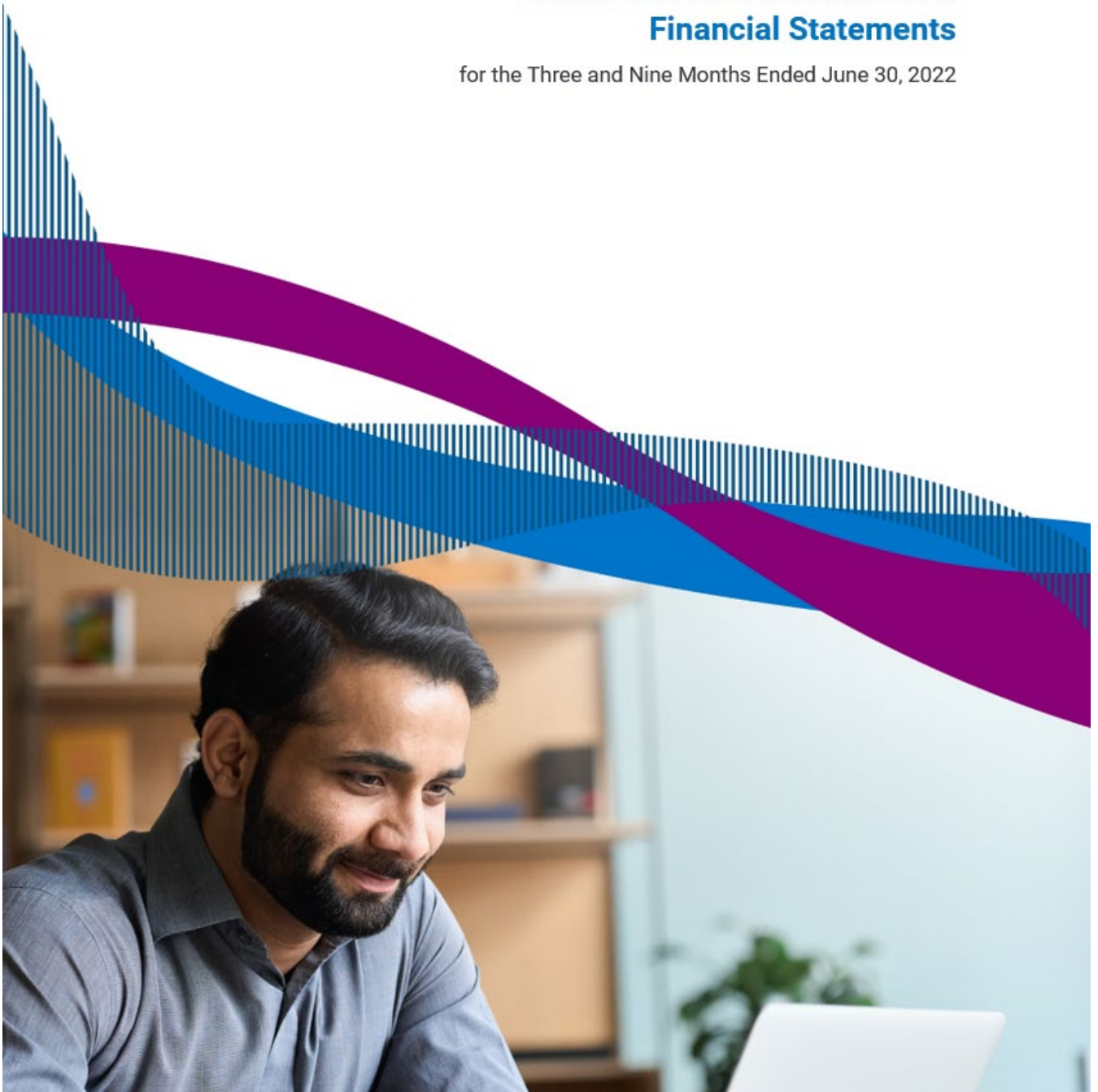




Unaudited Interim Condensed Financial Statements

for the Three and Nine Months Ended June 30, 2022



CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at June 30, 2022 and September 30, 2021
(Canadian dollars in thousands, except per share data)

	NOTES	June 30, 2022	September 30, 2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	\$ 51,435	\$ 78,611
Accounts receivable	5	130,328	111,138
Work in process	8	53,650	55,307
Inventory	6	19,324	6,617
Prepaid expenses	7	20,352	9,891
Derivative assets	22	167	610
Total current assets		275,256	262,174
NON-CURRENT ASSETS			
Capitalized research and development	9	2,494	3,217
Equipment	9	16,496	12,411
Application software	9	10,357	8,015
Right of use asset	10	17,144	15,383
Investments	11	670	670
Acquired intangible assets	12	55,118	54,519
Deferred tax asset		1,306	1,477
Goodwill	13	151,128	100,103
Total non-current assets		254,713	195,795
TOTAL ASSETS		\$ 529,969	\$ 457,969
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Debt facility	16	\$ 7,500	\$ -
Accounts payable and accrued liabilities	14	104,693	68,093
Contingent earn-out	24	34,789	25,038
Provisions	15	1,269	1,541
Unearned contract revenue	8	45,807	23,321
Derivative liabilities	22	25	158
Lease obligations	10	3,860	3,029
Total current liabilities		197,943	121,180
NON-CURRENT LIABILITIES			
Lease obligations	10	15,437	14,449
Contingent earn-out	24	2,742	13,224
Deferred tax liabilities		16,808	16,756
Total non-current liabilities		34,987	44,429
TOTAL LIABILITIES		232,930	165,609
SHAREHOLDERS' EQUITY			
Issued capital	17	198,511	194,960
Contributed surplus		5,556	5,224
Retained earnings		94,252	91,359
Accumulated other comprehensive income (loss)		(1,280)	817
TOTAL SHAREHOLDERS' EQUITY		297,039	292,360
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 529,969	\$ 457,969
Number of common shares issued and outstanding	17	<u>11,353,877</u>	<u>11,285,828</u>

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT
For the three and nine months periods ended June 30, 2022 and 2021
(Canadian dollars in thousands, except per share data)

		Three months ended June 30,		Nine months ended June 30,	
	NOTES	2022	2021	2022	2021
Revenue					
Advanced Technologies		\$ 39,152	\$ 43,802	\$ 119,881	\$ 123,862
Health		39,841	50,800	127,671	150,770
Learning		22,259	18,113	69,869	57,061
ITCS		48,766	23,379	104,201	59,072
Total Revenue	19	150,018	136,094	421,622	390,765
Cost of revenues		104,515	102,197	302,546	297,132
Gross profit		45,503	33,897	119,076	93,633
Selling and marketing		9,554	4,484	19,450	11,883
General and administration		17,994	13,256	48,404	39,230
Research and development		1,819	1,208	4,357	3,013
Profit before under noted items		16,136	14,949	46,865	39,507
Depreciation of equipment, application software and research and development	9	2,237	1,126	4,666	3,172
Depreciation of right of use asset	10	978	770	2,679	2,273
Amortization of acquired intangible assets	12	3,351	3,200	17,071	8,359
Deemed compensation	23, 24	-	750	1,000	3,100
Changes in fair value related to contingent earn-out	24	651	5,130	3,266	6,780
Profit before interest income and income tax expense		8,919	3,973	18,183	15,823
Lease obligations interest expense	10	94	112	308	343
Interest expense (income)		142	52	288	297
Profit before income tax expense		8,683	3,809	17,587	15,183
Income tax expense – current		2,172	2,433	8,657	6,647
Income tax recovery – deferred		(325)	(687)	(3,479)	(1,526)
Total income tax expense		1,847	1,746	5,178	5,121
NET PROFIT		\$ 6,836	\$ 2,063	\$ 12,409	\$ 10,062
Net profit per share:					
Basic	20	\$ 0.60	\$ 0.18	\$ 1.10	\$ 0.97
Diluted	20	\$ 0.60	\$ 0.18	\$ 1.09	\$ 0.97

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three and nine month periods ended June 30, 2022 and 2021
(Canadian dollars in thousands)

	Three months ended		Nine months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
NET PROFIT	\$ 6,836	\$ 2,063	\$ 12,409	\$ 10,062
Items that will be reclassified subsequent to net profit				
Cumulative translation adjustment	(1,345)	(38)	(1,510)	(274)
Change in deferred gain on derivatives designated as cash flow hedges, net of tax of \$433 and \$301 (2021 \$208 and \$1,672)	(1,100)	578	(587)	4,564
Other comprehensive income (loss), net of tax	(2,445)	540	(2,097)	4,290
COMPREHENSIVE INCOME	\$ 4,391	\$ 2,603	\$ 10,312	\$ 14,352

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine month periods ended June 30, 2022 and 2021
(Canadian dollars in thousands, except per share data)

	Notes	Issued capital	Contributed surplus	Retained earnings	Other Comprehensive Income	Total
Balance October 1, 2021		\$ 194,960	\$ 5,224	\$ 91,359	\$ 817	\$ 292,360
Net profit and comprehensive income		-	-	12,409	(2,097)	10,312
Dividend paid (\$0.84 per share)		-	-	(9,516)	-	(9,516)
Shares issued under employee share plans	17	1,773	(895)	-	-	878
Shares issued under employee stock purchase plan	17	1,778	(129)	-	-	1,649
Share-based compensation expense	18	-	1,356	-	-	1,356
Balance June 30, 2022		\$ 198,511	\$ 5,556	\$ 94,252	\$ (1,280)	\$ 297,039

	Notes	Issued capital	Contributed surplus	Retained earnings	Other Comprehensive Income	Total
Balance October 1, 2020		\$ 107,931	\$ 2,002	\$ 92,030	\$ (1,557)	\$ 200,406
Comprehensive income		-	-	10,062	4,290	14,352
Dividend paid (\$0.84 per share)		-	-	(8,670)	-	(8,670)
Shares issued under employee share plans	17	2,312	(1,250)	-	-	1,062
Shares issued through acquisition		5,000	-	-	-	5,000
Shares issued under public offering net of issuance costs		77,040	2,627	-	-	79,667
Shares issued under employee stock purchase plan	17	1,519	-	-	-	1,519
Share based compensation expense	18	-	1,507	-	-	1,507
Balance June 30, 2021		\$ 193,802	\$ 4,886	\$ 93,422	\$ 2,733	\$ 294,843

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three and nine month periods ended June 30, 2022 and 2021
(Canadian dollars in thousands)

	NOTES	Three months ended June 30,		Nine months ended June 30,	
		2022	2021	2022	2021
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES					
Net profit		\$ 6,836	\$ 2,063	\$ 12,409	\$ 10,062
Items not affecting cash:					
Interest expense		142	52	288	297
Changes in fair value related to contingent earn-out	24	651	5,130	3,266	6,780
Lease obligations interest expense	10	94	112	308	343
Income tax expense		1,847	1,746	5,178	5,121
Employee share purchase plan expense	18	131	106	393	354
Share based compensation expense	18	484	484	1,356	1,507
Depreciation, amortization, and impairment	9, 12	6,565	5,095	24,416	13,803
Deemed compensation	23, 24	-	750	1,000	3,100
		16,750	15,538	48,614	41,367
Change in non-cash working capital					
Accounts receivable		29,715	(2,298)	12,933	(23,730)
Work in process		(1,812)	(8,923)	1,659	1,882
Prepaid expenses and other		(3,744)	(2,862)	(9,694)	(4,265)
Inventory		(3,044)	480	(5,021)	50
Accounts payable and accrued liabilities		(9,202)	934	(5,820)	3,641
Unearned contract revenue		(3,961)	862	10,930	10,078
		24,702	3,731	53,601	29,023
Interest received (paid)		(237)	(164)	(597)	(640)
Income tax recovered (paid)		(4,690)	(2,408)	(9,851)	(9,507)
		19,775	1,159	43,153	18,876
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES					
Issuance of common shares net of costs	17, 18	336	397	2,134	78,294
Dividends		(3,179)	(3,150)	(9,516)	(8,670)
Draw (repayment) on debt facility	16	(17,896)	(55,000)	7,500	-
Payment of lease obligations	10	(966)	(771)	(2,726)	(2,251)
		(21,705)	(58,524)	(2,608)	67,373
CASH FLOWS USED IN INVESTING ACTIVITIES					
Business acquisitions	23	(4,416)	(3,616)	(62,638)	(49,108)
Capitalized research and development	9	(25)	(125)	(175)	(337)
Equipment and application software	9	(1,585)	(2,771)	(4,908)	(4,989)
		(6,026)	(6,512)	(67,721)	(54,434)
NET CASH (OUTFLOW) INFLOW		\$ (7,956)	\$ (63,877)	\$ (27,176)	\$ 31,815
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		59,391	119,927	78,611	24,235
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 51,435	\$ 56,050	\$ 51,435	\$ 56,050

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

CALIAN GROUP LTD.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine month periods ended June 30, 2022 and 2021
(Canadian dollars in thousands, except per share amounts)

1. Basis of Preparation

Calian Group Ltd. ("the Company") is incorporated under the Canada Business Corporations Act. The address of its registered office and principal place of business is 770 Palladium Drive, Ottawa, Ontario K2V 1C8. The Company's capabilities are diverse with services and solutions delivered through four segments: Advanced Technologies, Health, Learning, and IT and Cyber Solutions ("ITCS"). Headquartered in Ottawa, Calian provides business services and solutions to both industry and government customers in the areas of health, learning, defence, security, aerospace, engineering, AgTech, satellite communications (satcom), and IT.

Statement of Compliance

These unaudited interim condensed consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These unaudited interim condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with the accounting policies the Company adopted in its annual consolidated financial statements for the year ended September 30, 2021 and should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended September 30, 2021. These unaudited interim condensed consolidated financial statements do not include all the information required in annual financial statements.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on August 10, 2022.

2. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from those estimates.

There were no significant changes in estimates or approaches in the current period when compared to the estimates or approaches used to prepare the annual consolidated financial statements for the year ended September 30, 2021.

3. Seasonality

The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. The Company's revenues and earnings have historically been subject to some quarterly seasonality due to the timing of vacation periods, statutory holidays, industry specific seasonal cycles, and the timing and delivery of milestones for significant projects.

4. Cash and Cash Equivalents

The following table presents cash and cash equivalents by currency:

	Local Currency	Foreign Exchange	Presentation Currency
CAD	\$ 21,915	1.00	\$ 21,915
USD	16,126	1.29	20,803
GBP	29	1.57	46
EUR	5,690	1.35	7,681
CHF	-	-	-
NOK	7,615	0.13	990
Total cash and cash equivalents June 30, 2022			\$ 51,435
CAD	\$ 57,281	1.00	\$ 57,281
USD	10,463	1.27	13,288
GBP	237	1.71	406
EUR	4,256	1.48	6,299
CHF	295	1.37	404
NOK	6,220	0.15	933
Total cash and cash equivalents September 30, 2021			\$ 78,611

5. Accounts Receivable

The following table presents the trade and other receivables as at:

	June 30, 2022	September 30, 2021
Trade and accounts receivable	\$ 127,775	\$ 106,312
Tax and Scientific Research and Development receivable	1,919	2,753
Other	854	2,118
	130,548	111,183
Loss Allowance	(220)	(45)
	\$ 130,328	\$ 111,138

Bad debt expense recognized in the three-months ended June 30, 2022 (2021) is \$117 (NIL). Bad debt expense recognized in the nine-months ended June 30, 2022 (2021) is \$327 (\$27 recovery).

6. Inventory

Inventories are recorded at the lower of cost or net realizable value. Cost is calculated based on the weighted average cost method. Write-downs are taken for excess and obsolete inventory and for a reduction in the carrying value of inventory to reflect realizable value based on current cost, production, and sales estimates. Cost comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

The following table presents inventories as at:

	June 30, 2022	September 30, 2021
Raw materials	\$ 7,276	\$ 4,810
Work in process inventory	1,771	611
Finished goods	10,277	1,196
	\$ 19,324	\$ 6,617

6. Inventory (continued)

Inventory recognized as cost of revenues in the three-months ended June 30, 2022 (2021) is \$4,718 (\$3,337). Inventory recognized as cost of revenues in the nine-months ended June 30, 2022 (2021) is \$9,502 (\$7,858). No inventory provisions have been recognized in periods ended June 30, 2022 (2021).

7. Prepaid Expenses

The following table presents prepaid expenses as at:

	June 30, 2022		September 30, 2021	
Prepaid maintenance	\$	15,040	\$	5,703
Other prepaid expenses		5,312		4,188
	\$	20,352	\$	9,891

8. Contract Assets and Liabilities

The following table presents net contract assets as at:

	Net Contract Assets			
	June 30, 2022		September 30, 2021	
Work in process	\$	53,650	\$	55,307
Unearned contract revenue		(45,807)		(23,321)
Net contract assets	\$	7,843	\$	31,986

The following table presents changes in net contract assets for the period ended:

	Changes in Net Contract Assets			
	June 30, 2022		June 30, 2021	
Opening balance, October 1	\$	31,986	\$	70,697
Net additions		83,786		50,152
Billings		(96,372)		(70,172)
Acquisitions (Note 23)		(11,557)		(977)
Ending balance	\$	7,843	\$	49,700

9. Equipment

A continuity of the equipment, application software and capitalized research and development for the nine-months ended June 30, 2022, is as follows:

	Cost			Total	Depreciation		Carrying Value	
	Cost	Additions/ Disposals	Acquisitions (Note 23)		Depreciation	Accumulated Depreciation	June 30, 2022	September 30, 2021
Leasehold improvements	\$ 2,546	\$ -	\$ 1,733	\$ 4,279	\$ (350)	\$ (1,740)	\$ 2,539	\$ 1,713
Equipment	27,657	2,218	11,666	41,541	(2,835)	(27,584)	13,957	10,698
Total equipment	\$ 30,203	\$ 2,218	\$ 13,399	\$ 45,820	\$ (3,185)	\$ (29,324)	\$ 16,496	\$ 12,411
Application software	\$ 11,352	\$ 2,690	\$ 327	\$ 14,369	\$ (584)	\$ (4,012)	\$ 10,357	\$ 8,015
Capitalized research and development	\$ 4,874	\$ 175	\$ -	\$ 5,049	\$ (897)	\$ (2,555)	\$ 2,494	\$ 3,217

10. Right-of-Use Assets and Lease Obligations

The following table presents the right-of-use assets for the Company:

	Nine-months ended	
	June 30, 2022	June 30, 2021
Balance October 1	\$ 15,383	\$ 17,595
Additions	1,877	842
Disposals and foreign exchange adjustments	(142)	-
Depreciation	(2,679)	(2,273)
Acquisitions (Note 23)	2,705	-
Balance June 30	\$ 17,144	\$ 16,164

The Company's leases are for office and manufacturing space. The Company has included renewal options in the measurement of lease obligations when it is reasonably certain to exercise the renewal option.

The following table presents lease obligations for the Company:

	Nine-months ended	
	June 30, 2022	June 30, 2021
Balance at October 1	\$ 17,478	\$ 19,590
Additions	1,892	921
Disposals and foreign exchange adjustments	(86)	-
Principal payments	(2,726)	(2,251)
Acquisitions	2,739	-
Balance at June 30	\$ 19,297	\$ 18,260
Current	\$ 3,860	\$ 3,036
Non-current	15,437	15,224
Total	\$ 19,297	\$ 18,260

The following table presents the contractual undiscounted cash flows for lease obligations as at June 30, 2022:

	Total Undiscounted Lease Obligations
Less than one year	\$ 4,255
One to five years	11,185
More than five years	5,126
Total undiscounted lease obligations	\$ 20,566

Total cash outflow for leases in the three-months ended June 30, 2022 (2021) was \$1,060 (\$883), including principal payments relating to lease obligations of \$966 (\$771). Interest expense on lease obligations was \$94 (\$112). Total cash outflow for leases in the nine-months ended June 30, 2022 (2021) was \$3,034 (\$2,594), including principal payments relating to lease obligations of \$2,726 (\$2,251). Interest expense on lease obligations was \$308 (\$343). Expenses relating to short-term leases recognized in general and administration expenses were \$18 (\$20) for the three-month and \$58 (\$52) for the nine-month periods ended June 30, 2022 (2021).

11. Investments

Cliniconex Inc., is an Ottawa-based patient outreach solutions vendor. In 2017, the Company invested \$250, which included \$100 in common shares, and \$150 in convertible debt. In 2018, the Company invested an additional \$150 in the form of a convertible loan. In Fiscal 2020, the Company elected to exchange its existing convertible debt into preferred shares, as well as invest a further \$100 in preferred shares. The Company recognizes the investment at fair value and has adjusted its common and preferred shares to the most recent fair value, resulting in a gain of \$101 recognized in fiscal 2020.

12. Acquired Intangible Assets

A continuity of the acquired intangible assets for the nine-months ended June 30, 2022 is as follows:

	June 30, 2022					
	Opening Balance	Additions (Note 23)	Amortization	Impairment (Note 23)	Foreign Exchange Revaluation	Closing Balance
Customer relationship - Primacy	\$ 1,909	\$ -	\$ -	\$ -	-	\$ 1,909
Customer relationships	27,702	14,477	(5,645)	-	(55)	36,479
Discrete contracts with customers & non-competition agreements	717	231	(272)	-	-	676
Technology and trademarks	24,191	3,037	(4,677)	(6,477)	(20)	16,054
	\$ 54,519	\$ 17,745	\$ (10,594)	\$ (6,477)	(75)	\$ 55,118

In the nine-months ended June 30, 2022, the Company recorded a foreign currency revaluation of intangible assets held in foreign subsidiaries which utilize different functional currencies than the Company's presentation currency. These foreign exchange revaluations are reflected in comprehensive income.

A continuity of the acquired intangible assets for the nine-months ended June 30, 2021 is as follows:

	June 30, 2021			
	Opening Balance	Additions (Note 23)	Amortization	Closing Balance
Customer relationship - Primacy	\$ 1,909	\$ -	\$ -	\$ 1,909
Customer relationships	17,661	15,619	(4,016)	29,264
Discrete contracts with customers & non-competition agreements	1,057	9,279	(1,416)	8,920
Technology and trademarks	15,564	4,461	(2,927)	17,098
	\$ 36,191	\$ 29,359	\$ (8,359)	\$ 57,191

13. Goodwill

The following table presents the goodwill for the Company for the nine-months ended June 30, 2022:

	June 30, 2022	
Opening balance	\$	100,103
Additions:		
Acquisition of SimFront (Note 23)		8,950
Acquisition of Computex (Note 23)		42,549
Adjustments:		
Foreign Exchange		(474)
Ending balance	\$	151,128

In the nine-month period ended June 30, 2022, the Company recorded a foreign currency revaluation of goodwill held in foreign subsidiaries which utilize different functional currencies than the Company's presentation currency. These foreign exchange revaluations are reflected in OCI.

The following table presents the goodwill for the Company for the nine-months ended as at June 30, 2021:

	June 30, 2021	
Opening balance	\$	55,290
Additions:		
Acquisition of Cadence Consultancy Ltd.		1,921
Acquisition of InterTronic Solutions Inc.		4,473
Acquisition of Dapasoft Inc.		38,573
Ending balance	\$	100,257

14. Accounts Payable and Accrued Liabilities

The following table presents the accounts payable and accrued liabilities for the Company as at:

	June 30, 2022		September 30, 2021	
Trade accounts payable	\$	81,663	\$	43,668
Payroll accruals		18,365		16,554
Income tax payable		1,138		1,913
Other accruals		3,527		5,958
	\$	104,693	\$	68,093

15. Provisions

Changes in provisions for the nine-months ended June 30, 2022, were as follows:

	Product			
	Warranties	Severance	Other	Total
Balance at October 1, 2021	\$ 753	\$ 685	\$ 103	\$ 1,541
Additions	571	332	3	906
Utilization/Reversals	(398)	(780)	-	(1,178)
Balance at June 30, 2022	\$ 926	\$ 237	\$ 106	\$ 1,269

15. Provisions (continued)

Changes in provisions for the nine-months ended June 30, 2021, were as follows:

	Product			Total
	Warranties	Severance	Other	
Balance at October 1, 2020	\$ 645	\$ 280	\$ 113	\$ 1,038
Additions	502	227	-	729
Utilization/Reversals	(489)	(123)	-	(612)
Balance at June 30, 2021	\$ 658	\$ 384	\$ 113	\$ 1,155

16. Debt Agreement

On January 6, 2021, the Company signed a debt facility that provides the Company with the ability to draw up to \$80,000 CAD. The agreement has a three-year term, which will mature on January 5, 2024. At June 30, 2022 (September 30, 2021), the Company utilized \$7,500 (NIL) of the facility. The facility is secured against the Company's assets and is interest bearing at the Royal Bank of Canada's Prime Rate plus applicable margin. At June 30, 2022 the balance was classified as a current liability as the Company expects to settle the liability within twelve months after the reporting period.

17. Issued Capital and Reserves

Issued Capital

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. The holders of Common Shares are entitled to dividends if, as and when declared by the Board, to one vote per share at the meetings of holders of Common Shares and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares. No Preferred Shares are outstanding as of the June 30, 2022.

Common share issued and outstanding:

	June 30, 2022		June 30, 2021	
	Shares	Amount	Shares	Amount
Balance October 1	11,285,828	\$ 194,960	9,760,032	\$ 107,931
Shares issued under employee share plans	41,742	1,773	69,564	2,312
Shares issued under employee share purchase plan	26,307	1,778	24,744	1,519
Shares issued through acquisition	-	-	85,715	5,000
Shares issued under public offering	-	-	1,318,000	77,040
Issued capital	11,353,877	\$ 198,511	11,258,055	\$ 193,802

Subsequent to the date of the statement of financial position, on August 10, 2022, the date of issuance of these consolidated financial statements, the Company declared a dividend of \$0.28 per common share payable on September 7, 2022.

Contributed Surplus

Contributed surplus comprises the value of share-based compensation expense related to options granted that have not been exercised or have expired unexercised.

18. Share-Based Compensation

Employee Share Purchase Plan

Under the Company's Employee Share Purchase Plan, shares are issued monthly using the volume weighted average price for the last 5 days of the month for the contributions made by employees in that month. The Company provides matching shares at 25% for all employee contributions each month. Pursuant to the plan, 500,000 Common Shares are reserved for issuance, as of June 30, 2022, the Company can issue 423,512 shares.

During the three-months ended June 30, 2022 (2021) under the 2020 Employee Share Purchase Plan, the Company issued 6,755 (7,195) shares at an average price of \$68.38 (\$56.69). The Company received \$375 (\$326) in proceeds and recorded an expense of \$124 (\$106). During the nine-months ended June 30, 2022 (2021) under the 2020 Employee Share Purchase Plan, the Company issued 26,307 (24,744) shares at an average price of \$61.06 (\$61.42). The Company received \$1,294 (\$1,216) in proceeds and recorded an expense of \$354 (\$354).

Stock Options

The Company has an established stock option plan. Under the plan, eligible directors and employees are granted the right to purchase shares of common stock at a price established by the Board of Directors on the date the options are granted but in no circumstances below fair market value of the shares at the date of grant. Stock options are issued at market value based on the price at the date preceding the grant and can have a contractual term of up to ten years and generally vest over 3 years. The maximum number of common shares reserved for issuance under the plan is equal to an aggregate 9% (1,021,849) of the Company's issued and outstanding shares from time to time less the aggregate number of shares reserved for issuance or issuable under any other security-based compensation arrangement for the Company.

As at June 30, 2022, the Company has 279,717 stock options and RSUs outstanding. As a result, the Company could grant up to 742,132 additional stock options or RSUs pursuant to the plan.

The weighted average fair value of options granted during the nine-months ended June 30, 2022, was \$10.53 per option calculated using the Black-Scholes option pricing model. Where relevant, the expected life of the options was based on historical data for similar issuance and adjusted based on management's best estimate for the effects of non-transferability, exercises restrictions, and behavioural considerations. Expected volatility is based on historical price volatility over the past 5 years. To allow for the effects of early exercise, it was assumed that options would be exercised on average 2 years after vesting.

The following assumptions were used to determine the fair value of the options granted in the nine-months ended June 30, 2022:

	Weighted Average Options Granted	
	June 30, 2022	June 30, 2021
Grant date share price	\$ 58.96	\$ 61.11
Exercise price	\$ 58.96	\$ 61.11
Expected price volatility	% 28.45	% 27.4
Expected option life	years 3.18	years 3.33
Expected dividend yield	% 1.98	% 1.84
Risk-free interest rate	% 1.19	% 0.33
Forfeiture rate	% 0	% 0

18. Share-Based Compensation (continued)

	June 30, 2022		June 30, 2021	
	Number of Options	Weighted Avg. Exercise Price	Number of Options	Weighted Avg. Exercise Price
Outstanding October 1	204,913	\$ 49.46	230,638	\$ 43.69
Exercised	(20,759)	42.34	(34,400)	30.89
Granted	40,646	58.96	29,175	61.11
Outstanding June 30	224,800	\$ 51.83	225,413	\$ 47.89

The following share-based payment arrangements are in existence:

Option issuance:	Number of Options	Grant date	Expiry date	Exercise price	Fair value at grant date
(1) Issued November 24, 2017	6,000	November 24, 2017	November 24, 2022	\$ 34.58	\$ 4.53
(2) Issued March 27, 2018	6,000	March 27, 2018	March 27, 2023	\$ 31.54	\$ 4.62
(3) Issued November 19, 2018	38,500	November 19, 2018	November 19, 2023	\$ 29.55	\$ 3.96
(4) Issued November 25, 2019	15,000	November 25, 2019	November 25, 2024	\$ 36.49	\$ 5.18
(5) Issued August 13, 2020	94,615	August 13, 2020	August 13, 2025	\$ 60.30	\$ 8.44
(6) Issued November 24, 2020	22,222	November 24, 2020	November 24, 2025	\$ 61.16	\$ 10.24
(7) Issued February 9, 2021	1,817	February 9, 2021	February 9, 2026	\$ 60.35	\$ 9.92
(8) Issued November 24, 2021	39,110	November 24, 2021	November 24, 2026	\$ 58.90	\$ 10.66
(9) Issued March 9, 2022	1,536	March 9, 2022	March 9, 2027	\$ 60.55	\$ 10.33

For the options issued on November 24, 2021, vesting occurs through to November 24, 2022. For the options issued on March 9, 2022, vesting occurs quarterly through to March 9, 2023.

At June 30, 2022 (2021) the weighted average remaining contractual life of options outstanding is 2.33 (3.31) years of which 158,484 (114,645) options are exercisable at a weighted average price of \$59.74 (\$35.82). The Company has recorded \$117 (\$217) of share-based compensation expense in the three-months ended and \$358 (\$781) in the nine-months ended June 30, 2022 (2021) related to the options that have been granted. The Company has total unrecognized compensation expense of \$192 (2021 - \$282) that will be recorded in the next two fiscal years.

Restricted Share Units

The Company has an established restricted stock unit ("RSU") plan. Under the RSU plan, the maximum number of common shares reserved for issuance is equal to 9% of the Company's issued and outstanding shares from time to time less the aggregate number of shares reserved for issuance or issuable under any other security-based compensation arrangement for the Company. Share units may be awarded to any officer or employee of the Company. Each restricted share unit will vest on the date or dates designated for that unit, conditional on any vesting conditions being met. Participants in the RSU plan may elect to redeem their share units either by the Company issuing the participant one common share for each whole vested share unit or, subject to the consent by the Company, elect to receive an amount in cash. The cash amount is equal to the number of vested share units to be redeemed multiplied by the value of the common shares otherwise issuable on redemption of the share units. Under the above RSU plan, the Company issued performance share units ("PSUs") which will vest on the date or dates designated for that unit, conditional on any vesting conditions being met. Vesting conditions for performance share units are tied to market metrics.

18. Share-Based Compensation (continued)

The following table summarizes information about the RSUs as of June 30, 2022:

	June 30, 2022		June 30, 2021	
	Number of RSUs	Weighted Avg. Grant Date Fair Value	Number of RSUs	Weighted Avg. Grant Date Fair Value
Balance at October 1	40,824	\$ 46.65	56,039	\$ 32.67
Exercised	(20,983)	42.35	(35,164)	31.52
Forfeited	(482)	51.54	(40)	59.35
Granted	35,601	48.10	19,936	59.25
Balance at June 30	54,960	\$ 49.09	40,771	\$ 46.62

Of the units issued in the current year under the RSU plan, nil has vested as of June 30, 2022. The Company has recorded \$367 (\$267) of share-based compensation expense in the three-months and \$1,018 (\$699) in the nine-months ended June 30, 2022 (2021) related to the RSUs that have been granted. The Company has total unrecognized compensation expense of \$1,293 at June 30, 2022 (2021 - \$635) that will be recorded over the next two years.

The following unvested RSU-based payment arrangements are in existence:

RSU issuance:		Number of units	Grant date	Vest through	Fair value at grant date
(1) Issued November 25, 2019	RSU	7,108	November 25, 2019	November 15, 2022	\$ 36.49
(2) Issued November 24, 2020	RSU	11,929	November 24, 2020	November 15, 2023	\$ 59.35
(3) Issued February 9, 2021	RSU	163	February 9, 2021	November 15, 2023	\$ 59.74
(4) Issued May 12, 2021	RSU	450	May 12, 2021	November 15, 2023	\$ 56.32
(5) Issued August 10, 2021	RSU	34	August 10, 2021	November 15, 2023	\$ 63.25
(6) Issued November 24, 2021	RSU	23,499	November 24, 2021	November 15, 2024	\$ 58.90
	PSU	9,522	November 24, 2021	September 30, 2022	\$ 16.62
(7) Issued Feb 9, 2022	RSU	79	February 9, 2022	November 15, 2024	\$ 57.18
(7) Issued May 10, 2022	RSU	2,176	May 10, 2022	November 15, 2024	\$ 67.34

Deferred Share Unit Plan

During the nine-months ended June 30, 2022 (2021) the Company granted 2,426 (2,129) deferred share units ("DSU"). The Company recorded share-based compensation of \$171 (\$32) related to the DSUs in the three-months ended and \$466 (\$98) in the nine-months ended June 30, 2022 (2021). Each DSU entitles the participant to receive the value of one Common Share. The DSUs vest immediately as the participants are entitled to the shares upon termination of their service.

There are 15,756 (21,929) DSUs outstanding at June 30, 2022 (2021). The fair value of the DSUs outstanding at June 30, 2022 (2021) was \$57.70 (\$55.77) per unit using the fair value of a Common Share at period end.

19. Revenue

The following table presents the revenue of the Company for the three-months and nine-months ended June 30, 2022, and 2021:

	Three Months Ended		Nine months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Product revenue				
Advanced Technologies	\$ 25,249	\$ 30,468	\$ 77,017	\$ 84,146
Health	-	128	-	4,511
Learning	1,324	-	2,089	-
ITCS	16,592	2,782	25,431	9,698
Total product revenue	\$ 43,165	\$ 33,378	\$ 104,537	\$ 98,355
Service revenue				
Advanced Technologies	\$ 13,903	\$ 13,334	\$ 42,864	\$ 39,716
Health	39,841	50,672	127,671	146,259
Learning	20,935	18,113	67,780	57,061
ITCS	32,174	20,597	78,770	49,374
Total service revenue	\$ 106,853	\$ 102,716	\$ 317,085	\$ 292,410
Total revenue	\$ 150,018	\$ 136,094	\$ 421,622	\$ 390,765

Remaining Performance Obligations

The following table presents the aggregate amount of the revenues expected to be realized in the future from partially or fully unsatisfied performance obligations as at June 30, 2022 for contracts recognized over time. The amounts disclosed below represent the value of the firm orders only. Such orders may be subject to future modifications that might impact the amount and/or timing of revenue recognition. The amounts disclosed below do not include unexercised options or letters of intent.

Revenues expected to be recognized in:

	June 30, 2022
Less than 24 months	\$ 420,990
Thereafter	147,644
Total	\$ 568,634

20. Net Profit per Share

The diluted weighted average number of shares has been calculated as follows:

	Three months ended		Nine months ended	
	June 30		June 30	
	2022	2021	2022	2021
Weighted average number of common shares – basic	11,350,214	11,251,483	11,325,096	10,375,745
Additions to reflect the dilutive effect of employee stock options and RSUs	69,104	69,760	51,551	50,671
Weighted average number of common shares – diluted	11,419,318	11,321,243	11,376,647	10,426,416

20. Net Profit per Share (continued)

Options that are anti-dilutive because the exercise price was greater than the average market price of the common shares are not included in the computation of diluted net profit per share. For the three-months ended June 30, 2022 (2021), 1,536 (126,713) options and 25,754 (678) RSUs were excluded from the above computation. For the nine-months ended June 30, 2022 (2021), 1,536 (NIL) options and 2,255 (NIL) RSUs were excluded from the above computation. Net profit is the measure of profit or loss used to calculate profit per share.

21. Segmented Information

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, regarding how to allocate resources and assess performance. The Company's chief operating decision maker is the Chief Executive Officer ("CEO"). The Company's segments are categorized as follows: Advanced Technologies, Health, Learning, and IT and Cyber Solutions ("ITCS"). Shared Services are aggregated and incurred to support all segments. These include, but are not limited to, the Finance, Human Resources, IT support, Corporate development, Legal, Corporate marketing and administrative functions, facilities costs, costs of operating a public company, and other costs.

The Company evaluates performance and allocates resources based on profit before interest income and income tax expense.

For the three-months ended June 30, 2022:

For the three months ended June 30, 2022	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	\$ 39,152	\$ 39,841	\$ 22,259	\$ 48,766	\$ -	150,018
Cost of revenues	27,927	30,709	16,400	29,479	-	104,515
Gross profit	11,225	9,132	5,859	19,287	-	45,503
Gross profit %	29 %	23 %	26 %	40 %	N/A %	30 %
Selling and marketing	2,486	544	354	4,880	1,290	9,554
General and administration	2,194	2,475	1,258	6,017	6,050	17,994
Research and development	1,278	106	-	435	-	1,819
Profit before under noted items \$	5,267	6,007	4,247	7,955	(7,340)	16,136
Profit before under noted items %	13 %	15 %	19 %	16 %	N/A %	11 %
Depreciation of equipment, application software and R&D						2,237
Depreciation of right of use asset						978
Amortization of acquired intangibles						3,351
Deemed compensation						-
Changes in fair value related to contingent earn-out						651
Profit before interest income and income tax expense						8,919
Lease interest expense						94
Interest expense (income)						142
Profit before income tax expense						8,683
Income tax expense – current						2,172
Income tax expense (recovery) – deferred						(325)
Total income tax expense						1,847
NET PROFIT FOR THE PERIOD						\$ 6,836

21. Segmented Information (continued)

For the three-months ended June 30, 2021:

For the three months ended June 30, 2021	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	\$ 43,802	\$ 50,800	\$ 18,113	\$ 23,379	\$ -	\$ 136,094
Cost of revenues	33,044	37,911	13,779	17,463	-	102,197
Gross profit	10,758	12,889	4,334	5,916	-	33,897
Gross profit %	25 %	25 %	24 %	25 %	N/A %	25 %
Selling and marketing	2,054	634	175	894	727	4,484
General and administration	2,407	2,503	1,008	1,144	6,194	13,256
Research and development	927	128	-	153	-	1,208
Profit before under noted items	\$ 5,370	\$ 9,624	\$ 3,151	\$ 3,725	\$(6,921)	\$ 14,949
Profit before under noted items %	12 %	19 %	17 %	16 %	N/A %	11 %
Depreciation of equipment, application software and R&D						1,126
Depreciation of right of use asset						770
Amortization of acquired intangibles						3,200
Deemed compensation						750
Changes in fair value related to contingent earn-out						5,130
Profit before interest income and income tax expense						3,973
Lease interest expense						112
Interest expense (income)						52
Profit before income tax expense						3,809
Income tax expense – current						2,433
Income tax expense (recovery) – deferred						(687)
Total income tax expense						1,746
NET PROFIT FOR THE PERIOD						\$ 2,063

21. Segmented Information (continued)

For the nine-months ended June 30, 2022:

For the nine months ended June 30, 2022	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	\$ 119,881	\$ 127,671	\$ 69,869	\$ 104,201	\$ -	\$ 421,622
Cost of revenues	86,723	96,149	51,465	68,209	-	302,546
Gross profit	33,158	31,522	18,404	35,992	-	119,076
Gross profit %	28 %	25 %	26 %	35 %	N/A %	28 %
Selling and marketing	6,460	1,730	947	7,305	3,008	19,450
General and administration	7,049	7,518	3,563	11,007	19,267	48,404
Research and development	3,509	296	-	552	-	4,357
Profit before under noted items	\$ 16,140	\$ 21,978	\$ 13,894	\$ 17,128	\$ (22,275)	\$ 46,865
Profit before under noted items %	13 %	17 %	20 %	16 %	N/A %	11 %
Depreciation of equipment, application software and R&D						4,666
Depreciation of right of use asset						2,679
Amortization of acquired intangibles						17,071
Deemed compensation						1,000
Changes in fair value related to contingent earn-out						3,266
Profit before interest income and income tax expense						18,183
Lease obligations interest expense						308
Interest expense (income)						288
Profit before income tax expense						17,587
Income tax expense – current						8,657
Income tax expense (recovery) – deferred						(3,479)
Total income tax expense						5,178
NET PROFIT FOR THE PERIOD						\$ 12,409

21. Segmented Information (continued)

For the nine-months ended June 30, 2021:

For the nine months ended June 30, 2021	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	\$ 123,862	\$ 150,770	\$ 57,061	\$ 59,072	\$ -	\$ 390,765
Cost of revenues	93,566	114,024	43,572	45,970	-	297,132
Gross profit	30,296	36,746	13,489	13,102	-	93,633
Gross profit %	24 %	24 %	24 %	22 %	N/A %	24 %
Selling and marketing	5,521	1,845	685	2,375	1,457	11,883
General and administration	7,164	6,929	3,006	4,679	17,452	39,230
Research and Development	2,298	458	-	257	-	3,013
Profit before under noted items	\$ 15,313	\$ 27,514	\$ 9,798	\$ 5,791	\$ (18,909)	\$ 39,507
Profit before under noted items %	12 %	18 %	17 %	10 %	N/A %	10 %
Depreciation of equipment, application software and R&D						3,172
Depreciation of right of use asset						2,273
Amortization of acquired intangibles						8,359
Deemed compensation						3,100
Changes in fair value related to contingent earn-out						6,780
Profit before interest income and income tax expense						15,823
Lease obligations interest expense						343
Interest expense (income)						297
Profit before income tax expense						15,183
Income tax expense – current						6,647
Income tax expense (recovery) – deferred						(1,526)
Total income tax expense						5,121
NET PROFIT FOR THE PERIOD						\$ 10,062

The Company operates in Canada but provides services to customers in various countries. Revenues from external customers for the nine-months ended June 30, 2022, are attributed as follows:

	June 30, 2022	June 30, 2021
Canada	67 %	77 %
United States	20 %	12 %
Europe	11 %	10 %
Other	2 %	1 %

Revenues are attributed to foreign countries based on the location of the customer. Revenues from various departments and agencies of the Canadian federal, provincial, and municipal governments for the nine-months ended June 30, 2022 (2021) represented 49% (53%) of the Company's total revenues. All four operating segments conduct business with this category of customer.

22. Financial Instruments and Risk Management

Capital Risk Management

The Company's objective is to maintain a strong capital base in order to maintain investor, creditor, and market confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity excluding accumulated other comprehensive income relating to cash flow hedges. The Company uses both debt and equity to fund working capital and its investment initiatives. Net profits generated from operations are available to repay debt and reinvestment in the Company or distribution to the Company's shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Board of Directors also reviews on a quarterly basis the level of dividends paid to the Company's shareholders and monitors the share repurchase program activities. The Company does not have a defined share repurchase plan and buy and sell decisions are made on a specific transaction basis and depend on market prices and regulatory restrictions. There were no changes in the Company's approach to capital management during the period. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its holding of financial instruments.

Foreign Currency Risk Related to Contracts

The Company is exposed to foreign currency exchange fluctuations on its cash balance, accounts receivable, accounts payable and accrued liabilities, contingent earn-out and future cash flows related to contracts denominated in a foreign currency. Future cash flows will be realized over the life of the contracts. The Company utilizes derivative financial instruments, principally in the form of forward exchange contracts, in the management of its foreign currency exposures within entities operating in currencies outside of their functional currencies. The Company's objective is to manage and control exposure and secure the Company's profitability on existing contracts and, therefore, the Company's policy is to hedge its foreign currency exposure where it is most practical to do so. The Company hedges long term projects in foreign currencies. Other foreign currency exposure is evaluated on an individual basis to assess the associated risks and costs to hedge. The Company does not utilize derivative financial instruments for trading or speculative purposes. The Company applies hedge accounting when appropriate documentation and effectiveness criteria are met.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific firm contractually related commitments on projects.

The Company also formally assesses, both at the hedge's inception and on an on-going basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Hedge ineffectiveness has historically been insignificant. The forward foreign exchange contracts primarily require the Company to purchase or sell certain foreign currencies with or for Canadian dollars at contractual rates.

The functional currency of each of the Company's entities is determined using the currency of the primary economic environment in which that entity operates. The Company's functional currency is the Canadian dollar while the functional currency of its US subsidiary is the US Dollar ("USD"), the functional currency of its German subsidiary is the European Euro ("EUR"), the functional currency of its Norwegian subsidiary is the Norwegian Krone ("NOK"), and the functional currency of its U.K.-based subsidiary is the Pound sterling ("GBP"). The presentation currency of these financial statements is the Canadian dollar.

22. Financial Instruments and Risk Management (continued)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing at the reporting dates and are recognized in profit and loss in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of preparing consolidated financial statements, the assets and liabilities of the Company's US operations, German operations, Norwegian operations, and U.K. operations are first expressed in the Companies' USD, EUR, NOK and GBP functional currencies, respectively, using exchange rates prevailing at the reporting date which are then translated into the Company's reporting currency using prevailing rates at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Translation differences are recognized in other comprehensive income and recorded in the "cumulative translation adjustment."

At June 30, 2022, the Company had the following forward foreign exchange contracts:

Type	Notional	Currency	Maturity	Equivalent Cdn. Dollars	Fair Value June 30, 2022
SELL	\$ 83,793	USD	August 2022	\$ 107,847	\$ 154
SELL	5,573	EURO	August 2022	7,547	11
SELL	236	GBP	August 2022	370	2
Derivative assets					\$ 167
BUY	\$ 11,595	USD	August 2022	\$ 14,923	\$ (22)
BUY	678	EURO	August 2022	918	(1)
BUY	248	GBP	August 2022	389	(2)
Derivative liabilities					\$ (25)

A 10% strengthening of the Canadian dollar against the following currencies at June 30, 2022 would have decreased other comprehensive income as related to the forward foreign exchange contracts or subsidiaries operating outside of the Company's presentation currency by the amounts shown below.

	June 30, 2022
USD	\$ 7,723
EURO	900
GBP	85
NOK	130
Total	\$ 8,839

22. Financial Instruments and Risk Management (continued)

A 10% strengthening against the Canadian dollar of the currencies to which the Company had exposure that is not related to forward foreign exchange contracts or subsidiaries operating outside of the Company's presentation currency would have increased Net Profit (a 10% weakening against the Canadian dollar would have had the opposite effect) by the amounts shown below.

	June 30, 2022
USD	\$ 2,929
EURO	909
GBP	6
SEK	19
Total	\$ 3,863

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable and its foreign exchange contracts.

The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Company's customers are diverse, however a significant portion of them are federal or provincial government agencies, or large private entities. A significant portion of the Company's accounts receivable is from long-time customers. At June 30, 2022 (September 30, 2021), 22% (46%) of its accounts' receivable were due from various departments and agencies of the Canadian federal government. Over the last five years the Company has not suffered any significant credit related losses.

The Company limits its exposure to credit risks from counterparties to derivative financial instruments by dealing only with major Canadian financial institutions. Management does not expect any counterparties to fail to meet their obligations.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	June 30, 2022	September 30, 2021
Cash and cash equivalents	\$ 51,435	\$ 78,611
Accounts receivable	130,328	111,138
Derivative assets	167	610
Total	\$ 181,930	\$ 190,359

The aging of accounts receivable at the reporting date was:

	June 30, 2022	September 30, 2021
Current	\$ 118,212	\$ 97,830
Past due (61-120 days)	6,093	8,886
Past due (> 120 days)	6,023	4,422
Total	\$ 130,328	\$ 111,138

22. Financial Instruments and Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as much as possible, that it will always have sufficient liquidity to meet liabilities when due. At June 30, 2022, the company has a secured debt facility that matures on January 5, 2024 that allows the Company to draw up to \$80,000 CAD. As at June 30, 2022, the Company had \$51,435 cash on hand and \$7,500 was drawn on the facility for current operations and for temporary use through acquisitions, and NIL was drawn to issue letters of credit to meet customer contractual requirements.

Fair Value

The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Fair value of the forward exchange contracts reflects the cash flows due to or from the Company if settlement had taken place on June 30, 2022 and represents the difference between the hedge rate and the exchange rate at the end of the reporting period.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 of the fair value hierarchy based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	June 30, 2022		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 51,435	\$ -	\$ -
Investment	-	-	670
Derivative financial assets	-	167	-
Debt facility	-	(7,500)	-
Contingent earn-out	-	-	(37,531)
Derivative financial liabilities	-	(25)	-
Total	\$ 51,435	\$ (7,358)	\$ (36,861)

	September 30, 2021		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 78,611	\$ -	\$ -
Investment	-	-	670
Derivative financial assets	-	610	-
Contingent earn-out	-	-	(38,262)
Derivative financial liabilities	-	(158)	-
Total	\$ 78,611	\$ 452	\$ (37,592)

There were no transfers between Level 1, Level 2 and level 3 during the three and nine-month periods ended June 30, 2022.

23. Acquisitions

Allphase Clinical Research Services Inc. and Alio Health Services Inc. (collectively “Alio/Allphase”)

On January 30, 2020, the Company acquired all of the outstanding shares of Alio/Allphase for a purchase price of up to \$25,056. Of this amount, \$10,500 was paid in cash on the date of closing, \$56 was paid in cash on settlement of net equity, \$2,500 was paid in common shares, and \$12,000 is payable contingently, of which \$3,000 is included in the initial accounting of the purchase price. Alio/Allphase provides clinical trial services, specialty medication support and community care and other services and is reported as a part of the Health operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of Alio/Allphase an additional \$3,616, \$4,192 and \$4,192 if Alio/Allphase attains specified levels of EBITDA for the years ending January 30, 2021, 2022, 2023, respectively. The Company revises its estimate of total contingent consideration owed based on actual results and forecasts for future periods. In the 2021 fiscal year, the Company paid \$3,616 based on achievement of the first year EBITDA under the agreement.

A portion of the first and second year earn out payable amounts is subject to the retention of the principal shareholders for a period of two years from the date of acquisition. This amount is deemed to represent deferred compensation payable to such shareholders and, therefore, is excluded from the total consideration of the purchase price and will be expensed in the Company's consolidated statement of net profit as deemed compensation related to acquisitions on a straight-line basis over the retention period. The Company recorded deemed compensation expense of \$NIL (\$750) in the three-month period and \$1,000 (\$3,100) in the nine-month period ended June 30, 2022 (2021). The second year concluded in the second quarter of 2022 with full achievement of earn out target resulting in partial payment of \$160 at that time, with the remaining payment of \$4,032 settled in the three-month period ended June 30, 2022.

The Company recognized \$118 in the three-month period, and \$354 in the nine-month period ended June 30, 2022, related to changes in fair value of contingent earn out.

EMSEC Solutions Inc. (“EMSEC”)

On July 14, 2020, the Company acquired all of the outstanding shares of EMSEC for a purchase price of up to \$4,809. Of this amount, \$3,009 was paid in cash on the date of closing, and \$1,800 is payable contingently. EMSEC's customized services include vulnerability assessments, monitoring, training, risk mitigation, and countermeasure sweeps. The firm's emission analyzer software product provides automated and manual signal analysis supporting production testing, equipment certification, as well as troubleshooting, investigation, and research. EMSEC is reported as part of the ITCS operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of EMSEC an additional \$900 and \$900 if EMSEC attains specific levels of EBITDA for the years ending December 31, 2021, and December 31, 2022, respectively. In the 2021 fiscal year it was determined by management that EMSEC is unlikely to achieve the level of EBITDA to achieve the targets set out for the first or second year relating to the earn outs. In fiscal year 2021, the Company recorded an adjustment to the changes of fair value related to contingent earn out in the amount of \$1,551. At June 30, 2022, the Company had no contingent consideration outstanding in relation to EMSEC.

Comprehensive Training Solutions International (“CTS”)

On July 8, 2020, the Company acquired all of the outstanding shares of CTS for a purchase price of up to 13,800 NOK (\$1,983 CAD). Of this amount, 7,900 NOK (\$1,135 CAD) was paid in cash on the date of closing and 5,900 NOK (\$848 CAD) is payable contingently. CTS designs, develops, and delivers complex training exercises for the Joint Warfare Centre, a multi-national and multi-service organization of NATO, and the wider North Atlantic Treaty Organization (“NATO”) audience across Europe. CTS is reported as part of the Learning operating segment.

23. Acquisitions (continued)

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of CTS an additional \$417 and \$380 if CTS attains specific levels of EBITDA for the years ending December 31, 2021, and September 30, 2022, respectively. In the three-months ended June 30, 2022, the Company negotiated early settlement for the final earn out period that was to end September 30, 2022, to end at June 30. This resulted in full achievement of the final earn out, and payment of \$380 in the three-month period ended June 30, 2022. Total payments of \$801 were made relating to earn out for CTS in the nine-month period ended June 30, 2022. The Company recognized \$20 in the three-month period, and \$52 in the nine-month period ended June 30, 2022, related to changes in fair value of contingent earn out.

Tallysman Wireless Inc. (“Tallysman”)

On September 3, 2020, the Company acquired all of the outstanding shares of Tallysman for a purchase price of up to \$25,354. Of this amount, \$16,654 was paid in cash on the date of closing, and \$8,700 is payable contingently. Tallysman designs, manufactures, and sells a very wide range of Global Navigation Satellite System (GNSS), Iridium, and Globalstar antennas and related products into a market with a broad range of vertical applications that include precision reference systems, survey, timing, precision agriculture, unmanned and autonomous vehicles, marine, and many more. The company also produces cloud-based wireless tracking systems over two-way radio systems and 4G category M cellular systems for applications ranging from school buses to municipal public works. Tallysman is reported as part of the Advanced Technologies operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of Tallysman an additional \$3,950 and \$4,750 if Tallysman attains specific levels of EBITDA for the years ending August 31, 2021, and December 31, 2022, respectively. The first year concluded with full payment of \$3,950 in the second quarter of the Company’s current fiscal year plus overachievement payment in the amount of \$190. The Company recognized \$103 in the three-month period, and \$395 in the nine-month period ended June 30, 2022, related to changes in fair value of contingent earn out.

Cadence Consultancy Limited (“Cadence”)

On October 30, 2020, the Company acquired the outstanding shares of Cadence for total cash consideration of up to 2,000 Pound sterling (\$3,518 CAD) of which, £1,100 (\$1,966 CAD) was paid on closing, and £900 (\$1,552 CAD) is payable contingently. Cadence is a UK-based training firm with operations across the NATO with a particular focus on the Joint Forces Training Centre (JFTC). Cadence was acquired to expand the Company’s work with NATO which was initially won with the acquisition of CTS in July of fiscal 2020. Cadence is reported as part of the Learning operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of Cadence an additional \$776 and \$776 if Cadence attains specific levels of EBITDA for the years ending October 31, 2021, and October 31, 2022, respectively. In the nine-months ended June 30, 2022, the Company paid \$776 relating to the year one contingent earn out which represented full achievement of targets. The Company recognized \$31 in the three-month period, and \$94 in the nine-month period ended June 30, 2022, related to changes in fair value of contingent earn out.

InterTronic Solutions Inc. (“InterTronic”)

On January 4, 2021, the Company acquired all of the outstanding shares of InterTronic for a purchase price of up to \$24,540. Of this amount, \$13,000 was paid in cash on the date of closing, and \$11,540 is payable contingently of which, \$4,847 was estimated by management and included in the purchase price. InterTronic designs and installs high-performance antenna systems and broadens the current Calian range of capabilities with antenna ground systems. InterTronic results will be consolidated and reported with the Calian Advanced Technologies segment.

23. Acquisitions (continued)

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of InterTronic an additional \$4,620 and \$4,620 if InterTronic attains specific levels of EBITDA for the years ending December 31, 2021, and December 31, 2022, respectively. An additional contingent consideration amount of \$2,300 is achievable if InterTronic meets a certain level of contracts signed for the year ending December 31, 2021. The first year earn out amount was not achieved based on the EBITDA achievement of InterTronic.

Subsequent to January 4, 2021, the Company recorded a \$543 gain related to changing the estimated achievement of earn outs which was recognized in changes in fair value related to contingent earn-out decreasing the initial estimated amount payable.

In the second quarter of the Company's fiscal year, it was determined that InterTronic did not achieve the prescribed level of new contract signings for the periods covered in the purchase agreement. This has resulted in a change of estimate regarding the amount of contingent consideration to be paid. In the prior quarter, the Company has reduced the contingent consideration owed to NIL and recorded a gain in change of estimate of \$3,228. As a result of this adjustment in the second quarter, the Company reviewed the estimated cash flows to be derived from the assets acquired. As a result, the company has taken an impairment charge of \$6,477 for existing intangible assets and reduced associated deferred tax liability by \$1,716, resulting in a net impact in the period due to this impairment of \$4,761.

Dapasoft Inc. ("Dapasoft")

On February 22, 2021, the Company acquired all of the outstanding shares of Dapasoft for a purchase price of up to \$78,709. Of this amount, \$39,209 was paid in cash on the date of closing, \$2,500 was placed in escrow, \$5,000 was paid through the issuance of common shares, \$2,000 of common shares are to be issued upon expiry of escrow on February 22, 2022, and \$30,000 is payable contingently of which \$11,605 was included in the purchase price. Dapasoft is a provider of innovative systems integration, cloud lifecycle management and cybersecurity solutions, which enable clients to securely implement digital transformation initiatives. Dapasoft is reported as part of the ITCS operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of Dapasoft an additional \$17,500 and \$12,500 if Dapasoft attains specific levels of EBITDA for the years ending February 28, 2022, and February 28, 2023, respectively. A portion of the earn out is payable through issuance of common shares of the Company. In the three-month period ended June 30, 2022, the Company concluded on the year 1 earn out with full achievement. Settlement of the year 1 earn out will be in the fourth quarter of the Company's current fiscal year. In the prior quarter, management had determined that more of the second-year target was to be achieved based on current estimates, which has resulted in a change of estimate for payment of contingent earnout in relation to the second year earn out in the amount of \$3,287. Additionally, the Company had agreed to a payment structure in the initial agreement where if Dapasoft was able to maintain low levels of working capital for the first year after acquisition, that the selling group would be entitled to additional achievement payments. The amount to pay is \$861 which was recognized in the three-month period ended March 31, 2022, in changes in fair value related to contingent earn out. Further, as the first year earn out is payable in shares of the Company, at the end of the earn out period, the Company assessed the fair market value of the amount due in shares of the Company, this has resulted in a decrease of contingent consideration payable in the amount of \$139.

The Company recognized \$246 in the three-month period and \$1,000 in the nine-month period ended June 30, 2022, related to changes in fair value of contingent earn out.

23. Acquisitions (continued)

SimFront Simulation Systems Corporation Inc. (“SimFront”)

On October 7, 2021, the Company acquired the outstanding shares of SimFront, for total cash consideration of up to \$15,181 of which \$9,181 was paid on closing, and \$6,000 is payable contingently. SimFront will enable Calian to provide end-to-end military training and simulation capabilities and pursue new opportunities with customers seeking integration and immersive training support. SimFront integration and augmented/virtual/mixed reality solutions elevate Calian capabilities in this area. SimFront is reported as part of the Learning operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of SimFront an additional \$2,760 and \$3,240 if SimFront attains specific levels of EBITDA for the years ending September 30, 2022, and September 30, 2023, respectively. The Company recognized \$133 in the three-month period, and \$400 in the nine-month period ended June 30, 2022, related to changes in fair value of contingent earn out.

As at June 30, 2022, the accounting for the acquisition of SimFront is not finalized and reflects the current best estimate of purchase price allocation. Goodwill has increased by \$622 in the three-month period ended June 30, 2022, due to the finalization of net working capital, and other financial assets acquired by the Company. Final valuation of the acquisition and the allocation between intangible assets and goodwill will be completed during the remainder of the 2022 fiscal year.

	Assets Acquired	Purchase Price Accounting	Total Assets Acquired
Cash and cash equivalents	\$ 102	\$ -	\$ 102
Accounts receivable	2,346	-	2,346
Prepaid expenses	14	-	14
	\$ 2,462	\$ -	\$ 2,462
Equipment	\$ 123	\$ -	\$ 123
Acquired intangible assets	-	5,470	5,470
Goodwill	-	8,950	8,950
	\$ 2,585	\$ 14,420	\$ 17,005
Accounts payable and accrued liabilities	\$ 1,016	\$ 444	\$ 1,460
Deferred tax liabilities	-	1,450	1,450
	\$ 1,016	\$ 1,894	\$ 2,910
Net purchase price			\$ 14,095
Discount on contingent consideration			1,086
Total purchase price			\$ 15,181

Computex Technology Solutions (“Computex”)

On March 14, 2022, the Company completed an asset acquisition of Computex, for total cash consideration of \$33,670 USD (\$43,020) which was paid on closing. Computex expands the Company’s current IT and cybersecurity portfolio and adds the US as a significant geographic region for the Company. Computex will enable the Company to continue to pursue its expansion in the everything-as-a-service market. Computex will be reported as part of the ITCS segment.

As at June 30, 2022, the accounting for the acquisition of Computex is not finalized and reflects the current best estimate of purchase price allocation. Goodwill has decreased by \$1,068 in the three-month period ended June 30, 2022, due to updates made to the valuation of intangible assets. Final valuation of the acquisition and the allocation between intangible assets and goodwill will be completed during the remainder of the 2022 fiscal year, the numbers presented below represent managements best estimate at June 30, 2022.

23. Acquisitions (continued)

	Assets Acquired	Purchase Price Accounting	Total Assets Acquired
Accounts receivable and tax receivable	\$ 29,147	-	\$ 29,147
Inventory	7,686	-	7,686
Prepaid expenses	1,031	-	1,031
	\$ 37,864	\$ -	\$ 37,864
Equipment	\$ 5,086	\$ -	\$ 5,086
Right of use asset	2,705	-	-
Acquired intangible assets	-	12,275	12,275
Goodwill	-	42,549	42,549
	\$ 45,655	\$ 54,824	\$ 100,479
Accounts payable and accrued liabilities	\$ 40,585	\$ -	\$ 40,585
Lease obligation	2,739	-	-
Unearned contract revenue	11,557	-	11,557
Deferred tax liability	-	2,578	2,578
	\$ 54,881	\$ 2,578	\$ 57,459
Total purchase price			\$ 43,020

Cash consideration paid for acquisition activity during the nine-months ended June 30, 2022:

	SimFront	Computex	Total
Consideration paid in cash	\$ 9,180	43,649	52,829
Less- cash balance acquired	(102)	-	(102)
	\$ 9,078	43,649	52,727

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

24. Contingent Earn-Out

The following shows the contingent consideration activity for the nine-months ended June 30, 2022:

Company Acquired	Beginning balance	Acquisition Payments	Change in Fair Value	Adjustments	Ending balance	
Alio/Allphase	\$ 6,941	\$ -	\$ (4,192)	\$ 354	\$ 1,000	\$ 4,103
Comprehensive Training Solutions	749	-	(801)	52	-	-
Tallysman Wireless	8,104	-	(4,142)	395	190	4,547
Cadence	1,417	-	(776)	94	-	735
InterTronic	3,228	-	-	215	(3,443)	-
Dapasoft	17,823	-	-	1,000	4,009	22,832
SimFront	-	4,914	-	400	-	5,314
Total	\$ 38,262	\$ 4,914	\$ (9,911)	\$ 2,510	\$ 1,756	\$ 37,531

As at June 30, 2022, the total gross value of all contingent consideration outstanding is \$51,599.

24. Contingent Earn-Out (continued)

The following shows the contingent consideration activity for the nine-months ended June 30, 2021:

Company Acquired	Beginning balance	Acquisition Payments	Change in Fair Value	Adjustments	Ending balance	
Alio/Allphase	\$ 5,814	\$ -	\$ (3,616)	\$ 339	\$ 3,698	\$ 6,235
Comprehensive Training Solutions	645	-	-	78	-	723
EMSEC Solutions	1,360	-	-	191	(801)	750
Tallysman Wireless	7,345	-	-	570	-	7,915
Cadence	-	1,181	-	170	-	1,351
InterTronic	-	3,984	-	217	-	4,201
Dapasoft	-	7,363	-	347	5,071	12,781
Total	\$ 15,164	\$ 12,528	\$ (3,616)	\$ 1,912	\$ 7,968	\$ 33,956

25. Related Party Transactions

During the three-months ended June 30, 2022 (2021), the Company had sales of \$590 (\$1,121) to GrainX in which Calian holds a non-controlling equity investment. For the nine-months ended June 30, 2022 (2021), the Company had sales of \$731 (\$1,407) to GrainX. At June 30, 2022 (2021), the Company had an accounts receivable balance with GrainX of \$161 (\$682) which is included in accounts receivable. The terms and conditions of the related party sales are within the Company's normal course of operations and are measured at the exchange amounts agreed to by both parties.