Research services and Alio Health Services based in Ottawa. The company served the pharmaceutical and medical device industry and the broader health sector with clinical trial services, specialty medication support, community care and other services, all enabled by an innovative healthcare delivery software management application. This acquisition supports all four pillars of our growth framework and specifically diversifies our customer base into pharmaceuticals, home care and hospitals and supports Calian's innovation agenda with software enabled services. Congratulations to our health team for closing this exciting acquisition and again, a warm welcome to the Allphase/Alio teams to Calian.

In a challenging environment, we continue to win new business and renew contracts. Calian posted strong contract signings of CAD \$140 million in the quarter, increasing overall contract backlog. These included wins in our advanced technology segment for the provision and installation of ground systems in the European market, increased contract backlog in health due to numerous wins as demand for health services remain very strong. The Allphase/Alio

acquisition also added to our contract backlog. For the IT segment, we continue to see demand on cybersecurity services and increased demand for IT consulting with a major defense

contractor. In learning, we are seeing increased demand for emergency management support services across first nations, provincial, municipal and critical infrastructure organizations.

The first pillar of Calian's growth framework is customer retention. Post quarter two we were pleased to announce the successful re-compete for contract from the Department of National Defence to provide training services for the Canadian Forces School of Aerospace Technology and Engineering. With two optional extension periods of two years each, the aggregate contract value over the six-year period is approximately CAD \$54 million. We continue to work on a daily basis to adjust the delivery of products and services for our customers despite the rapidly evolving environment both within Canada and internationally. The criticality of what we do has meant that we have seen excellent collaboration and support from our customers, which we greatly appreciate. Our management team will continue to adjust as needed to ensure the continued operation of all four segments while focusing on the safety of the other employees.

In closing, I am pleased with the continued execution of our strategy in the quarter. Continued investment in research and development and M&A will be critical to our growth and continue to push into new markets. With the solid cash position and access to our debt facility, we have the liquidity we need to carry us through the short term and balance sheet and cash flows to support Calian's continued innovation and long term profitable growth objectives. Lastly, while the traditional markets in which Calian operates are managing through this pandemic, management expects organic revenue and earnings growth opportunities in most or all of our segments through the successful execution of our growth strategy.

However, we must caution that revenue is realized ultimately dependent on the extent and timing

of future contract awards, customer utilization of existing contracting vehicles and any impacts to the COVID-19. Specifically government regulations related to physical distancing, stay at home orders and broader global travel restrictions. Based on currently available information and our assessment of the marketplace, we've maintained our previously issue guidance but have

adjusted the per share numbers which have been impacted by the issuance of shares in our previously mentioned public offering. We expect revenues for fiscal 2020 to be in the range of CAD \$380 million to CAD \$410 million, EBITDA per share in the range of CAD \$\$3.77 to CAD \$4.03 and adjusted that profit in the range of CAD \$2.21 to CAD \$2.48 per share. Please see our press release for and MD&A for a complete reconciliation of the issuance of shares and the impact on our guidance. So David, with that, I'd like to now open the call to questions.

Operator: Thank you. Ladies and gentlemen, at this time the floor is open for questions. If you would like to ask a question, you may do so now by pressing star one. If you are using a speakerphone, please make sure your mute function is disabled to allow your signal to reach our equipment. Again, press star one to ask a question. Now our first question comes from Doug Taylor with Canaccord Genuity.

Doug Taylor: Yeah, thank you. Good morning Kevin, Patrick. So you maintained your revenue and EBITDA guidance, which is certainly saying something in these markets, and that's despite, you know, the, the, your projected impact from, from COVID. So I guess I just want to ask, I mean, is there a particular area of outperformance, you know, be it advanced technologies or otherwise, that's offsetting that the impact that you, you spoke about or is it just that you feel like your guidance range is wide enough that you can kind of swallow that impact within the originally established range?

Kevin Ford: Yeah, Doug, thanks for the question. I think what we're seeing is as Patrick mentioned, you know, we've been able to quantify the impact of COVID-19 both in the context of our recent

quarter and projecting forward. We're looking at the management team to literally almost person by person, project by project, identify the impacts. So we feel the range of the impacts right now based on what we know today and our estimations of the timeline are correct. And what we're seeing in offsets is just the increased demand on health services; for example, some of our other projects in our IT group weathered the storm very well in the context of staying able to continue

working. And then our advanced technology segment as well with the projects, pretty well all deemed essential were billable to, can maintain our schedules and also ideally hope to improve even our schedule implementation. So it's really a mix of a few things that are, are allowing us to hold our guidance despite the COVID impact and even though there is challenges out there, we do see some opportunities for us as well just by the nature of our services.

Doug Taylor: Okay. I appreciate the guidance on the future COVID-19 impact in the coming quarters. We'd talked on a previous call about that sort of being a CAD \$3-4 million a month range while the restrictions were in place. That appears consistent with the number you've provided or reiterated today. But I thought I'd ask, you know, if it's, you know, that amount of impact is front end loaded to April and if, for example, the restrictions were to last longer than the 1st June 2020 date that you've talking about here, whether the impact on future months would actually be less than the range I just kind of talked about.

Kevin Ford: Yeah, I think certainly, I think your point – excuse me. Most of the impacts going to be at the beginning of Q3 here and it's going to start tapering off. I think if it does get extended, you know, obviously we will continue to see some impact, but I think you know, perhaps on a decreasing rate because we'll be able to get some portion of the services going again; we're seeing customers are still working with us to try to get either partial return so that they don't lose the capacity completely. So I think the longer that goes, I think we continue to see more of that. So I think there'll be an impact just on a decreasing rate.

Doug Taylor: That's, that's exactly what I was looking for. Thank you. Last question from me and I'll pass the line. M&A in this environment. I can appreciate that everyone is kind of hoarding their cash and liquidity right now. And you know, you guys, I've never been ones to rush these things, but can you comment on how the environment looks for potentially additional M&A right now, both your appetite and pricing and things like that? That would be helpful. Thank you, Kevin.

Kevin Ford: Yeah, I think for us, the you know, to be honest with you, the focus hasn't changed. You know, clearly our COVID-19 impact and response has been a daily call with the team with regard to managing that, managing operations, but balancing that out as been our continued focus on growth. So we continue with research and elements[?] projects. We continue with our M&A platform as far as looking for opportunities aligned to our four segments and our strategies. So I would say, Doug, that we are still – that element of our business hasn't changed. The thing you have to consider is just the ability to do, you know, proper due diligence and in a COVID-19 world. So we're adjusting to that with regard to you know, our discussions with our board, discussions with our staff, but right now it's a full steam ahead.

We want to not only come out of COVID-19 with good results, I want to come out a stronger than ever with us ready to go and not taking a step back and our growth posture. So we see opportunities across the segments just by the diverse nature. There's a lot of questions that they're on valuation right now. The one thing I would say I have noticed is that companies that are serving or essential services or managing through this very well, you know, I don't think there's a big valuation impact. I think what we're seeing obviously is companies that are maybe more effective than others that maybe the valuation question could come into play in the short term. So we're seeing a real mixed bag right now in valuation, to be honest with you; and I think it really depends on the company's customer segments and the deemed quote unquote essential services that they're providing.

Doug Taylor: That's good color. Thank you. I'll pass the line.

Kevin Ford: Thanks Doug. Yeah, thanks, Doug.

Operator: Thank you. Our next question comes from Deepak Kaushal from Stifel.

Deepak Kaushal: Oh, hey, good morning guys. Thanks for taking my questions. Kevin, you know, this has been a burning question on my mind for you guys and you know, now we know a little bit more about the environment with COVID, but you guys employ internal experts on healthcare and emergency response. I'm just curious what, what they're telling you and your board about COVID that's ahead of what we hear maybe in the mainstream or ahead of the curve and how Calian might be able to take advantage this insight, not just for the business but, but to benefit all of your stakeholders, including some of your customers.

Kevin Ford: Yes. Thanks Deepak. And, and you know, I think, I think what's happening for Calian is the fact we have those emergency management and health professionals, as you said, engaged. You know, I think where it's really helped us is just on our response protocol. You know, we have we have like as I mentioned, the daily call, 10.00 every morning with a formal briefing to all of our management team across the country and in some cases the globe with regard to latest statistics, you know, rates by province rates by our operating regions you know, impacts with regard to whether it's in Saskatoon or in Ottawa. So I think the one thing we're seeing is our ability to digest and ingest information look at the, look at the trends and then actually, you know, respond proactively has been very helpful for Calian. You know, we are now finalizing our recovery protocols, leveraging the same technology or, sorry, the same methodology that we've

used for our customers with regard to how do you nail your plan, your recovery. So that's been very, very helpful for us. I think just to keep our arms around the response to this.

As far as, you know, do we have any secret sauce or crystal ball that, you know, with regard to COVID? I would say I'm not, I'm not convinced that we're any better off than any other company other than our ability to ingest this information around multiple sources. And for us right now, you know, our estimates and guidance are based on what we're seeing in the context of the numbers and what we're seeing is context of the provincial and federal reaction with regard to reducing some of the restrictions and then some of our customer input with regard to, for example, whether it's at national defense or whatever, our ability to work remotely or get back to work at the office

when you see it that way. So I don't think we have a crystal ball, Deepak, but I think what we're doing is we're doing really well with ingesting information and making informed decisions about where and how we continue to operate and maintain a growth profile in this environment.

Deepak Kaushal: Okay. That's helpful. And then in terms of the benefits that are – the opportunities that you're seeing with COVID, I'm wondering if you can just give it a little bit more specific color on what the nature of those are. I know you talked about a bit of that in healthcare in some more demand and the IT side of things, but are you seeing specific for example, opportunities related to telehealth or on the IT side in terms of work from home? And what kind of commentary can give us in terms of pipeline for that side of business?

Kevin Ford: Yeah, I think for me on the opportunity side, if you look at our advanced technologies group, it's interesting. A good part of our funnel right now and sales funnel to be very active. You know, that gets back to that critical infrastructure communication support we're providing, whether it's inside comm, you know, in the mobile environments, or defense. IntraGrain right now has very, very strong demand with regards to, you know, the farming season coming. We've got our Sat

Service group in Germany that continues to expand its customer base. So I think that's more of a business as usual, but it's not, we don't see a huge impacts right now in COVID-19. If anything, we're seeing just increased demand for what I call that critical infrastructure or critical components to some of these sectors.

In our health business for sure, we're seeing increased demand in certain areas in certain pockets. Northern Nursing for example, and Nunavut. We are actually you know, we've gone from a couple to penny many nursing support in Nunavut. We've actually worked in the oil and gas sector in certain care areas for things like travel screening. We're also working with organizations on the setup of mobile hospitals and that to us is brand new for us, right? And that came out of nowhere, frankly, just with regard to government response. So we're seeing impacts there on the positive side. So just again, more and more support for health business.

On the learning side with emergency management, again, these are these, these are opportunities aren't necessarily as large, but they're definitely in demand. So as I mentioned, you know, first nations, critical infrastructure organizations, provincial, municipal organizations are asking us to help them support not only the COVID response, but you have to also consider we're dealing with fire and flooding season now in the majority of these areas.

So a lot of these folks are starting to get overwhelmed just by the amount of activity that having to deal with. And then our IT services has basically been business as usual, but our continued focus on cyber and cyber products is really paying off as we target and continue to invest in the sales engine there. So not necessarily, not necessarily as COVID related, It's just an impact I think we're seeing on our previous investments we've made in cyber. So, long answer to your question, but I hope that I covered it.

Deepak Kaushal: No, no, that's, that's very helpful. And if I can ask just one follow up to that and I'll pass the line. So you have, you know, good strengthened opportunity in all four of these divisions.

When you think of capital allocation, what do you expect to feed the most over the next 12 to 18 months? Then I'll pass the line. Thanks again.

Kevin Ford: From a capital allocation perspective, you know, as far as what do I expect to feed the most, well, to be honest with you, I'm still really excited about all four segments and I'm not sure I have a preferred segment per se. Definitely our advanced tech with our ground system, large ground system project and some of the new wins. And some of the product development we're doing, we're still going to continue to invest capital there. Our health business, we've just acquired Alio/Allphase. You know, it was a multimillion-dollar investment to diversify and bring a software platform into health. So now it's about integration and working with that team to enter new markets. For learning, really, we're focusing on more M&A support to learning I would say. And, and in both geographic distribution and targeting Europe for sure as well as bringing a new capability for learning in areas that took virtual reality, those types of things. And our IT business,

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it's really a matter of working with Sandra is our leader there on what we call our cyber footprints. As you know, majority of our cyber business right now is coming out of Ottawa and we've invested now in new headcounts [inaudible] Toronto marketplace, and we're looking at other geographic opportunities from an M&A perspective as well as potential cloud opportunities. So all four have capital opportunities. As Patrick mentioned, we're strong financially, so I think – I'm confident and inability to still invest in all four and we continue to assess the best opportunities as they come forward.

Deepak Kaushal: Okay. Thank you again and stay safe, guys.

Kevin Ford: Yeah, thanks, Deepak. I appreciate that.

Operator: Thank you. Our next question comes from Benoit Poirier with Desjardins Capital Markets.

Benoit Poirier: Yeah. Good morning Kevin. Good morning, Patrick, and congratulations for the very strong results. Just to clarify, with respect to the COVID-19 impact, Patrick, you previously mentioned in a former call that you were expecting about CAD \$7-8 million in Q2 and Q3. So you just talk about the six to eight. Is it incremental to the former number or it's basically a new kind of impact that compares to the previous one?

Patrick Houston: Yeah, so this is a – it's got on top. It's just this is the total impact. So six to eight and we had about CAD \$1.3 million this quarter. That's the total impact. Obviously, we extended the timing. If you think back to our previous call, we were hoping at that time that things would be back to normal. Now it's taken longer. But at the same time, we've done a bit better in terms of getting some people back to work. The numbers stayed fairly the same as just a bit longer, but we've done better than we were hoping.

Benoit Poirier: And maybe a little bit skewed more towards Q3, right?

Patrick Houston: Correct. We're hoping. The majority of it should be Q3 and then Q4 should be hopefully back to normal.

Benoit Poirier: Okay, that's perfect. And just in terms of contract signing, you were able to put out a book to bill ratio of 1.3 in the quarter. Could you – and you were very successful in announcing and other satellite ground system contract recently. So could you talk about the bidding pipeline, what you would expect in terms of booking for the next quarter to come and talk more specifically about other opportunities[?] you see for satellite ground systems?

Kevin Ford: Yeah, so, so maybe I'll, okay. So go ahead Patrick. Yeah, that's your thing. Jump in. Okay.

Patrick Houston: So generally pretty long cycles on some of these larger deals as people look at their network needs and cap ex. So you know, we were really glad to win that transaction earlier this quarter and it's going to start is probably going to start with two, four and go into the following year. So it's a good project. You know, we're still seeing lots of activity on RFPs coming out and our teams are, are certainly submitting them and, and you know, we're competing aggressively for those deals. So you haven't seen a tremendous reduction in the short, short term on the amount of RFPs. We just need to see them come to conclusion and whether we can successfully win them or not. So in the short term, I think we're still we're pleased to see that the volume of RFP is still there.

Benoit Poirier: Okay. And now with respect to the latest two acquisitions in Ottawa, could you talk a little bit still early but about the integration and deal fortunately to expand those platforms organically Ottawa?

Kevin Ford: Yeah, I'll take that. So Benoit, first and foremost, we're excited with Alio/Allphase because of the diversification. So even though it's Ottawa-based, they do serve you know, they're sort of national customers for sure. So, you know, I'm working with Gordon and Jeff who's the CEO of those companies. We're working on now just integration per our playbook with regard to the back-office integration and those types of things. But what I'm really excited about is just the market reaction to this has been very strong and we've already seen the integration work for us in the context of responding to some of the increased demand on it from COVID-19. So we think there's diversification opportunities right out of the blocks as they brought in a whole new customer set to Calian in the pharma area, for example, home care which was new to us.

And then if you can imagine, you know, they now have a, you know, almost \$400 million company

here backing them with regard to our ability to go talk to customers and larger customers with regard to the, you know, the capability that we can bring collectively. So I think it's very positive. The integration is going very well and as we see more and more of the talent at the companies we're just so impressed with their capabilities. And then the next piece obviously is looking at this home software application that's gone into it and looking at how we scale that as well going forward. So we're very excited about it. We think there's lots of integration opportunities as far as the one plus one equals three and frankly, coming out of the blocks, it's one of our strongest ones as far as coming out of the box quickly.

Benoit Poirier: Thank you. That's great color. And last one for me, when we look at Primacy, could you maybe provide some color on how the COVID-19 impacts the Europe contract with the Primacy and Loblaw?

Kevin Ford: Yeah. So what we're seeing with that is not huge impact with regard to it. Some clinics had decided to close. But I think generally, it's business as usual. Just the pace of certain things that maybe have to slow down, whether it's maintenance on a clinic or whatever, just the reality of the restrictions. But we're working with Loblaws, you know, collectively to make sure that it's – the

program is still running efficiently. And I think there's been minor impact, but I don't think it's been in any way what would be deemed a significant on the Primacy network.

Benoit Poirier: Okay. That's great color and thanks for the time.

Kevin Ford: Thanks Benoit. I appreciate the questions.

Operator: Thank you. Our next question comes from Furaz Ahmad from the Laurentian Bank.

Furaz Ahmad: Hey, good morning guys.

Speaker: Morning, Furaz.

Furaz Ahmad: Just a quick question. Just on the advanced technology segment, you obviously saw some really strong organic growth. Would you be able to break out, you know, how much of that was from the new ground system and how much was from the wireless product?

Patrick Houston: Yes, the ground system was pretty much consistent from last quarter. So that was, you know, where we've kind of reached kind of our peak run rate here as we're delivering the project kind of at our peak right now. But we did see pretty significant increase on the wireless products. So probably about a 3x from last quarter. So, you know last quarter we just started deliveries, and now we've really gotten a supply chain going. We hadn't seen any impacts there, which has been good thinking to shift to the customer. So, so really strong growth. And that was one of the reasons why we saw the margins and our EBITDA contribution in advanced technology go up this quarter. So I'm really positive about that project.

Furaz Ahmad: Okay, that's great. And then on the health side, margins came down a fair bit and now I imagine a lot of that is just because of the cost relate to the acquisition of Alio and Allphase. But was there another component to it as well? I know you guys mentioned hiring is one?

Patrick Houston: Yeah, we have been adding some new capacity there and obviously we're seeing some opportunity to grow. So we're investing there. Your point's valid on the acquisition. We did have some one-time cost in the quarter as we completed that transaction, so that's in the service line. So I think otherwise, I think you'll see the margins kind of return back to where they were in the

previous quarters. And you know, over the long term, I think probably go up a little bit as Alio and Allphase contribution is generated at a higher margin than our existing business. So I think you'll start to see those improvements over the next couple of quarters.

Furaz Ahmad: Okay. And then in terms of Alio and Allphase, I know you guys have only had them for about two months now. And I know Kevin, you mentioned they're performing relatively well, but is it generally, you know, far and above the numbers that you outlined at the time of the acquisition or is it, you know, relatively still in that range?

Kevin Ford: It's, you know, still in the range. I think the expectation that we were, again, with our own due diligence and when we looked at the forecast and, and kind of locked in the numbers from a growth trajectory of the company, we see it's still in the range. We're seeing the ramp up. We've just had a major wind, a good size wind and just with the pharma to sell[?] pharma area. So we're, ramping up as we're expected. So all the deals that we expected to close are closing and the chain is ramping up well with that. So I would say it's in line with our expectations for sure. And again, as I get to know them with Gordon and the team, we're just – we're pretty excited by the opportunities to bring to the table. But yeah, so far it's, it's right on trajectory that we're expecting as far as the growth opportunities and the team continues to pursue and closing the business, which is which is exactly the spirit of when they bought them. So it was good. It's good. It's been excellent so far.

Furaz Ahmad: Okay, great. Thanks guys.

Kevin Ford: Thank you.

Operator: Thank you. Speakers, at this time, we have no other questioners in the queue.

Kevin Ford: Okay. So listen, thanks everyone. You know, Patrick and I and the team, again, I want to

wish everyone, hope everyone can stay safe in these challenging times. And we do look forward to giving it updates of our Q3 results coming up in August. And again our, my thanks to the accounting team and our extended healthcare team and all of them folks that today that are working so hard to try and keep our customers served and as well, helping everyone stay safe. So with that, David, we can close the call and we look forward to giving updates in the next quarter call in August, everyone. So thanks again. Take care.

Operator: Well, thank you ladies and gentlemen, this concludes Calian's second quarter results conference call. Thank you for your participation. You may now disconnect.