

# MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND TWELVE MONTHS ENDED SEPTEMBER 30, 2022

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis (MD&A) is dated November 24, 2022 and should be read in conjunction with the audited annual consolidated financial statements. Calian aligns its accounting policies in accordance with IFRS. As in the audited annual consolidated financial statements, all dollar amounts in this MD&A are expressed in thousands of Canadian dollars unless otherwise noted.

This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of the Company. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee.

### IFRS and non-GAAP Measures

This MD&A contains both IFRS and non-GAAP measures. Non-GAAP measures are defined and reconciled to the most comparable IFRS measure.

### Forward-Looking Statements

The Company cautions that this MD&A contains forward-looking statements. These forward-looking statements are based on certain assumptions made by the Company that may prove to be inaccurate. Forward-looking statements include those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend," and similar expressions. Forward-looking statements are not historical facts, but reflect the Company's current intentions, plans, expectations, and assumptions regarding future results or events. Forward-looking statements are intended to assist readers in understanding management's expectations as of the date of this MD&A and may not be suitable for other purposes.

Forward-looking statements are based on assumptions, including assumptions as to the following factors:

- Customer demand for the Company's services.
- The Company's ability to maintain and enhance customer relationships.
- Market conditions.
- Levels of government spending.
- The Company's ability to bring to market products and services.
- The Company's ability to execute on its acquisition program including successful integration of previously acquired businesses.
- The Company's ability to deliver to customers throughout the COVID-19 pandemic, and any government regulations limiting business activities.
- The Company's ability to deliver to customers throughout the Russia/Ukraine conflict, and any government regulations limiting business activities.

The Company cautions that the forward-looking statements in this MD&A are based on current expectations as at November 24, 2022, that are subject to change, and to risks and uncertainties, including those set out under the heading "Risks and Uncertainties" below, many of which are outside the Company's control. Actual results may materially differ from such forward-looking information due to factors such as customer demand, customer relationships, new service offerings, delivery schedules, revenue mix, competition, pricing pressure, foreign currency fluctuations, and uncertainty in the markets in which the Company conducts business. Additional information identifying risks and uncertainties is contained in the Company's filings with securities regulators. The Company does not assume any intention or obligation to publicly update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers should not place undue reliance on the Company's forward-looking statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Coronavirus

The outbreak of the coronavirus, or COVID-19, was declared a pandemic by the World Health Organization on March 11, 2020. The virus spread across the globe and impacted worldwide economic activity. The public health pandemic may continue to pose the risk that the Company and its employees, contractors, suppliers and other partners may be prevented from conducting business activities. This can especially be the case where government authorities mandate shutdowns. Certain countries may continue to be more heavily impacted where travel restrictions continue for longer periods and full quarantines are in effect. The extent to which the COVID-19 outbreak impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of a variant and the actions to contain its impact. The Company and its employees transitioned to working remotely where possible and customer delivery was not materially impacted. The Company remains reliant on this alternative work arrangement to minimize the impact of outbreak on its financial results and will continue to monitor the appropriate time to adjust our work and delivery model. The Company is also exposed to effects from supply chain disruptions as a result of COVID-19. Inability to obtain components in a timely manner can impact the timing of our delivery to our customers.

### Russia/Ukraine Conflict

On February 24, 2022, Russia attacked Ukraine. Impact on worldwide economic activity may occur. It is possible that the Company may experience, among other things, supply chain disruptions, shipping delays, labour shortages, and inflationary pricing pressures adversely affecting the business as a result of the conflict. These risks may be further exacerbated by the COVID-19 market impacts discussed above. The extent to which the conflict impacts the Company's results will depend on future developments that are uncertain and cannot be predicted. A donation made to support Ukrainians demonstrates our social responsibility principles. In Q2, Calian donated \$63,000 to the Canadian Red Cross Ukrainian Humanitarian Crisis Appeal.

### Seasonality

The Company's operations are 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. Typically, the Company's first and last quarters will be negatively impacted because of the Christmas season and summer vacation period. During these periods, the Company can only invoice or recognize revenue for work performed and is also required to pay for statutory holidays. This seasonality may not be apparent in the overall results of the Company, depending on the impact of the realized sales mix of its various projects.

### Executive Overview

Calian is a diversified and growing company that operates in Canada, the U.S. and Europe. Its growth strategy is achieved organically and through disciplined capital deployment on M&A. Calian has acquired 13 companies in the past four years.

### Four-Piston Engine

The Company's four-segment operating model—referred to as its four-piston engine of diversity—is pivotal to its transformational success. The four operating segments include:

- Advanced Technologies (AT)
- Health
- IT and Cyber Solutions (ITCS)
- Learning

This model provides diversity and stability. The model enables Calian to capitalize on unique opportunities during upturns in some markets while weathering downturns in others.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Four-Piston Engine. One Company.

Today, Calian is a diverse products and services company providing innovative healthcare, communications, learning and cybersecurity solutions. The Company is headquartered in Ottawa, Ontario, and also has locations in the U.S., Germany, Norway, and the U.K. The Company is uniquely positioned to solve the significant and complex problems its customers face so that these companies are better able to succeed and deliver on their objectives.

**Mission:** Calian helps the world communicate, innovate, learn and lead safe and healthy lives—today and tomorrow.

**Values:** The principles of customer-first commitment, teamwork, integrity and innovation guide the decisions made by Calian.

**Culture:** Every Calian employee brings their “A” game for every client, works hard and works together using collaboration to powerful advantage. Calian attracts and challenges great people and great partners.

### Four Pillars of Growth

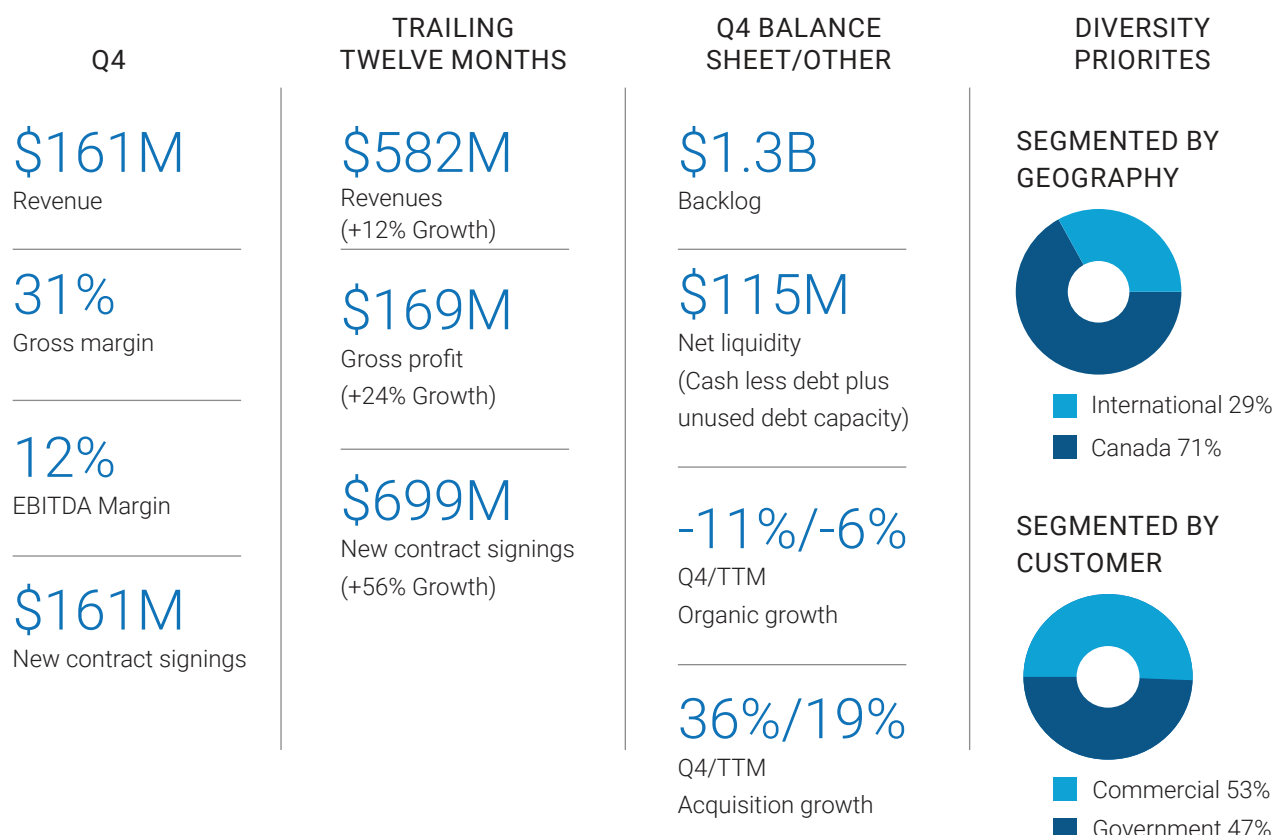
While the four operating segments are diverse, each is anchored by the Company's common four-pillar framework for growth.

- **Customer Retention:** Through continued delivery excellence, each segment maintains relationships with their valued customer bases, thus earning more revenue through expanded scopes of existing contracts.
- **Customer Diversification:** Through continued diversification, each segment increases its percentage of revenue derived from winning non-government contracts, from commercial activity in global markets, and from increasing product offerings—both acquisitive and organic.
- **Innovation:** Through continued investment in acquisitive and organic growth, each segment increases its differentiation thus improving gross margins.
- **Continuous Improvement:** Through continued leverage of innovation, the Company streamlines processes and scales its back-office support capability.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Q4 Consolidated Dashboard

The four segments operate as a single company. Key performance indicators (KPIs) for the Company are highlighted in this dashboard.



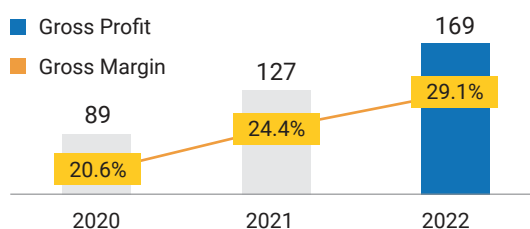
## Q4 and Annual Highlights

This quarter continues the pattern of all-time high results with revenues of \$161 million, which represents a 26% increase year-over-year, and a new record high for the Company in a single quarter. For the 2022 fiscal year, the Company had revenues of \$582 million, a 12% increase from the previous year and a new record high. This represents the Company's fifth consecutive year of double-digit revenue growth.

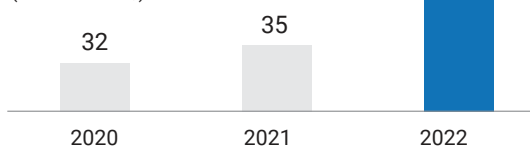
Gross margin performance this quarter was also at an all-time high, surpassing 31% for the first time in Company history. Gross margin on a year-to-date basis was 29%, which is an increase of five points from our consolidated margin for fiscal 2021. Our multi-pronged effort to diversify into new markets and investments and to introduce new products and differentiated services has allowed us to grow our gross margins.

Our ability to convert revenue and adjusted EBITDA performance into operating free cash flow continued to be strong. Operating free cash flow in the fourth quarter of 2022 was \$14.1 million, which resulted in operating free cash flow of \$47.2 million for the 2022 fiscal year. This represents an increase of 36% from the prior year, and a 46% increase from two years ago.

**Gross Profit & Margin** (in millions of \$, except margin)



**Operating Free Cash Flow (OFCF)**  
(in millions of \$)



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Selected Quarterly Financial Data

(Canadian dollars in millions, except per share data)

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21
<b>Revenues</b>								
Advanced Technologies	\$ 30.5	\$ 39.2	\$ 39.6	\$ 41.1	\$ 42.6	\$ 43.8	\$ 42.8	\$ 37.3
Health	39.4	39.7	45.4	42.4	44.1	50.8	52.9	47.1
Learning	21.8	22.3	24.8	22.8	17.6	18.1	20.9	18.0
ITCS	68.8	48.8	32.3	23.2	23.2	23.4	21.9	13.8
Total revenue	\$ 160.5	\$ 150.0	\$ 142.1	\$ 129.5	\$ 127.5	\$ 136.1	\$ 138.5	\$ 116.2
Cost of revenue	110.4	104.5	102.2	95.8	94.5	102.2	105.0	90.0
Gross profit	50.1	45.5	39.9	33.7	33.0	33.9	33.5	26.2
Selling and marketing	13.1	9.6	5.3	4.5	4.4	4.5	4.0	3.4
General and administration	17.0	18.0	16.6	13.8	14.2	13.3	14.4	11.6
Research and development	1.0	1.8	1.2	1.4	2.0	1.2	1.0	0.8
Profit before under noted items	19.0	16.1	16.8	14.0	12.4	14.9	14.1	10.4
Depreciation of equipment and application software	2.4	2.3	1.4	1.2	1.2	1.1	1.0	1.0
Depreciation of right of use asset	1.0	1.0	0.9	0.8	0.8	0.7	0.8	0.7
Amortization of acquired intangible assets	3.5	3.4	10.1	3.6	3.4	3.2	3.0	2.1
Deemed compensation	3.3	-	0.2	0.7	0.8	0.8	0.5	1.9
Changes in fair value related to contingent earn-out	2.3	0.7	1.6	1.0	3.6	5.1	1.3	0.4
Profit before interest and income tax expense	6.5	8.7	2.6	6.7	2.6	4.0	7.5	4.3
Lease interest expense	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Interest expense (income)	-	0.1	0.1	0.1	0.2	0.1	0.2	-
Profit before income tax expense	6.4	8.5	2.4	6.5	2.3	3.8	7.2	4.2
Income tax expense	5.4	1.8	1.1	2.2	1.4	1.7	1.7	1.7
Net profit	\$ 1.0	\$ 6.7	\$ 1.3	\$ 4.3	\$ 0.9	\$ 2.1	\$ 5.5	\$ 2.5
Weighted average shares outstanding - Basic	11.4M	11.3M	11.3M	11.3M	11.3M	11.2M	10.1M	9.8M
Weighted average shares outstanding - Diluted	11.5M	11.4M	11.4M	11.4M	11.3M	11.3M	10.2M	9.9M
Net profit per share								
Basic	\$ 0.10	\$ 0.60	\$ 0.11	\$ 0.38	\$ 0.10	\$ 0.18	\$ 0.55	\$ 0.25
Diluted	\$ 0.10	\$ 0.60	\$ 0.11	\$ 0.38	\$ 0.10	\$ 0.18	\$ 0.54	\$ 0.25
Adjusted EBITDA per share								
Basic	\$ 1.67	\$ 1.48	\$ 1.24	\$ 1.24	\$ 1.10	\$ 1.33	\$ 1.40	\$ 1.06
Diluted	\$ 1.66	\$ 1.47	\$ 1.23	\$ 1.23	\$ 1.09	\$ 1.32	\$ 1.39	\$ 1.05

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Fourth Quarter Financial Summary

This fourth quarter unaudited interim condensed consolidated financial summary should be read in conjunction with the annual financial statements along with accompanying notes thereto.

### Consolidated Statements of Net Profit

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

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Consolidated Statements of Cash Flows

For the years ended September 30, 2022 and 2021 (Canadian dollars in thousands):

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Weighted average number of common shares – basic	11,399,172	11,271,536	11,343,615	10,599,693
Additions to reflect the dilutive effect of employee stock options and RSU's	72,928	75,333	39,725	40,735
Weighted average number of common shares – diluted	11,472,100	11,346,869	11,383,340	10,640,428

The following table presents the revenue of the Company for the year ended September 30, 2022 and 2021 (Canadian dollars in thousands):

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Product revenue				
Advanced Technologies	\$ 16,021	\$ 29,731	\$ 93,038	\$ 113,878
Health	5	147	5	4,658
Learning	1,581	-	3,670	-
ITCS	37,311	3,391	62,542	13,088
Total product revenue	\$ 54,718	\$ 33,269	\$ 159,255	\$ 131,624
Service revenue				
Advanced Technologies	\$ 14,496	\$ 12,997	\$ 57,360	\$ 52,713
Health	39,465	44,020	167,136	190,278
Learning	20,218	17,561	87,998	74,622
ITCS	31,653	19,792	110,423	69,167
Total service revenue	\$ 105,832	\$ 94,370	\$ 422,917	\$ 386,780
Total revenue	\$ 160,550	\$ 127,639	\$ 582,172	\$ 518,404

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Segmented information is as follows for three months ended September 30, 2022 (Canadian dollars in thousands):

For the year ended September 30, 2022	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
<b>Revenue</b>	\$ 30,517	\$ 39,470	\$ 21,799	\$ 68,764	\$ -	\$ 160,550
<b>Cost of revenues</b>	20,341	29,440	16,932	43,687	-	110,400
<b>Gross profit</b>	10,176	10,030	4,867	25,077	-	50,150
<b>Gross profit %</b>	33 %	25 %	22 %	36 %	N/A	31 %
Selling and marketing	2,764	749	457	8,293	801	13,064
General and administration	2,162	2,823	1,421	4,211	6,387	17,004
Research and development	734	101	-	180	-	1,015
<b>Profit before under noted items</b>	\$ 4,516	\$ 6,357	\$ 2,989	\$ 12,393	\$ (7,188)	\$ 19,067
Profit before under noted items %	15 %	16 %	14 %	18 %	N/A	12 %
Depreciation of equipment, application software and R&D						2,308
Depreciation of right of use asset						950
Amortization of acquired intangibles						3,484
Deemed compensation						3,314
Changes in fair value related to contingent earn-out						2,289
<b>Profit before interest income and income tax expense</b>						6,722
Lease obligations interest expense						143
Interest expense (income)						7
<b>Profit before income tax expense</b>						6,572
Income tax expense – current						5,650
Income tax expense – deferred						(273)
Total income tax expense						5,377
<b>NET PROFIT FOR THE PERIOD</b>						\$ 1,195

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Segmented information is as follows for three months ended September 30, 2021 (Canadian dollars in thousands):

For the year ended September 30, 2021	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
<b>Revenue</b>	\$ 42,728	\$ 44,167	\$ 17,561	\$ 23,183	\$ -	\$ 127,639
<b>Cost of revenues</b>	31,449	33,070	13,713	16,303	-	94,535
<b>Gross profit</b>	11,279	11,097	3,848	6,880	-	33,104
<b>Gross profit %</b>	26 %	25 %	22 %	30 %	N/A	26 %
Selling and marketing	1,975	790	181	653	852	4,451
General and administration	2,519	2,919	1,043	1,368	6,374	14,223
Research and development	1,243	115	-	649	-	2,007
<b>Profit before under noted items</b>	\$ 5,542	\$ 7,273	\$ 2,624	\$ 4,210	\$ (7,226)	\$ 12,423
Profit before under noted items %	13 %	16 %	15 %	18 %	N/A	10 %
Depreciation of equipment, application software and R&D						1,112
Depreciation of right of use asset						781
Amortization of acquired intangibles						3,374
Deemed compensation						906
Changes in fair value related to contingent earn-out						3,556
<b>Profit before interest income and income tax expense</b>						2,694
Lease obligations interest expense						107
Interest expense (income)						63
<b>Profit before income tax expense</b>						2,524
Income tax expense – current						1,752
Income tax expense – deferred						(321)
Total income tax expense						1,431
<b>NET PROFIT FOR THE PERIOD</b>						\$ 1,093

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Calian Consolidated Results

The Company continued its double-digit growth in the current year with consolidated revenues increasing by 12% when compared to the same period of the prior year. This comes even with strong headwinds faced in both Advanced Technologies and Health. This overall growth can be attributed to the increases in revenue that the Company achieved in both its ITCS and Learning segments, with growth of 110% and 23%, respectively. Not only is the Company growing its revenue base by delivering on its customer retention and customer diversification pillars, but through innovation and continuous improvement, the Company has been able to grow its gross margin to record amounts at 29% for the year ended September 30, 2022, up from 24% for the same period of the prior year.

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues	\$ 160,550	\$ 127,639	\$ 582,172	\$ 518,404
Gross profit	50,150	33,104	169,226	126,737
Selling and marketing	13,064	4,451	32,514	16,334
General and administration	17,004	14,223	65,408	53,454
Research and development	1,015	2,007	5,372	5,020
Profit before under noted items	\$ 19,067	\$ 12,423	\$ 65,932	\$ 51,929

### Revenues

Consolidated revenues grew 26% in the three-month period, and 12% in the 12-month period ended September 30, 2022, when compared to the same periods in the previous year. This increase in revenue can be largely attributed to the additional revenues from acquired entities. Acquisitive growth was 36% for the three-month period and 19% for the 12-month period ended September 30, 2022, when compared to the same periods in the prior year. Calian measures growth through acquisition on a trailing 12-month basis; once the acquisition has been included in our results for 12 months, their contribution is included in the organic growth metric.

IT and Cyber Solutions saw an unprecedented 197% growth for the three-month, and a 110% growth for the year ended September 30, 2022, when compared to the same periods of the previous year. This growth was the result of its acquisition of Computex in March of 2022 along with continued strong performance of its overall cyber practice.

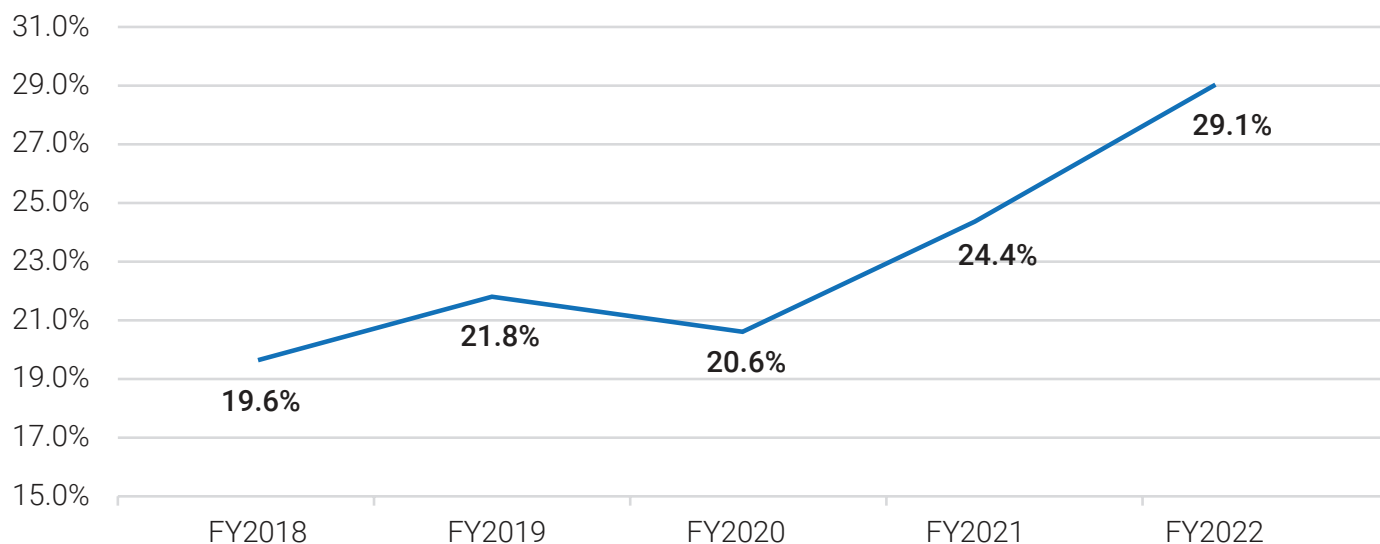
Learning showed strong revenue growth of 24% for the three-month, and 23% for the year ended September 30, 2022, when compared to the same periods of the previous year. This growth came from the acquisition of Simfront which brought new technologies to our segment to supplement the strong base of specialized learning services we deliver in North America and Europe.

Advanced Technologies experienced a revenue decline of 29% for the three-month period ended September 30, 2022, and a 10% decline for the year ended September 30, 2022, when compared to the same periods of the previous year. Supply chain issues have resulted in parts delays which have restricted our ability to deliver our products. In addition, delays in the award of new ground system projects had an impact on revenue.

Health revenue decreased by 11% for the three-month period, and decreased by 14% for the year ended September 30, 2022, when compared to the same periods of the previous year, which is primarily related to business the Company won to support various Canadian government agencies' responses to COVID-19, or increased demand on existing contracts with customers that were directly related to COVID-19. Those new engagements have reduced significantly as the response to the pandemic has evolved, and our existing vehicles have reduced to more normal run rates.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Gross Margin %



### Gross Profit

As detailed below in each segment, performance and gross margin by segment varies from 22% to 36% and the business mix, in turn, affects the consolidated gross margin. Consolidated gross margin percentage for the Company's fourth quarter was 31%, and 29% for the 12 months ended September 30, 2022, which represents yet another record quarter and year for the Company. This is due to several factors, including higher margins derived from products and services which were acquired through the Company's M&A agenda, organic revenues with a focus on market verticals where margins are higher, along with sustained focus on innovation to introduce products which derive higher margins. Gross margin percentage has increased by nearly 10% in the last 5 fiscal years.

This has been achieved through several initiatives. These include expansion into new markets and new geographies, expansion into more commercial customers, investment in our own products and strategic M&A investments.

### Operating Expenses

Selling and marketing costs increased \$8,613 for the three-month period, and \$16,180 for the 12-month period ended September 30, 2022, when compared to the same periods of the prior year. The overall increase in cost and activity is primarily due to selling and marketing costs from recent acquisitions with incentives on selling activities, in addition to continued spend on business development activities as government-imposed restrictions in response to COVID-19 were eased for conferences and travel.

General and administration costs increased by 20% for the three-month, and 22% for the 12-month periods ended September 30, 2022, when compared to the same periods of the previous year. The increase is the result of further investments within the four operating segments to enable strong project delivery, additional costs incurred through recent acquisitions, and enhancing capabilities in human resources and information technology. Information technology investments are critical for the company's sustained growth agenda.

Research and development costs decreased by \$992 in the three-month, and increased by \$352 in the 12-month periods ended September 30, 2022, when compared to the same periods in the prior year. The reduction in research and development in the three-month period ended September 30, 2022 is primarily due to timing of development projects ending, and new project starts being delayed.

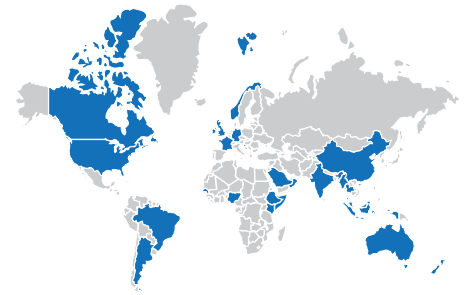
## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Below is a discussion of the performance of the four operating segments for the fourth quarter, including:

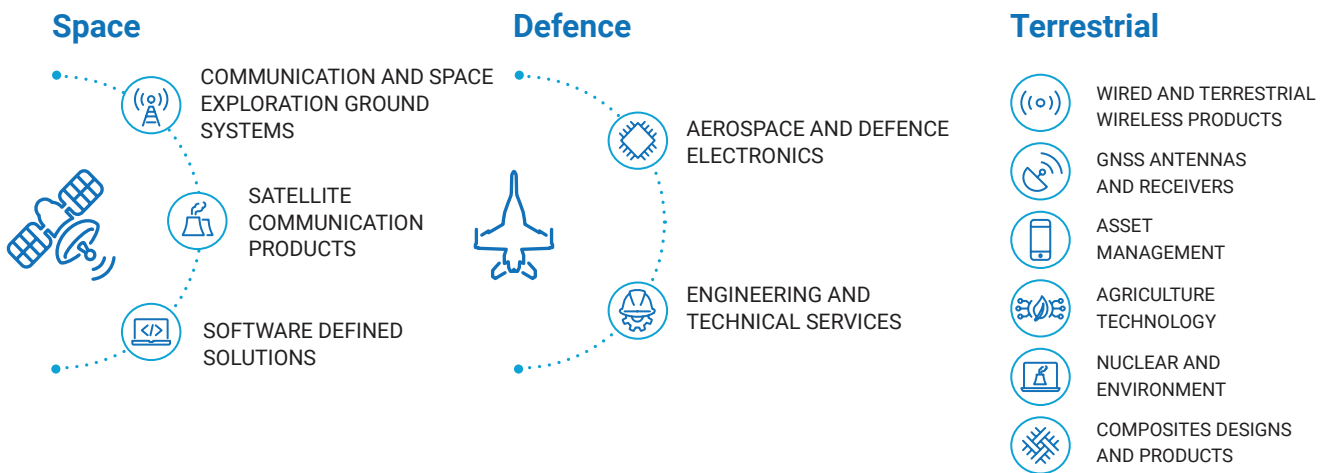
	Advanced Technologies		Health		Learning		IT & Cyber	
Revenue	\$	30,517 ↓29%	\$	39,470 ↓11%	\$	21,799 +24%	\$	68,764 +197%
Gross margin	\$	10,176	\$	10,030	\$	4,867	\$	25,077
Organic/acquisitive		-31% / Nil		-11% / Nil		8% / 16%		12% / 185%
New contract signings	\$	\$60,102	\$	35,240	\$	9,755	\$	55,682
Backlog	\$	159,7625	\$	707,084	\$	328,330	\$	96,515

\*Comparisons in the above table are made to the three month-period ended September 30, 2021

# ADVANCED TECHNOLOGIES



## What We Do.



## For Whom.

INMARSAT  
SiriusXM  
Canada Center for Mapping and Earth Observation (CCMEO)  
NASA Goddard Space Flight Center

ORBCOMM Inc.  
MDA  
Canadian Space Agency  
European Space Agency

## Q4 Snapshot.

<b>-29%</b> \$31M Revenue*	<b>-19%</b> \$4.5M EBITDA*	<b>\$160M</b> Backlog	<b>\$60M</b> New Contract Signings	<b>4</b> Aquisitions Since 2018
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\* Compared to Q4 FY21

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Advanced Technologies segment operates in three distinct market verticals. It uses its deep experience and skills in software and development, radio frequency (RF) engineering, and hardware development to help customers across these market verticals.

Space	Defence	Terrestrial
Calian has been a global leader in the provision of sophisticated ground-based solutions to the satellite industry for over 50 years. The Company's solutions include sophisticated ground systems, services and products supporting space exploration, satellite communications, broadcast solutions, earth observation and defence.	Calian designs and manufactures aerospace and defence electronics including vetronics, subsystem assemblies, circuitry and cable harnesses built to meet military qualifications and to perform in the harshest of environments.	The Company's terrestrial segment provides solutions oriented to a variety of markets including cable networks and wireless, precision GNSS and timing antennas and receivers, asset management solutions, producer to consumer agriculture technology, along with environment and nuclear consulting.

### Q4 and Full Fiscal Year Highlights

- Signed \$185 million in new contracts in FY22, including \$160 million with existing customers.
- Renewed contract with SaskPower for technical and engineering services to support planning for small modular reactors (SMRs) for an additional year.
- Won new business, including over \$5 million worth of armoured vehicle cable and harness manufacturing business; additional antenna systems work from NASA, a long-standing customer; as well as a contract to develop a multi-camera high speed image processing module for drone applications worth \$2 million.
- Became a founding member of the new space industry group "Space Canada." The national group will raise awareness for Canada's growing space sector.
- Played a role in a historic moment—the first time the European Space Agency (ESA) was able to successfully capture views of the planet Mercury. As part of the ESA/JAXA BepiColombo mission, our 35m antennas transmitted commands to the spacecraft as it tracked a probe through space and received images back to the ground station. These black-and-white images, taken 1,000 km from Mercury's surface, will help ESA better understand the "mysterious" planet.
- Launched several products including Bin-Sense® Solo, providing an affordable entry-level remote monitoring solution for small- to medium-sized grain bins; a new antenna receiver solution in partnership with u-blox which enables solution providers to obtain unprecedented precise location accuracy on a robust and affordable platform; as well as Decimator D4 product which was a huge success leading to record Decimator sales in 2022.
- Expanded composite capabilities to other aperture-size antenna reflectors and building large composite material structures for the military.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Financial Performance

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues	\$ 30,517	\$ 42,728	\$ 150,398	\$ 166,591
Gross profit	10,176	11,279	43,335	41,576
Selling and marketing	2,764	1,975	9,224	7,496
General and administration	2,162	2,519	9,211	9,683
Research and development	734	1,243	4,243	3,542
Profit before under noted items	\$ 4,516	\$ 5,542	\$ 20,657	\$ 20,855

Advanced Technologies' revenues decreased by 29% for the three-month period and decreased by 10% in the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. The revenue decrease in the three-month period is attributable primarily to a large-scale project in the prior year scaling down this year and not being replaced as rapidly in our Space division, along with a decrease in volume of manufactured product sales revenues due to parts shortages. This is partially offset by the continued growth in our GNSS product business where we have been successful in managing through supply chain challenges.

Gross margin percentage increased from 26% to 33% for the three-month period, and from 25% to 29% for the 12-month period ended September 30, 2022, when compared to the same periods of the prior year. This change is primarily due to the revenue mix being impacted and a greater proportion of revenue attributable from higher-margin product sales.

Sales and marketing expenses increased by \$789 for the three-month period and decreased by \$1,728 for the 12-month period ended September 30, 2022, when compared to the same periods in the prior year. The overall increase is due to a higher volume of tradeshows and on-site customer travel as travel restrictions have eased.

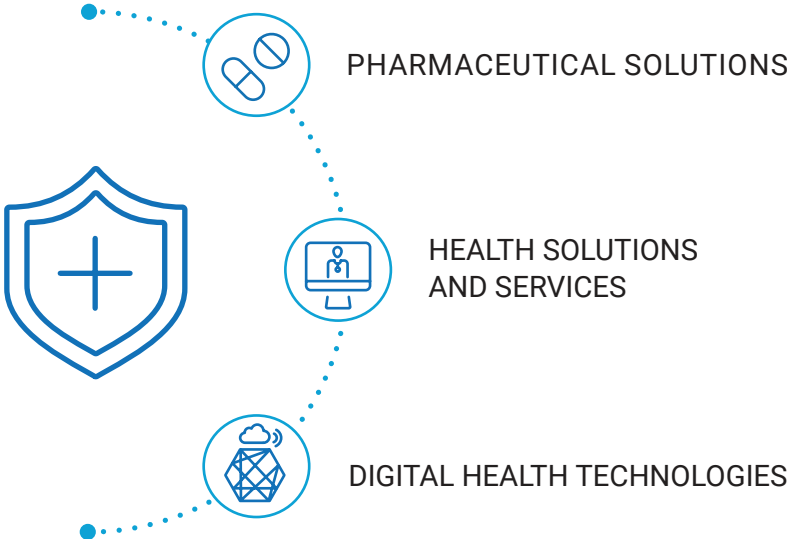
General and administration expenses decreased by 14% in the three-month period and 5% in the 12-month period ended September 30, 2022, which is a direct result of cost management within the segment to maintain profitability along with strategically utilizing staff on either research projects, or ones that are ongoing for customer deployment.

Research and development expenses have decreased by 41% in the three-month period ended, and have increased by 20% in the year ended September 30, 2022, when compared to the same periods of the prior year. The decrease in the three-month period is a result of more vacation usage by unutilized engineering staff, while the increase in the year-to-date period is a result of targeted investment on new technologies for the segment.

# HEALTH



## What We Do.



## For Whom.

Vaccine and Infectious Disease Organization (VIDO), part of the University of Saskatchewan

Canada Border Services Agency  
Canadian armed forces

## Q4 Snapshot.

-11%

\$39M Revenue\*

-13%

\$6.4M EBITDA\*

\$707M

Backlog

\$35M

New Contract Signings

3

Aquisitions Since 2018

\* Compared to Q4 FY21

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Calian delivers healthcare and digital health solutions engineered to improve access to high-quality care. The company's innovations increase efficiencies, protect critical systems and enable new pathways to better healthcare on a global scale.

Digital Health Technologies	Health Solutions & Services	Pharmaceutical
<ul style="list-style-type: none"><li>• Health Enterprise Resource Planning (ERP) Platform</li><li>• Solutions Cross-Sold from ITCS<ul style="list-style-type: none"><li>• Virtual Care</li><li>• Care Coordination</li><li>• Health Data Integration and Interoperability</li><li>• Health Cloud and Application Services</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Clinical Services</li><li>• Nursing Services</li><li>• Psychological Services</li><li>• Patient Support Programs</li><li>• Clinical Services</li><li>• Medical Property Management</li></ul>	<ul style="list-style-type: none"><li>• Contract Research Outsourcing</li><li>• Patient Support Programs</li><li>• Functional Service Provider</li></ul>

### Q4 and Full Fiscal Year Highlights

- Debuted Calian Nexi™ digital health platform in the US Homecare market in September at the 2022 Home Care Association of America Conference.
- Launched the Syantra DX Patient Support Program & Real-World Evidence Study to increase breast cancer awareness and promote early detection in Canada. The three-year contract, valued at \$5M, leverages Syantra DX | Breast Cancer screening test to collect real-world outcomes, Calian Nexi for patient support automation, the Calian nursing network for mobile testing and clinical research services.
- Signed \$154 million in new contracts in FY22, including \$91 million with existing customers.
- Launched the first cohort of the Calian L-SPARK MedTech Accelerator to help Canadian digital health startups grow their businesses and bring innovative, high-value solutions to healthcare organization across the country.
- Extended our relationship with the Department of National Defence & Veteran's Affairs Canada through the Health Care Provider Requirements contract which speaks to our customer retention and high value of service.
- Became a strategic partner for Microsoft Life365. This is a complementary partnership to our Corolar Virtual Care™ and data interoperability platform that makes digital transformation easier by eliminating the need to overhaul IT infrastructures. The strength of this partnership will provide healthcare institutions with the ability to enhance solutions and services to clinicians and patients, thus improving the overall virtual care experience.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Financial Performance

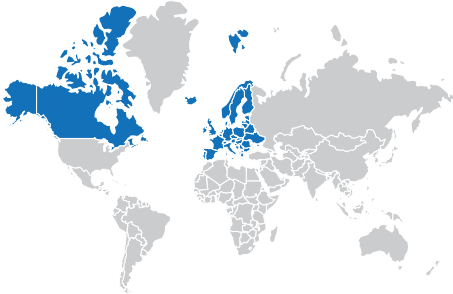
	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues	\$ 39,470	\$ 44,167	\$ 167,141	\$ 194,936
Gross profit	10,030	11,097	41,551	47,843
Selling and marketing	749	790	2,479	2,636
General and administration	2,823	2,919	10,341	9,848
Research and development	101	115	397	573
Profit before under noted items	\$ 6,357	\$ 7,273	\$ 28,334	\$ 34,786

Revenues decreased 11% for the three-month period and 14% for the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. In fiscal 2021, the Company saw significant demand for both new and existing contracts relating to COVID-19 response. Demand on existing contracts has since ramped down to more normalized levels, and revenue from new programs related specifically to COVID-19-related support services is attributable to approximately 6% of the decline in overall revenues. In addition to the decline in COVID-19 business, the Company has seen a temporary slowdown in demand in patient support programs as new contracts are being onboarded and resources are being shifted to the new programs.

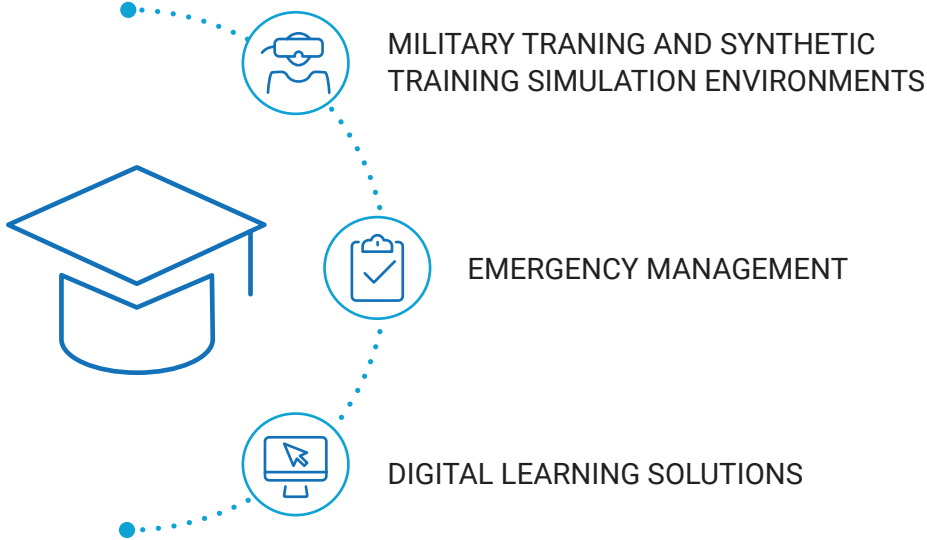
Gross margin percentage remained at 25% for the three- and 12-month periods ended September 30, 2022, when compared to the same periods of the prior year.

General and administration expenses increased by \$493 for the 12-month period ended September 30, 2022, when compared to the same period of the prior year, due to increases in fixed costs that were brought on to support new contracts won in the past 12 months.

# LEARNING



## What We Do.



## For Whom.

- EU/UK Ministries of Defence
- Department of National Defence
- NATO
- St. Joseph's hospital
- Department of National Defense for Canadian Defense Army (CDA)
- Military Personnel Generation Group (MPGG)
- Canadian Armed Forces (CAF)
- Royal Canadian Airforce (RCAF)
- Hydro Ottawa

## Q4 Snapshot.

<b>+24%</b> \$22M Revenue*	<b>+14%</b> \$3.0M EBITDA*	<b>\$328M</b> Backlog	<b>\$10M</b> New Contract Signings	<b>2</b> Aquisitions Since 2018
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\* Compared to Q4 FY21

## MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Military, all levels of government, and commercial clients leverage the Company’s expertise in military training and simulation solutions, learning and emergency management.

Military Training & Synthetic Training Simulation Environments	Digital Learning Solutions	Emergency Management
<ul style="list-style-type: none"> <li>• Exercise Design, Development, and Delivery</li> <li>• Military Occupational Trades and Leadership Training</li> <li>• High-Readiness Training</li> <li>• Competency Development</li> </ul>	<ul style="list-style-type: none"> <li>• Learning Management Services</li> <li>• Curriculum Development</li> <li>• Digital Delivery</li> <li>• Immersive Training Technologies (AR/VR/MR/XR)</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Assessments</li> <li>• Business Continuity Planning</li> <li>• Crisis Communications Planning</li> <li>• Training and Exercise Design, Development, and Delivery</li> <li>• After-Action Reviews</li> </ul>

### Q4 and Full Fiscal Year Highlights

- Acquired Canadian-based SimFront, valued at up to \$15 million. SimFront brings world-class technology tools to help scale training initiatives for customers around the globe.
- Signed \$154 million in new contracts in FY22, including \$99 million with existing customers.
- Expanded our relationship with key customers, including four new projects with NATO and NATO member countries, the Royal Canadian Navy and Sault College and University of Guelph.
- Signed several new contracts including a one-year contract with option years worth a full potential value of \$15 million with the Joint Warfare Centre NATO 360 for collaborative production environment development and delivery support, a three-year contract worth \$12 million with the Royal Canadian Air Force (“RCAF”) for eLearning Services, a \$3-million contract for virtual fleet development and digital asset management with the Royal Canadian Navy and \$5.5 million in sales with a Canadian defence prime contractor for parts, components and assemblies.
- Renewed a contract, worth an initial value of \$8.8 million, with the Military Personnel Generation Group (“MPG”) to support four activity streams: administration, training, instruction and e-learning development.
- Continued European expansion. Calian was selected by the French Ministry of Defence Land Forces to develop scenario and exercise scripts for upskilling 60,000 troops as part of one of their core 2022-2023 defence exercise programs, Exercise HEMEX ORION 2023.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Financial Performance

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues	\$ 21,799	\$ 17,561	\$ 91,668	\$ 74,622
Gross profit	4,867	3,848	23,271	17,337
Selling and marketing	457	181	1,404	866
General and administration	1,421	1,043	4,984	4,036
Research and development	-	-	-	-
Profit before under noted items	\$ 2,989	\$ 2,624	\$ 16,883	\$ 12,435

Revenue increased by 24% for the three-month period and 23% for the 12-month period ended September 30, 2022, when compared to the same periods of the prior year. Acquisitive growth was 16% for both the three- and 12-month period ended September 30, 2022, when compared to the same periods of the previous year. Organic growth of 8% for the three-month period, and 7% for the 12-month period is a factor of expanded work with long-standing customers along with continued expansion into Europe as the Company continues to capitalize on brand recognition in the area gained through acquisitions in the last 24 months.

Gross margin percentage remained at 22% for the three-month period and increased from 23% to 25% for the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. This is primarily due to our acquisitive revenue.

General and administration expenses increased by \$948 for the 12-month period ended September 30, 2022, when compared to the same period of the prior year, resulting from costs attributable to acquisitions completed within the past 12 months, the consolidation of costs related to acquired entities, along with the costs of the segment's continued European expansion.

# IT AND CYBER SOLUTIONS



## What We Do.



## For Whom.

Department of National Defence  
General Dynamics Mission Systems

Coterra  
Omni logistics

## Q4 Snapshot.

<b>+197%</b> \$69M Revenue*	<b>+194%</b> \$12.4M EBITDA*	<b>\$97M</b> Backlog	<b>\$56M</b> New Contract Signings	<b>4</b> Aquisitions Since 2018
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\* Compared to Q4 FY21



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Calian creates enterprise value through a wide range of products and solutions that solve complex problems for the Company's customers.

Consulting Services	IT Solution Provider	24x7 Managed IT & Cyber Services
<ul style="list-style-type: none"> <li>• Cloud Strategy/Migration</li> <li>• Application Integration &amp; Migration</li> <li>• Custom Application &amp; Web Portal Development</li> <li>• OnDemand IT/Cyber Consulting</li> <li>• RF Emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Enterprise Architecture</li> <li>• Data Centre Builds &amp; Migration</li> <li>• Firewalls &amp; Network Security</li> <li>• Wireless &amp; SD-WAN</li> <li>• Integration Services</li> </ul>	<ul style="list-style-type: none"> <li>• MDR (Managed Detection and Response)</li> <li>• Security Operations Centre-as-a-Service</li> <li>• Network Operations Centre-as-a-Service</li> <li>• Infrastructure Monitoring &amp; Management</li> <li>• User and Business Application Management &amp; Support</li> <li>• Cyber Incident Response</li> <li>• Penetration Testing vCISO</li> </ul>

### Q4 and Full Fiscal Year Highlights

- Acquired Computex for C\$43 million, enabling entry into the U.S. market with a strong base of recurring, complementary cybersecurity solutions, and a strong sales distribution engine. Since completing the acquisition in March of 2022, it has added C\$71 million in acquisitive revenue for the IT segment.
- Signed \$206 million in new contracts in FY22, including \$70 million with existing customers.
- Awarded several contracts including a \$20-million four-year cybersecurity on-demand staffing contract with the Canadian Government's Department of National Defence and a C\$7.9-million contract supporting the modernization and transformation of Immigration, Refugees, and Citizenship Canada's (IRCC) eServices.
- Launched two XaaS recurring revenue platforms: Corolar Virtual Care on the Microsoft Azure Marketplace and Juno 360 Cyber platform.
- Achieved several certifications with Microsoft including Solution Partner designation with certifications in Data & AI, Digital & App Innovation, and Modern Work as well as ISO 27001 certification in the U.S. and SOC II Type 1 in Canada. Microsoft Canada awarded Calian the Health Impact Award in Canada while our U.S. IT & Cyber Solutions division was awarded the CRN top 500 MSPs.
- Completed Cisco Canada partner agreement. The partner agreement expands our Gold Triple Master partnership capabilities beyond the U.S. and allows Calian Canadian operations to sell into existing and new customers investing in data centre refresh and networking infrastructure equipment.
- Selected as CrowdStrike's Canadian partner of the year. The award is a testament to our successful customer and partner relationships.

### Financial Performance

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues	\$ 68,764	\$ 23,183	\$ 172,965	\$ 82,255
Gross profit	25,077	6,880	61,069	19,981
Selling and marketing	8,293	653	15,598	3,027
General and administration	4,211	1,368	15,218	6,071
Research and development	180	649	732	905
Profit before under noted items	\$ 12,393	\$ 4,210	\$ 29,521	\$ 9,978

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Revenues increased by 197% for the three-month period and 110% for the 12-month period ended September 30, 2022, compared to the same periods of the previous year. The growth in this quarter is primarily attributed to the strong performance achieved due to our expansion into the U.S. marketplace. Acquisitive growth was 185% for the three-month and 102% for the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. Organic growth was driven from the continued expansion of our Canadian-based cybersecurity offerings. Revenue performance in the quarter was aided by an improvement in the supply chain. We were able to receive key products from our partners to reduce our backlog in the IT Solutions Provider division.

Gross margin increased from 30% to 36% in the three-month period and 24% to 35% in the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. This has been a result of our growth in managed services and IT solutions provider business.

Selling and marketing costs have increased by \$7,640 in the three-month period and \$12,570 in the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. This increase can be directly related to additional costs of consolidating newly acquired entities where their selling and marketing costs tied to individual margin contribution.

General and administrative expenses increased by \$2,843 in the three-month period and \$9,147 for the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. This increase relates to additional expenses from the consolidation of recent acquisitions, along with additional investments in headcount to support sustained growth organically.

Research and development expenses have decreased by \$469 in the three-month period ended September 30, 2022, when compared to the same period of the previous year. This decrease is related to utilization of key engineers on customer projects instead of research programs within the Company.

Profitability for the segment has increased by 194% in the three-month period and 196% in the 12-month period ended September 30, 2022, when compared to the same period of the previous year. This is a direct result of the increases in sales volume and increases in gross margin percentage offset by the costs of consolidating newly acquired entities. Profit before under noted items for the segment increased from 12% to 17% for the 12-month period ended September 30, 2022. The investments in acquisitions and our internally generated delivery platforms are demonstrating the results of the Company's investment strategy.

# SUMMARY

With a record quarter of performance across several key indicators, resulting in the eighth consecutive record year, the Company continues to execute its strategy of profitable growth.

Customers: During FY22 we continued to focus on delivery excellence and have won contracts worth \$420M with existing customers.

Diversification: We continued to diversify our revenues—growth in the U.S. and Europe was 46%—while doing so in a profitable manner. Commercial revenues have reached parity with our government revenues as our investment in sales and marketing have yielded returns.

Innovation: We introduced technology into our Learning and Health segments and continue to evolve our offerings across all we do to be relevant for our customers today and into the future.

Continuous Improvement: We continue to strive for excellence and efficiency across our activities. We launched a new ERP during the year, as well as invested to support a flexible hybrid workforce for the coming years.

## Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures

These non-GAAP measures are mainly derived from the consolidated financial statements, but do not have a standardized meaning prescribed by IFRS, therefore, others using these terms may calculate them differently. The exclusion of certain items from non-GAAP performance measures does not imply that these are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure. Other entities may define the above measures differently than we do. In those cases, it may be difficult to use similarly named non-GAAP measures of other entities to compare performance of those entities to the Company's performance.

Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of the Company's financial reports with enhanced understanding of the Company's results and related trends and increases transparency and clarity into the core results of the business. Adjusted EBITDA excludes items that do not reflect, in our opinion, the Company's core performance and helps users of our MD&A to better analyze our results, enabling comparability of our results from one period to another.

## Adjusted EBITDA

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net profit	\$ 1,195	\$ 1,093	\$ 13,604	\$ 11,155
Depreciation of equipment and application software	2,308	1,112	6,974	4,285
Depreciation of right of use asset	950	781	3,629	3,054
Amortization of acquired intangible assets	3,484	3,374	20,555	11,731
Lease interest expense	143	107	451	450
Changes in fair value related to contingent earn-out	2,289	3,556	5,555	10,336
Interest expense (income)	7	63	295	360
Deemed compensation	3,314	906	4,314	4,006
Income tax	5,377	1,431	10,555	6,552
Adjusted EBITDA	\$ 19,067	\$ 12,423	\$ 65,932	\$ 51,929

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Adjusted Net Profit and Adjusted EPS

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

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Cash flows generated from operating activities	(12)	27,666	43,141	46,542
Capitalized research and development	(2)	(93)	(177)	(430)
Equipment and application software	(2,240)	(2,430)	(7,148)	(7,419)
Free cash flow	(2,254)	25,143	35,816	38,693
Free cash flow	(2,254)	25,143	35,816	38,693
Adjustments:				
Change in non-cash working capital	16,367	(16,366)	11,380	(4,022)
Operating free cash flow	14,113	8,777	47,196	34,671
Operating free cash flow per share	<b>1.24</b>	<b>0.78</b>	<b>4.16</b>	<b>3.27</b>

The Company uses adjusted net profit and adjusted earnings per share, which remove the impact of our acquisition amortization and gains, resulting in accounting for acquisitions and changes in fair value to measure our performance. Operating free cash flow measures the company's cash profitability after required capital spending when excluding working capital changes. These measurements better align the reporting of our results and improve comparability against our peers. We believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Management also uses non-GAAP measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and working capital requirements. Adjusted profit and adjusted earnings per share are not recognized, defined or standardized measures under IFRS. Our definition of adjusted profit and adjusted earnings per share will likely differ from that used by other companies (including our peers) and therefore comparability may be limited. Non-GAAP measures should not be considered a substitute for, or be considered in isolation from, measures prepared in accordance with IFRS. Investors are encouraged to review our financial statements and disclosures in their entirety and are cautioned not to put undue reliance on non-GAAP measures and view them in conjunction with the most comparable IFRS financial measures. The Company has reconciled adjusted profit to the most comparable IFRS financial measure as shown above.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Consolidated Net Income and Other Selected Financial Information

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit before under noted items	\$ 19,067	\$ 12,423	\$ 65,932	\$ 51,929
Depreciation of equipment and application software	2,308	1,112	6,974	4,285
Depreciation of right of use asset	950	781	3,629	3,054
Amortization of acquired intangible assets	3,484	3,374	20,555	11,731
Deemed Compensation	3,314	906	4,314	4,006
Changes in fair value related to contingent earn-out	2,289	3,556	5,555	10,336
Profit before interest income and income tax expense	\$ 6,722	\$ 2,694	\$ 24,905	\$ 18,517
Lease interest expense	143	107	451	450
Interest expense (income)	7	63	295	360
Income tax expense	5,377	1,431	10,555	6,552
Net profit	\$ 1,195	\$ 1,093	\$ 13,604	\$ 11,155
Net profit per share, basic	0.11	0.10	1.20	1.05
Total assets	547,162	465,400	547,162	465,400
Dividends per share	0.28	0.28	1.12	1.12

Depreciation of equipment and application software increased by \$1,196 in the three-month period and \$2,689 in the 12-month period ended September 30, 2022, when compared to the same periods in the year prior due to higher balances of assets across the organization as a result of investment in information technology assets and depreciation from recent acquisitions.

Depreciation of right of use asset has increased by 22% for the three-month and by 19% for the 12-month periods ended September 30, 2022, which is a result of new leases signed in the last 12 months, along with leases brought on from recent acquisitions.

Amortization of acquired intangible assets has increased by \$110 in the three-month period and \$8,822 in the 12-month period ending September 30, 2022 when compared to the same periods of the previous year due to acquisitions in the prior year of Dapasoft and Cadence, along with intangibles acquired in the current year through SimFront and Computex. Additionally, in the 12-month period, ended September 30, 2022, 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. The Company had reduced the contingent consideration owed to NIL and recorded a gain in change of estimate in the amount of \$3,228. As a result of this adjustment in estimated total purchase price, the Company reviewed the estimated cash flows to be derived from the assets acquired. As a result the Company has taken an impairment of \$6,477 with existing intangible assets, and reduced associated deferred tax liability by \$1,716, resulting in a net loss in the period of \$4,761. Please see notes 24 and 25 to the financial statements for more information.

Changes in fair value related to contingent earn out has decreased by \$1,267 in the three-month period and \$4,781 in the nine-month period ended September 30, 2022, when compared to the same periods of the previous year. This decrease is attributable to greater changes in projected achievement that occurred in the prior year, where those earn out amounts were recognized closer to their total value. In the current year, although there were changes to projected achievement levels, the amount to record was much lower. The change in fair value of contingent payments and deemed compensation are explained further in note 25 of the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Finally, the Company reports its results on a fully taxed basis. The provision for income taxes for the three-month period ended September 30, 2022, was \$5,377, which is higher than the \$1,431 recorded in the same period of the previous fiscal year due to higher earnings in the current period. The provision for income taxes for the 12-month period ended September 30, 2022, was \$10,555, which is greater than the \$6,552 for the same period from the previous year which is primarily due to higher earnings. The effective tax rate of the company is projected to be approximately 27% for the annual period. The difference in effective tax rate to actual tax rate is primarily due to the increase in non-taxable items in the statement of profit and loss including intangible amortization and changes in fair value related to contingent earn out amounts which are quite significant to the company, and account for significant fluctuations in tax rate where income tax is a percentage of earnings before tax.

### Backlog

The Company's realizable backlog at September 30, 2022 was \$1,292 million with terms extending to fiscal 2030. Contracted backlog represents maximum potential revenues remaining to be earned on signed contracts, whereas option renewals represent customers' options to further extend existing contracts under similar terms and conditions.

During the three-month period ended September 30, 2022 the following contracts were the major contributors to the Company's backlog. These contracts are further described in the business overview section of this Management Discussion and Analysis.

- \$16M contract re-win with a long-standing customer in our Advanced Technologies Terrestrial division
- \$15M contract with a single customer for a cybersecurity product
- \$8M contract win for Learning services deploying our AR/VR technology

There were no material contracts that were cancelled unexpectedly that would have resulted in a significant decrease in our backlog.

Most fee-for-service contracts provide the customer with the ability to adjust the timing and level of effort throughout the contract life and, as such, the amount actually realized could be materially different from the original contract value. The following table represents management's best estimate of the backlog realization for fiscal year 2023, fiscal year 2024 and beyond based on management's current visibility into customers' existing requirements.

Management's estimate of the realizable portion (current utilization rates and known customer requirements) is less than the total value of signed contracts and related options by approximately \$302 million. The Company's policy is to reduce the reported contractual backlog once it receives confirmation from the customer that indicates the utilization of the full contract value may not materialize.

### Contract Backlog as of September 30, 2022

Contracted backlog	\$	774,755
Option renewals		818,918
	\$	1,593,673
Management estimate of unrealizable portion		(302,018)
Estimated realizable backlog	\$	1,291,655

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Estimated recognition of Estimated Realizable Backlog

	October 1, 2022 to September 30, 2023	October 1, 2023 to September 30, 2024	Beyond September 30, 2024	Total
Advanced Technologies	\$ 91,118	\$ 40,235	\$ 28,373	\$ 159,726
Health	150,540	65,676	490,867	707,083
Learning	96,592	87,128	144,611	328,331
ITCS	73,903	15,420	7,192	96,515
Total	\$ 412,153	\$ 208,459	\$ 671,043	\$ 1,291,655

### Statement of Cash Flows

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Cash flows from operating activities before changes in working capital	\$ 16,355	\$ 11,300	\$ 54,521	\$ 42,520
Changes in working capital	(16,367)	16,366	(11,380)	4,022
Cash flows from (used in) operating activities	(12)	27,666	43,141	46,542
Cash flows from (used in) financing activities	(3,607)	(2,933)	(6,215)	64,440
Cash flows from (used in) investing activities	(5,170)	(2,172)	(72,891)	(56,606)
Increase (decrease) in cash	\$ (8,789)	\$ 22,561	\$ (35,965)	\$ 54,376

### Operating Activities

Cash outflows from operating activities for the three-month period ended September 30, 2022, were \$12 compared to cash inflows of \$27,666 in the same period of the prior year. On a 12-month basis, cash inflows total \$43,141 for the period ended September 30, 2022, when compared to inflows of \$46,452 for the same period of the previous year.

Working capital (accounts receivable, work in process, inventory, prepaid expenses and other, accounts payable and accrued liabilities, provisions and unearned contract revenue) has a negative affect on cash flows by an decrease of \$16,367 in the three-month period ended September 30, 2022, and stood at a net balance of \$80,186.

Factors related to the overall change in working capital were an increase in accounts receivable which, due to significant billings near September 30, 2022, increased by \$41,755 for the three-month period ended September 30, 2022. This is, however, offset by decreases in working capital for which the Company was able to achieve certain milestone billing on large-scale projects, along with accounts payable management, which resulted in contributions to cash in the amount of \$13,785 and \$20,961 respectively.

### Financing Activities

#### Lease Payments

The Company has made payments of \$929 for the three-month period and \$3,655 12-month period ended September 30, 2022, when compared to the payments of \$782 and \$3,033 for the same periods of the previous year which relate to leases accounted for in accordance with IFRS 16. Increases relate to new leases signed in the current year, and additional leases brought on through acquisitions.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Dividend

The Company has maintained its dividend for the three-month period ended September 30, 2022. The Company paid dividends totaling \$3,249 for the three-month period ended September 30, 2022 or \$0.28 per share, and \$12,765 for the 12-month period ended September 30, 2022 or \$1.12 per share, compared to the same periods of the previous year when the Company paid \$3,156 and \$11,826, respectively, in dividends or the same amount per share as the current periods. The increase in dividends paid is due to a higher number of common shares outstanding year over year.

### Debt

In the three-month period ended September 30, 2022, the Company did not draw additional funds from its debt facility. Over the 12-month period ended September 30, 2022, the Company had drawn \$7,500.

### Shares

Exercises of stock options and issuances of shares under the employee share purchase plan has resulted in cash inflows of \$571 for the three-month, and \$2,705 for the 12-month periods ended September 30, 2022 when compared to an inflow of \$1,005 and \$3,299, respectively, for the same activities in the same period of the prior year.

In the prior year, on March 17, 2021, the Company announced that it had completed a bought deal public offering, under which, a total of 1,318,000 common shares were sold at a price of \$60.50 per common share for aggregate gross proceeds of \$79,739, including common shares issued pursuant to the partial exercise of the over-allotment option granted to the underwriters. The offering was conducted by a syndicate of underwriters co-led by Desjardins Capital Markets, and Acumen Capital Finance Partners Limited, and included Canaccord Genuity Corp., CIBC Capital Markets, Stifel GMP, Echelon Capital Markets, Laurentian Bank Securities and Cormark Securities Inc.

## Investing Activities

### Equipment Expenditures and Capitalized Research and Development

The Company invested \$2,240 in the three-month period and \$7,148 for the 12-month period ended September 30, 2022, when compared to \$2,430, and \$7,419, respectively, for the same periods of the prior year. Acquisitions of equipment in the current period are mainly attributed to the Company's ERP implementation and general capital expenditures.

### Acquisitions

The Company had cash outflows in the amount of \$2,928 in the three-month period ended September 30, 2022 relating to earn out payments for CTS and Dapasoft. Additionally, the Company acquired the assets of Computex on March 14, 2022, and the outstanding shares of SimFront on October 7, 2021, along with incurring earn out payments for CTS, Cadence and Tallysman which resulted in total cash outflows of \$65,566 in the 12-month period ended September 30, 2022. In the prior year the Company had cash inflows of \$351 in relation to business acquisitions. In addition the Company acquired InterTronic, Dapasoft and Cadence in the 12-month period, resulting in total cash outflow of \$48,757 for the 12-month period ended September 30, 2021.

### Investments

No investment was made in the current or prior period.

## Liquidity and Capital Resources

### Cash

Calian cash and cash equivalent position was \$42,646 at September 30, 2022, compared to \$78,611 at September 30, 2021.

### Capital Resources

At September 30, 2022, the Company had a debt facility of \$80,000 with a Canadian chartered bank that bears interest at prime and is secured by assets of the Company.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management believes that the company has sufficient cash resources to continue to finance its working capital requirements and pay a quarterly dividend.

### **Off-balance Sheet Arrangements**

There were no off-balance sheet arrangements at September 30, 2022.

### **Related-party Transactions**

During the 12 months ended September 30, 2022 (2021), the Company had sales of \$1,011 (\$1,729) to GrainX. At September 30, 2022 (2021), the Company had an accounts receivable balance with GrainX of \$140 (\$66) 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.

### **Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

#### **Estimates:**

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.

#### ***Project completion for revenue***

A significant portion of the revenue is derived from fixed-price contracts which can extend over more than one reporting period. Revenue from these fixed-price projects is recognized over time using the input method using management's best estimate of the costs and related risks associated with completing the projects. The greatest risk on fixed-price contracts is the possibility of cost overruns. Management's approach to revenue recognition is tightly linked to detailed project management processes and controls. The information provided by the project management system combined with a knowledgeable assessment of technical complexities and risks are used in estimating the percentage complete.

#### ***Impairment of goodwill and intangible assets***

Determining whether goodwill or acquired intangibles assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit, and a suitable discount rate in order to calculate present value.

#### ***Income taxes***

The Company records deferred income tax assets and liabilities related to deductible or taxable temporary differences. The Company assesses the value of these assets and liabilities based on the likelihood of the realization, as well as the timing of reversal given management assessments of future taxable income.

#### ***Contingent liabilities***

From time-to-time the Company is involved in claims in the normal course of business. Management assesses such claims and where considered probable to result in an exposure, and where the amount of the claim can be measured reliably, provisions for loss are made based on management's assessment of the likely outcome.

#### ***Loss allowance***

The Company has extensive commercial history upon which to base its provision for doubtful accounts receivable. Due to the nature of the industry in which the Company operates, the Company does not create a general provision for bad debts but rather determines bad debts on a specific account basis.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### **Judgments:**

#### ***Financial instruments***

The Company's accounting policy with regard to financial instruments is described in Note 2 of the September 30, 2022 annual financial statements. In applying this policy, judgments are made in applying the criteria set out in IFRS 9 – Financial instruments, to record financial instruments at fair value through profit or loss, and the assessments of the classification of financial instruments and effectiveness of hedging relationships.

#### ***Business combinations***

The consideration transferred for an acquired business is assigned to the identifiable tangible and intangible assets purchased, along with liabilities assumed on the basis of their acquisition date fair values. The identification of assets purchased and liabilities assumed and the valuation thereof is specialized and judgmental. Where appropriate, the Company engages external business valuers to assist in the valuation of tangible and intangible assets acquired. When a business combination involves contingent consideration, an amount equal to the fair value of the contingent consideration is recorded as a liability at the time of acquisition. The key assumptions utilized in determining the fair value of contingent consideration may include probabilities associated with the occurrence of specified future events, financial projections of the acquired business, the timing of future cash flows, and the appropriate discount rate.

#### ***Accounting policy for equipment and intangible assets***

Management makes judgments in determining the most appropriate methodology for amortizing long-lived assets over their useful lives. The method chosen is intended to mirror, to the best extent possible, the consumption of the asset.

#### ***Deferred income taxes***

The Company's accounting policy with regards to income taxes is described in Note 2 of the September 30, 2022 annual financial statements. In applying this policy, judgments are made in determining the probability of whether deductions or tax credits can be utilized and related timing of such items.

#### ***Input methodology for project completion***

The Company uses judgment in determining the most appropriate basis on which to determine percentage of completion. Options available to the Company include the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, surveys of work performed, and completion of a physical proportion of the contract work. While the Company considers the costs to complete, the stage of completion is assessed based upon the assessment of the proportion of the contract completed. Judgments are also made in determining what costs are project costs for determining the percentage complete.

### **Management Conclusion on the Effectiveness of Disclosure Controls**

The Chief Executive Officer and the Chief Financial Officer of the Company, after evaluating the effectiveness of the Company's disclosure controls and procedures as of September 30, 2022, have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would have been known to them and that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

### **Management Conclusion on the Effectiveness of Internal Control over Financial Reporting**

The Chief Executive Officer and the Chief Financial Officer of the Company, after evaluating the effectiveness of the Company's internal control over financial reporting as of September 30, 2022, have concluded that the Company's internal controls over financial reporting provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with IFRS.

During the most recent interim quarter ending September 30, 2022, there have been no changes in the design of the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Risk and Uncertainties

We are exposed to risks and uncertainties in our business, including the risk factors set forth below:

- The Company's business depends in part on a stable and growing economy. If the Canadian or global economy suffers a downturn or enters into a recession as a result of COVID-19, the war in Ukraine, or otherwise, it could affect customers' ability to spend on the Company's products and services.
- The recent delays in the global supply chain and scarcity of materials may impact the Company's ability to secure the materials and components required to meet customers' needs and contractual obligations.
- Inflation and monetary policy adjustments by central banks may impact the Company's cost structure and corresponding financial results.
- The Company is subject to risks associated with the ongoing pandemic. Rising inflation, slow economic growth and/or a potential recession may impact our customers' ability to invest and spend on new or existing programs, which could reduce our deliverables. The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions.
- The Company conducts acquisitions and faces risks associated with those acquisitions and the integration of the acquired businesses.
- The Company has experienced significant growth in recent years. Its growth has, and will likely continue to place a strain on resources with increased demands on all corporate services and business units. It is possible that the Company may over-hire with no guarantee of corresponding increase in revenue.
- The Company must compete for qualified employees for its own operations and must have ready access to a large pool of qualified professionals to satisfy contractual arrangements with customers. In the event that an operating segment cannot secure an appropriate workforce, such operating segment may not be in a position to bid on or secure certain contracts.
- Any changes to the management team, including the hiring or departing of executives, could be disruptive to the business.
- The markets for the Company's services are very competitive, rapidly evolving, and subject to technological changes.
- The Company has certain ongoing contracts that account for a significant portion of the Company's revenues and if these contracts are not renewed at expiry or should a competitor win the renewal, the Company's future revenue stream and overall profitability could be significantly reduced.
- There is a risk in all fixed-price contracts that the Company will be unable to deliver the system within the time specified and at the expected cost.
- The Company's business is often dependent on performance by third parties and subcontractors in connection with contracts for which the Company is the prime contractor.
- The markets in which the Company operates are characterized by changing technology and evolving industry standards and the Company's ability to anticipate changes in technology, technical standards and service offerings will be a significant factor in the Company's ability to compete or expand into new markets.
- Erosion of our customers' market share for a particular product could have a direct impact on the Company's revenues and profitability.
- As newly formed entities in certain markets and industries are restructured and consolidated from time-to-time, opportunities for the Company may be diminished or work currently performed by the Company could be repatriated, resulting in a loss of revenue.
- The government may change its policies, priorities or funding levels through agency or program budget reductions or impose budgetary constraints, which could have a direct impact on the Company's revenues and profitability.
- As many of the Company's services are offered on location at military bases or other defence locations, the Company faces risks inherent in operations at those sites. In the event one of the Company's military customers were targeted by a hostile state or group, the Company, as a key partner to those militaries, could be at an increased risk of state-sponsored strikes, including cyber-attacks, damage to infrastructure, and supply chain interference, and therefore be at risk of sustaining financial losses and reputational damage.
- Most fee-for-service contracts provide the applicable customer with the ability to adjust the timing and level of effort throughout

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

the contract life so the amount actually realized by the Company could be materially different from the original contract value.

- There is a risk that as the Company grows, credit risk increases with respect to accounts receivable.
- The Company is subject to foreign exchange risk in that approximately 29% of the Company's revenues are derived from non-Canadian sources, which can have a direct impact on the profitability of the Company.
- The Company is exposed to a range of risks related to its foreign operations.
- The Company's brand and reputation play an important role in its ability to maintain existing customers and generate new business. The Company's brand and reputation depend on the ability to continue successfully delivering products and solutions without interruptions, errors or defects.
- Many of the Company's solutions rely upon imbedded or external software to deliver goods and services. Any such defects could lead to service interruptions and impact the Company's ability to deliver its products and services.
- The Company operates managed cybersecurity services for customers. Managed services, which provide protection and defenses against cyberattacks, are nevertheless not a guarantee that systems are entirely safe from cybercrime. In the event a managed service customer's system is compromised, a breach could negatively impact the Company's reputation and expose the Company to potential legal claims.
- Any fraudulent, malicious or accidental breach of our data security could result in unintentional disclosure of, or unauthorized access to, third party, customer, vendor, employee or other confidential or sensitive data or information, which could potentially result in additional costs to the Company to enhance security or to respond to occurrences, lost sales, violations of privacy or other laws, penalties, fines, regulatory action or litigation.
- The Company collects, stores and uses certain sensitive data, intellectual property, proprietary business information and certain personally identifiable information.
- The Company competes in industries that are subject to many intellectual property rights including patents. The risk of infringement claims increases as the Company continues to innovate, offer new solutions and enter new markets.
- The Company's insurance policies may not be sufficient to insure itself for all events that could arise in the course of the Company's business and operations.
- The Company operates in the health services sector and faces the risks inherent in that sector.
- As climate change progresses, and its effects increase, the Company may be subject to increased operating risks.
- The Company is exposed to environmental and health and safety regulations associated with its manufacturing activities.

A comprehensive discussion of risks, including risks not specifically listed above, can be found in our most recently filed Annual Information Form. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of our shares to decline. If any of the noted risks actually occur, our business may be harmed and our financial condition and results of operations may suffer significantly.

### Short-term outlook

	Guidance			
		Low		High
Revenue	\$	630,000	\$	680,000
Adjusted EBITDA	\$	70,000	\$	75,000
Adjusted net profit	\$	46,000	\$	50,000

# ADDITIONAL INFORMATION

Additional information about the Company such as the Company's Annual Information Form and Management Circular can be found on SEDAR at [www.SEDAR.com](http://www.SEDAR.com)

Dated: November 24, 2022

## CORPORATE INFORMATION

### Corporate Head Office

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Ottawa, Ontario, Canada K2V 1C8  
Phone: 613.599.8600  
Fax: 613.592.3664  
Web: [www.calian.com](http://www.calian.com)

## BOARD OF DIRECTORS

### George Weber, ICD.D

Corporate Director, ICD.D

### Ray Basler, CPA, CA

Consultant

### Jo-Anne Poirier

President and CEO, VON Canada, ICD.D

### Young Park

Corporate Director, ICD.D

### Ronald Richardson

Corporate Director, P. ENG., ICD.D

### Valerie Sorbie

Partner and Managing Director,  
Gibraltar & Company

### Kevin Ford

CEO, Calian Group Ltd.

## COMMON SHARE INFORMATION

The Company's common shares are listed for trading on the Toronto Stock Exchange under the symbol CGY.

## DIVIDEND POLICY

The Company intends to continue to declare a quarterly dividend in line with its overall financial performance and cash flow generation. Decisions on dividend payments are made on a quarterly basis by the Board of Directors. There can be no assurance as to the amount of such dividends in the future.

## TRANSFER AGENT

TSX Trust Company

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Toronto, Ontario  
M5H 4H1  
800-387-0825 (toll-free within Canada  
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[www.tsxtrust.com](http://www.tsxtrust.com)