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NEWS RELEASE

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Calian Reports Unaudited Results for the Fourth Quarter and FY23

(All amounts in release are in Canadian dollars)

OTTAWA, November 27, 2023 – Calian® Group Ltd. (TSX:CGY), a diverse products and services company providing innovative healthcare, communications, learning and cybersecurity solutions, today released its unaudited results for the fourth quarter and FY23 ended September 30, 2023.

Highlights of record performance in Q4:

- Revenue up 10% to \$176 million
- Gross margin at 31.7%, above 30% for the sixth consecutive quarter
- Adjusted EBITDA¹ at \$20 million, up 7%

Highlights of FY23:

- Revenue up 13% to \$659 million
- Gross margin at 31.0%, up from 29.1% last year
- Adjusted EBITDA¹ at \$66 million, in line with last year
- Operating free cash flow of \$45 million
- Net liquidity of \$176 million
- Repurchased 32,094 shares for consideration of \$1.7 million
- Acquired Hawaii Pacific Teleport on August 1st, 2023
- Appointed President, IT & Cyber Solutions
- Entered definitive purchase agreement to acquire Decisive Group

The Company will file the audited financial statements and annual report in early December 2023.

Financial Highlights <i>(in millions of \$, except per share & margins)</i>	Unaudited Three months ended September 30,			Unaudited Twelve months ended September 30,		
	2023	2022	%	2023	2022	%
	Revenue	175.9	160.6	10%	658.6	582.2
Adjusted EBITDA ¹	20.4	19.1	7%	66.0	65.9	-%
Adjusted EBITDA % ¹	11.6%	11.8%	(20bps)	10.0%	11.3%	(130bps)
Net Profit	5.1	1.2	328%	18.8	13.6	39%
EPS Diluted	\$0.43	\$0.10	330%	\$1.61	\$1.19	35%
Adjusted Net Profit ¹	12.7	10.3	24%	40.4	44.0	(8%)
Adjusted EPS Diluted ¹	\$1.07	\$0.90	20%	\$3.45	\$3.87	(11%)
Operating Free Cash Flow ¹	10.7	14.1	(24%)	44.8	47.2	(5%)

¹ 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 Tuesday, November 28, 2023, 8:30 a.m. Eastern Time.

"We finished the year with a record quarter as revenues, gross margin and adjusted EBITDA reached new historical highs," said Kevin Ford, Calian Chief Executive Officer. "In FY23 we generated double-digit revenue growth with all four segments contributing. Our adjusted EBITDA remained flat. With two recent acquisitions, and adjustments in our operating costs, we are poised to see continued increase in our profitability."

"Given the ongoing robust demand for our products and services, the contribution from recent acquisitions and the benefits from our restructuring plan, we are confident in our ability to post another record year. At the midpoint of our guidance range this translates into revenue and adjusted EBITDA growth of 15% and 32%, respectively, over FY23," concluded Mr. Ford.

Fourth Quarter Results

Revenues increased 10%, from \$161 million to \$176 million, driven by double-digit growth in Advanced Technologies, Health and Learning.

- **Advanced Technologies:** Revenues increased 72% to \$53 million driven by product sales, the contribution from the Hawaii Pacific Teleport acquisition and the unwinding of backlog due to ongoing easing of supply chains.
- **Health:** Revenues increased 31% to \$52 million driven by significantly increased demand with our long-standing customers as well as short-term health response demand.
- **Learning:** Revenues grew 11% to \$24 million driven by strong demand for military training with existing Canadian customers as well as demand for new products and technologies for NATO customers due to geo-political issues and renewed focus on readiness.

- **ITCS:** Revenues decreased 31% to \$48 million as expected, mainly due to lower shipments in its product resale business based in the U.S., as the fourth quarter last year saw a disproportionate amount of product shipments due to the easing of supply chain issues.

Gross margin reached a record 31.7%, representing its 6th consecutive quarter above 30%. Adjusted EBITDA reached a record \$20 million and adjusted EBITDA margin returned to double digits from Q3 levels to reach 11.6%.

Liquidity and Capital Resources

“In FY23 we generated \$45 million in operating free cash flow, representing a 68% conversion rate from adjusted EBITDA,” said Patrick Houston, Calian CFO. “We continued to have a disciplined approach to capital deployment with the view of maximizing return on investments. We used our cash to invest in the business with acquisitions and earnout payments of \$68 million and capex of \$8 million and provide a return to shareholders in the form of dividends of \$13 million and share buybacks of \$2 million. We ended the year with \$176 million in net liquidity, well-positioned to pursue our growth objectives,” concluded Mr. Houston.

Normal Course Issuer Bid

In the three-month period ended September 30, 2023, as part of its Normal Course Issuer Bid, the Company repurchased 32,094 shares for cancellation in consideration of \$1.7 million. Since the launch of the Normal Course Issuer Bid on September 1, 2023, the Company repurchased 59,320 common shares for cancellation in consideration of \$3.0 million.

Entered into a Definitive Purchase Agreement to Acquire Decisive Group

On November 9, 2023, Calian entered into a definitive purchase agreement to acquire 100% of the shares of Ottawa-based Decisive Group Inc. for up to CAD\$74.7 million. This includes the amount to be paid in cash at closing of CAD\$50.0 million. The definitive purchase agreement is effective immediately. Calian anticipates the transaction to close on December 1, 2023. See [press release](#) for further details.

Appointed President, IT and Cyber Solutions

On November 6, 2023, Calian appointed Michael Tremblay to the position of President, IT and Cyber Solutions effective December 1, 2023. With 38 years of sales, marketing, operations, general management experience, coupled with considerable knowledge of public sector clients, Mike has held senior executive positions with Microsoft, SAP, Fujitsu Consulting, JDS Uniphase, EDS Systemhouse and Digital Equipment Corporation. See [press release](#) for further details.

Quarterly Dividend

Today, Calian declared a quarterly dividend of \$0.28 per share. The dividend is payable December 27, 2023, to shareholders of record as of December 11, 2023. Dividends paid by the Corporation are considered “eligible dividend” for tax purposes.

Guidance

	Guidance for the year ended Sept. 30, 2024	
<i>(in thousands of Canadian \$)</i>	Low	High
Revenue	730,000	790,000
Adjusted EBITDA	83,000	89,000

This guidance includes the full-year contribution from the Hawaii Pacific Teleport acquisition and assumes the closing of the Decisive Group acquisition on December 1st, 2023. It also includes the benefits from the restructuring plan announced in August 2023.

About Calian

We keep the world moving forward. Calian® helps people communicate, innovate, learn and lead safe and healthy lives. 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, European and international markets.

Visit calian.com to learn about innovative healthcare, communications, learning and cybersecurity solutions.

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DISCLAIMER

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 September 30, 2023 and 2022
(Canadian dollars in thousands, except per share data)

	September 30, 2023	September 30, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 33,734	\$ 42,646
Accounts receivable	173,052	171,453
Work in process	16,580	39,865
Inventory	21,983	18,643
Prepaid expenses	19,040	23,780
Derivative assets	155	123
Total current assets	264,544	296,510
NON-CURRENT ASSETS		
Capitalized research and development	1,068	2,186
Equipment	26,709	16,623
Application software	9,446	10,395
Right of use assets	34,637	16,678
Investments	3,673	670
Acquired intangible assets	75,160	57,087
Prepaid expenses	10,386	-
Deferred tax asset	967	1,054
Goodwill	159,133	145,959
Total non-current assets	321,179	250,652
TOTAL ASSETS	\$ 585,723	\$ 547,162
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Debt facility	\$ 37,750	\$ 7,500
Accounts payable and accrued liabilities	105,550	126,096
Contingent earn-out	11,263	25,676
Provisions	2,848	1,249
Unearned contract revenue	32,423	46,210
Derivative liabilities	353	812
Lease obligations	4,949	4,115
Total current liabilities	195,136	211,658
NON-CURRENT LIABILITIES		
Lease obligations	32,057	14,920
Contingent earn-out	2,535	2,874
Unearned contract revenue	15,592	-
Deferred tax liabilities	12,031	12,524
Total non-current liabilities	62,215	30,318
TOTAL LIABILITIES	257,351	241,976
SHAREHOLDERS' EQUITY		
Issued capital	225,540	213,277
Contributed surplus	4,856	3,479
Retained earnings	96,859	92,198
Accumulated other comprehensive income (loss)	1,117	(3,768)
TOTAL SHAREHOLDERS' EQUITY	328,372	305,186
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 585,723	\$ 547,162
Number of common shares issued and outstanding	11,812,650	11,607,391

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT
For the three and twelve month periods ended September 30, 2023 and 2022
(Canadian dollars in thousands, except per share data)

	Three months ended		Year ended	
	September 30, 2023	2022	September 30, 2023	2022
Revenue				
Advanced Technologies	\$ 52,521	\$ 30,517	\$ 178,363	\$ 150,398
Health	51,568	39,470	184,856	167,141
Learning	24,228	21,799	106,192	91,668
ITCS	47,631	68,764	189,172	172,965
Total Revenue	175,948	160,550	658,583	582,172
Cost of revenues	120,152	110,400	454,371	412,946
Gross profit	55,796	50,150	204,212	169,226
Selling and marketing	10,545	13,064	45,410	32,514
General and administration	22,034	17,004	81,363	65,408
Research and development	2,836	1,015	11,452	5,372
Profit before under noted items	20,381	19,067	65,987	65,932
Depreciation of equipment, application software and capitalized research and development	2,133	2,308	9,043	6,974
Depreciation of right of use assets	1,352	950	4,501	3,629
Amortization of acquired intangible assets	4,460	3,484	14,874	20,555
Restructuring expense	2,618	-	2,618	-
Other changes in fair value	(314)	-	(314)	-
Deemed compensation	403	3,314	550	4,314
Changes in fair value related to contingent earn-out	416	2,289	3,858	5,555
Profit before interest income and income tax expense	9,313	6,722	30,857	24,905
Lease obligations interest expense	159	143	531	451
Interest expense	634	7	365	295
Profit before income tax expense	8,520	6,572	29,961	24,159
Income tax expense – current	3,776	5,650	12,919	14,307
Income tax recovery – deferred	(375)	(273)	(1,843)	(3,752)
Total income tax expense	3,401	5,377	11,076	10,555
NET PROFIT	\$ 5,119	\$ 1,195	\$ 18,885	\$ 13,604
Net profit per share:				
Basic	\$ 0.43	\$ 0.10	\$ 1.61	\$ 1.19
Diluted	\$ 0.43	\$ 0.10	\$ 1.61	\$ 1.19

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three and twelve month periods ended September 30, 2023 and 2022
(Canadian dollars in thousands)

	Three months ended September 30,		Year ended September 30,	
	2023	2022	2023	2022
CASH FLOWS GENERATED FROM (USED IN)				
OPERATING ACTIVITIES				
Net profit	\$ 5,119	\$ 1,195	\$ 18,885	\$ 13,604
Items not affecting cash:				
Interest expense	634	7	365	295
Changes in fair value related to contingent earn-out	416	2,289	3,858	5,555
Lease obligations interest expense	159	143	531	451
Income tax expense	3,401	5,377	11,076	10,555
Employee share purchase plan expense	130	125	597	518
Share based compensation expense	1,618	571	3,273	1,927
Depreciation and amortization	7,945	6,742	28,418	31,158
Deemed compensation	403	3,314	550	4,314
Other changes in fair value	(314)	-	(314)	-
	19,511	19,763	67,239	68,377
Change in non-cash working capital				
Accounts receivable	(8,971)	(41,755)	1,393	(28,822)
Work in process	6,166	13,785	23,285	15,444
Prepaid expenses and other	(3,848)	(10,443)	(829)	(20,137)
Inventory	1,873	681	(3,340)	(4,340)
Accounts payable and accrued liabilities	9,475	20,962	(17,947)	15,142
Unearned contract revenue	4,918	403	928	11,333
	29,124	3,396	70,729	56,997
Interest paid	(791)	(150)	(895)	(747)
Income tax paid	(5,629)	(3,258)	(13,059)	(13,109)
	22,704	(12)	56,775	43,141
CASH FLOWS GENERATED FROM (USED IN)				
FINANCING ACTIVITIES				
Issuance of common shares net of costs	760	571	2,901	2,705
Dividends	(3,335)	(3,249)	(13,163)	(12,765)
Draw (repayment) on debt facility	37,750	-	30,250	7,500
Payment of lease obligations	(1,261)	(929)	(4,382)	(3,655)
Repurchase of common shares	(1,670)	-	(1,670)	-
	32,244	(3,607)	13,936	(6,215)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Investments	-	-	(2,689)	-
Business acquisitions	(59,834)	(2,928)	(68,494)	(65,566)
Capitalized research and development	-	(2)	(86)	(177)
Equipment and application software	(2,368)	(2,240)	(8,354)	(7,148)
	(62,202)	(5,170)	(79,623)	(72,891)
NET CASH OUTFLOW	\$ (7,254)	\$ (8,789)	\$ (8,912)	\$ (35,965)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	40,988	51,435	42,646	78,611
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 33,734	\$ 42,646	\$ 33,734	\$ 42,646

RECONCILIATION OF NON-GAAP MEASURES TO MOST COMPARABLE IFRS MEASURES

The following 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 these 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, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net profit	\$ 5,119	\$ 1,195	\$ 18,885	\$ 13,604
Depreciation of equipment and application software	2,133	2,308	9,043	6,974
Depreciation of right of use asset	1,352	950	4,501	3,629
Amortization of acquired intangible assets	4,460	3,484	14,874	20,555
Restructuring expense	2,618	-	2,618	-
Other changes in fair value	(314)	-	(314)	-
Lease interest expense	159	143	531	451
Changes in fair value related to contingent earn-out	416	2,289	3,858	5,555
Interest expense (income)	634	7	365	295
Deemed Compensation	403	3,314	550	4,314
Income tax	3,401	5,377	11,076	10,555
Adjusted EBITDA	\$ 20,381	\$ 19,067	\$ 65,987	\$ 65,932

Adjusted Net Profit and Adjusted EPS

	Three months ended		Year ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net profit	\$ 5,119	\$ 1,195	\$ 18,885	\$ 13,604
Restructuring expense	2,618	-	2,618	-
Other changes in fair value	(314)	-	(314)	-
Changes in fair value related to contingent earn-out	416	2,289	3,858	5,555
Deemed Compensation	403	3,314	550	4,314
Amortization of intangibles	4,460	3,484	14,874	20,555
Adjusted net profit	12,702	10,282	\$ 40,471	\$ 44,028
Weighted average number of common shares basic	11,790,964	11,399,172	11,714,887	11,343,615
Adjusted EPS Basic	1.08	0.90	3.45	3.88
Adjusted EPS Diluted	1.07	0.90	3.45	3.87

Operating Free Cash Flow

	Three months ended		Year ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cash flows generated from operating activities	\$ 22,704	\$ (12)	\$ 56,775	\$ 43,141
Capitalized research and development	-	(2)	(86)	(177)
Equipment and application software	(2,368)	(2,240)	(8,354)	(7,148)
Free cash flow	\$ 20,336	\$ (2,254)	\$ 48,335	\$ 35,816
Free cash flow	\$ 20,336	\$ (2,254)	\$ 48,335	\$ 35,816
Adjustments:				
Change in non-cash working capital	(9,613)	16,367	(3,490)	11,380
Operating free cash flow	\$ 10,723	\$ 14,113	\$ 44,845	\$ 47,196
Operating free cash flow per share	0.91	1.24	3.83	4.16

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 net 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 net profit to the most comparable IFRS financial measure as shown above.