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## FOR IMMEDIATE RELEASE

### **Calian Reports Record Gross Margins and Achieves First-ever \$150M Revenue Quarter—Q3 FY22 Results**

(All amounts in release are in Canadian dollars)

OTTAWA, August 10, 2022 – 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 third quarter ended June 30, 2022. Calian reports consolidated revenues of \$150 million for its four operating segments, which is a 10% increase over the same quarter in the previous year.

Third quarter highlights:

- Revenue of \$150 million, a 10% increase over Q3 FY21
- Gross margin of 30%, a new record for the Company and up from 25% in Q3 FY21
- Adjusted EBITDA of \$16.1 million, an 8% increase over Q3 FY21
- Net cash up \$10 million from the previous quarter on operating cash flow of \$19.8 million
- New contract signings of \$190 million
- Revenues outside Canada increased to 33% of total revenues

Access the full report on the [Calian Financial Results](#) web page.

[Register for the conference call](#) on Thursday, August 11, 2022, 8:30 a.m. Eastern Time

“Many of our concerted efforts to diversify our customer base beyond Canada and enter new markets with more differentiated offerings demonstrated some of their early returns,” said Kevin Ford, Calian CEO. “Our track record of deploying capital to drive long-term growth, margin expansion and profitability remains our focus. This quarter’s record results across revenues and margins only strengthens our position to continue on our various growth initiatives.”

The third quarter of 2022 carried on the Company’s continued growth through acquisition and margin expansion. Revenues year to date were \$421 million compared to \$390 million in FY21 and \$309 million in FY20. Gross margins year to date were 28% compared to 24% in FY21 and 21% in FY20. The Company signed an additional \$190 million in new contracts during the quarter and exited with a strong backlog of \$1.3 billion.

“This was a strong quarter across many fronts. Our ability to continue to expand gross margins and EBITDA while maintaining top-line growth was impressive. We also continued our strong track record of converting this performance into cash flow,” said Patrick Houston, Calian Chief Financial Officer. “We posted operating cash flow of nearly \$12 million and working capital contributed an additional \$8 million in the quarter.”

“Our four piston segment model once again demonstrated the value of Calian’s diversity. While Advanced Technologies and Health faced some headwinds in year over year performance, our Learning and IT Cyber business units had strong performance to keep Calian group consolidated results on record pace,” said Kevin Ford. “We have adjusted our revenue guidance for the final quarter of our fiscal year to reflect timing around larger revenue opportunities in the Advanced Technologies segment and slower sales in Health as the industry rebounds from COVID, which has been offset by better margin performance across the business allowing us to maintain our EBITDA and net profit guidance.”

## Guidance

CAD '000s

	Guidance as of August 10, 2022	Guidance as of May 11, 2022
Revenue	Low \$560,000; High \$585,000	Low \$580,000; High \$625,000
Adjusted EBITDA	Low \$61,000; High \$65,500	Low \$61,000; High \$65,500
Adjusted Net Profit	Low \$44,000; High \$48,000	Low \$41,500; High \$45,500

## About Calian

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

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Certain information included in this press release is forward-looking and is subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Such statements are generally accompanied by words such as “intend”, “anticipate”, “believe”, “estimate”, “expect” or similar statements. Factors which could cause results or events to differ from current expectations include, among other things: the impact of price competition; scarce number of qualified professionals; the impact of rapid technological and market change; loss of business or credit risk with major customers; technical risks on fixed price projects; general industry and market conditions and growth rates; international growth and global economic conditions, and including currency exchange rate fluctuations; and the impact of consolidations in the business services industry. For additional information with respect to certain of these and other factors, please see the Company’s most recent annual report and other reports filed by Calian with the Ontario Securities Commission. Calian disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. No assurance can be given that actual results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

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

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

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

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

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

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

## RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE IFRS MEASURES

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

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

### Adjusted EBITDA

	Three months ended		Nine months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net profit	\$ 6,836	\$ 2,063	\$ 12,409	\$ 10,062
Depreciation of equipment and application software	2,237	1,126	4,666	3,172
Depreciation of right of use asset	978	770	2,679	2,273
Amortization of acquired intangible assets	3,351	3,200	17,071	8,359
Lease interest expense	94	112	308	343
Changes in fair value related to contingent earn-out	651	5,130	3,266	6,780
Interest expense (income)	142	52	288	297
Deemed Compensation	-	750	1,000	3,100
Income tax	1,847	1,746	5,178	5,121
Adjusted EBITDA	\$ 16,136	\$ 14,949	\$ 46,865	\$ 39,507

### Adjusted Net Profit and Adjusted EPS

	Three months ended		Nine months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net profit	\$ 6,836	\$ 2,063	\$ 12,409	\$ 10,062
Changes in fair value related to contingent earn-out	651	5,130	3,266	6,780
Deemed Compensation	-	750	1,000	3,100
Amortization of intangibles	3,351	3,200	17,071	8,359
Adjusted net profit	10,838	11,143	\$ 33,746	\$ 28,301
Weighted average number of common shares basic	11,350,214	11,251,483	11,325,096	10,375,745
Adjusted EPS Basic	0.95	0.99	2.98	2.73
Adjusted EPS Diluted	0.95	0.98	2.97	2.71

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. 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 the International Financial Reporting Standards. 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 International Financial Reporting Standards. 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 International Financial Reporting Standards financial measures. The Company has reconciled adjusted profit to the most comparable International Financial Reporting Standards financial measure as shown above.