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NEWS RELEASE

## FOR IMMEDIATE RELEASE

### Calian Reports Results for the First Quarter and Reiterates its FY23 Guidance

*(All amounts in release are in Canadian dollars)*

OTTAWA, February 14, 2023 – Calian® Group Ltd. (TSX:CGY), a diverse products and services company providing innovative healthcare, communications, learning and cybersecurity solutions, today released its results for the first quarter ended December 31, 2022.

First quarter highlights:

- Revenue up 14% to \$148 million
- Gross margin above 30% for the third consecutive quarter
- Adjusted EBITDA<sup>1</sup> up 2% to \$14 million
- Operating Free Cash Flow<sup>1</sup> up 24% to \$12 million
- Cash on hand of \$58 million and net liquidity of \$131 million
- New contract signings of \$126 million
- Reiterated FY23 guidance

Financial Highlights <i>(in millions of \$, except per share &amp; margins)</i>	Three months ended December 31,		
	2022	2021	%
Revenue	147.5	129.5	14%
Adjusted EBITDA <sup>1</sup>	14.3	14.0	2%
Adjusted EBITDA % <sup>1</sup>	9.7%	10.8%	(110bps)
Net Profit	4.6	4.3	7%
EPS	\$0.39	\$0.38	3%
Adjusted Net Profit <sup>1</sup>	8.8	9.6	(8%)
Adjusted EPS Diluted <sup>1</sup>	\$0.75	\$0.85	(12%)
Operating Free Cash Flow <sup>1</sup>	12.1	9.8	24%

<sup>1</sup> This is a non-GAAP measure. Please refer to the section “Reconciliation of non-GAAP measures to most comparable IFRS measures” at the end of this press release.

Access the full report on the [Calian Financials](#) web page. [Register for the conference call](#) on Wednesday, February 15, 2023, 8:00 a.m. Eastern Time.

“The strong performance of our ITCS and Learning segments was impressive. The combination of organic growth and performance from recent acquisitions in these two segments drove our results in the quarter,” said Kevin Ford, Calian CEO. “With \$126 million in new signings and improvements in the supply environment we are confident in our ability to post our 6<sup>th</sup> consecutive record year.”

### **First Quarter Results**

Revenues increased 14%, from \$130 million to \$148 million, driven by strong performance in our Information Technology & Cyber Solutions (ITCS) and Learning segments.

- **ITCS:** Revenues doubled to \$46 million driven by the company’s strong performance from its expansion into the United States with the acquisition of Computex last March, coupled with double-digit organic growth of 11% in its overall cyber practice.
- **Learning:** Revenues grew 16% to \$26 million driven by continued demand in the military learning and preparedness market from its long-standing customers.
- **Advanced Technologies:** Revenues declined 17% to \$34 million due to delays in the award of new ground systems projects and ongoing supply chain issues, which result in parts delay that slow its ability to deliver products. This was partially offset by the strong performance of its GNSS antennas business. Gross margins improved significantly from 26% to 35% in the quarter.
- **Health:** Revenues decreased 5% to \$40 million due to lower COVID-19 related business coupled with the slower pace of awards for new business.

### **Liquidity and Capital Resources**

“Our cash performance was strong in our first quarter. We generated \$12 million in operating free cash flows, an impressive increase of 24% over the prior year,” said Patrick Houston, Chief Financial Officer. “In addition, we were able to recapture a further \$12 million in working capital throughout the quarter. This further improves our already strong balance sheet and puts us in an excellent position to continue to invest in our M&A growth agenda.

The Company ended the quarter with net cash of \$58 million and an available credit facility resulting in total available liquidity of \$131 million which consists of net cash on hand and available debt.

### **Quarterly Dividend**

Today, Calian declared a quarterly dividend of \$0.28 per share. The dividend is payable March 14, 2023, to shareholders of record as of February 28, 2023. Dividends paid by the Corporation are considered “eligible dividend” for tax purposes.

## Guidance Reiterated

“With new contract signings of \$126 million, a robust backlog of \$1.3 billion combined with increased recurring revenue streams, we are on pace to deliver another record year in FY23,” said Mr. Ford.

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

## About Calian

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

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Certain information included in this press release is forward-looking and is subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Such statements are generally accompanied by words such as “intend”, “anticipate”, “believe”, “estimate”, “expect” or similar statements. Factors which could cause results or events to differ from current expectations include, among other things: the impact of price competition; scarce number of qualified professionals; the impact of rapid technological

and market change; loss of business or credit risk with major customers; technical risks on fixed price projects; general industry and market conditions and growth rates; international growth and global economic conditions, and including currency exchange rate fluctuations; and the impact of consolidations in the business services industry. For additional information with respect to certain of these and other factors, please see the Company's most recent annual report and other reports filed by Calian with the Ontario Securities Commission. Calian disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. No assurance can be given that actual results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

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CALIAN GROUP LTD.  
 UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 As at December 31, 2022 and September 30, 2022  
 (Canadian dollars in thousands, except per share data)

	December 31, 2022	September 30, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 58,194	\$ 42,646
Accounts receivable	136,739	171,453
Work in process	33,040	39,865
Inventory	26,608	18,643
Prepaid expenses	21,754	23,780
Derivative assets	53	123
<b>Total current assets</b>	<b>276,388</b>	<b>296,510</b>
<b>NON-CURRENT ASSETS</b>		
Capitalized research and development	1,958	2,186
Equipment	15,692	16,623
Application software	10,044	10,395
Right of use asset	15,875	16,678
Investments	3,359	670
Acquired intangible assets	53,528	57,087
Deferred tax asset	997	1,054
Goodwill	146,046	145,959
<b>Total non-current assets</b>	<b>247,499</b>	<b>250,652</b>
<b>TOTAL ASSETS</b>	<b>\$ 523,887</b>	<b>\$ 547,162</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Debt facility	\$ 7,500	\$ 7,500
Accounts payable and accrued liabilities	99,297	126,096
Contingent earn-out	26,464	25,676
Provisions	1,173	1,249
Unearned contract revenue	48,639	46,210
Derivative liabilities	42	812
Lease obligations	3,949	4,115
<b>Total current liabilities</b>	<b>187,064</b>	<b>211,658</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease obligations	14,281	14,920
Contingent earn-out	-	2,874
Deferred tax liabilities	12,349	12,524
<b>Total non-current liabilities</b>	<b>26,630</b>	<b>30,318</b>
<b>TOTAL LIABILITIES</b>	<b>213,694</b>	<b>241,976</b>
<b>SHAREHOLDERS' EQUITY</b>		
Issued capital	215,614	213,277
Contributed surplus	2,622	3,479
Retained earnings	93,512	92,198
Accumulated other comprehensive income (loss)	(1,555)	(3,768)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>310,193</b>	<b>305,186</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 523,887</b>	<b>\$ 547,162</b>
Number of common shares issued and outstanding	<u>11,656,720</u>	<u>11,607,391</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 months ended December 31, 2022 and 2021  
 (Canadian dollars in thousands, except per share data)

	Three months ended December 31,	
	2022	2021
Revenue		
Advanced Technologies	\$ 34,267	\$ 41,167
Health	40,455	42,378
Learning	26,440	22,782
ITCS	46,381	23,175
<b>Total Revenue</b>	<b>147,543</b>	<b>129,502</b>
Cost of revenues	102,324	95,848
<b>Gross profit</b>	<b>45,219</b>	<b>33,654</b>
Selling and marketing	11,143	4,554
General and administration	17,400	13,784
Research and development	2,421	1,354
<b>Profit before under noted items</b>	<b>14,255</b>	<b>13,962</b>
Depreciation of equipment, application software and research and development	2,297	1,127
Depreciation of right of use asset	1,007	823
Amortization of acquired intangible assets	3,361	3,592
Deemed compensation	97	750
Changes in fair value related to contingent earn-out	742	999
<b>Profit before interest income and income tax expense</b>	<b>6,751</b>	<b>6,671</b>
Lease obligations interest expense	111	108
Interest expense	12	51
<b>Profit before income tax expense</b>	<b>6,628</b>	<b>6,512</b>
Income tax expense – current	2,712	2,974
Income tax recovery – deferred	(660)	(768)
Total income tax expense	2,052	2,206
<b>NET PROFIT</b>	<b>\$ 4,576</b>	<b>\$ 4,306</b>
<b>Net profit per share:</b>		
Basic	\$ 0.39	\$ 0.38
Diluted	\$ 0.39	\$ 0.38

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CALIAN GROUP LTD.  
 UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the three months ended December 31, 2022 and 2021  
 (Canadian dollars in thousands)

	Three months ended December 31,	
	2022	2021
<b>CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>		
Net profit	\$ 4,576	\$ 4,306
Items not affecting cash:		
Interest expense	12	51
Changes in fair value related to contingent earn-out	742	999
Lease obligations interest expense	111	108
Income tax expense	2,052	2,206
Employee share purchase plan expense	163	135
Share based compensation expense	407	347
Depreciation and amortization	6,665	5,542
Deemed compensation	97	750
	14,825	14,444
Change in non-cash working capital		
Accounts receivable	34,714	2,618
Work in process	6,825	7,778
Prepaid expenses and other	3,664	(68)
Inventory	(7,965)	(1,785)
Accounts payable and accrued liabilities	(27,268)	(16,015)
Unearned contract revenue	2,429	424
	27,224	7,396
Interest paid	(123)	(159)
Income tax paid	(1,778)	(3,073)
	25,323	4,164
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Issuance of common shares net of costs	910	330
Dividends	(3,262)	(3,166)
Payment of lease obligations	(1,009)	(842)
	(3,361)	(3,678)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Investments	(2,689)	-
Business acquisitions	(2,925)	(10,298)
Capitalized research and development	(86)	(114)
Equipment and application software	(714)	(1,330)
	(6,414)	(11,742)
<b>NET CASH (OUTFLOW) INFLOW</b>	<b>\$ 15,548</b>	<b>\$ (11,256)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>42,646</b>	<b>78,611</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 58,194</b>	<b>\$ 67,355</b>

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

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

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

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

### Adjusted EBITDA

	Three months ended	
	December 31, 2022	December 31, 2021
Net profit	\$ 4,576	\$ 4,306
Depreciation of equipment and application software	2,297	1,127
Depreciation of right of use asset	1,007	823
Amortization of acquired intangible assets	3,361	3,592
Lease interest expense	111	108
Changes in fair value related to contingent earn-out	742	999
Interest expense	12	51
Deemed Compensation	97	750
Income tax	2,052	2,206
Adjusted EBITDA	\$ 14,255	\$ 13,962

### Adjusted Net Profit and Adjusted EPS

	Three months ended	
	December 31, 2022	December 31, 2021
Net profit	\$ 4,576	\$ 4,306
Changes in fair value related to contingent earn-out	742	999
Deemed Compensation	97	750
Amortization of intangibles	3,361	3,592
Adjusted net profit	\$ 8,776	\$ 9,647
Weighted average number of common shares basic	11,630,180	11,299,287
Adjusted EPS Basic	0.75	0.85
Adjusted EPS Diluted	0.75	0.85



## Operating Free Cash Flow

	Three months ended	
	December 31, 2022	December 31, 2021
Cash flows generated from operating activities	25,323	4,164
Capitalized research and development	(86)	(114)
Equipment and application software	(714)	(1,330)
Free cash flow	<b>24,523</b>	<b>2,720</b>
Free cash flow	24,523	2,720
Adjustments:		
Change in non-cash working capital	(12,399)	7,048
Operating free cash flow	<b>12,124</b>	<b>9,768</b>
Operating free cash flow per share	<b>1.04</b>	<b>0.86</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.