NEWS RELEASE

FOR IMMEDIATE RELEASE

Calian Reports Record Results for the Fourth Quarter and FY24

(All amounts in release are in Canadian dollars)

OTTAWA, November 26, 2024 – 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 fourth quarter and FY24 ended September 30, 2024.

Highlights of Q4-24:

- Revenue up 3% to $181 million
- Gross margin at 35.3%, up from 31.7% last year
- Adjusted EBITDA[1] of $23 million (margin of 12.5%) an increase of 11% from the prior year
- Announced collaborations with Microsoft and Walmart Canada

Highlights of record performance in FY24:

- Revenue up 13% to $747 million
- Gross margin at 34.0%, up from 31.0% last year
- Adjusted EBITDA[1] at $86 million, up 30% from last year
- Operating free cash flow[1] of $58 million, up from $45 million last year
- Net debt to adjusted EBITDA[1] ratio of 0.4x
- Repurchased 115,248 shares in consideration of $6 million

Financial Highlights *(in millions of $, except per share & margins)*	**Three months ended September 30,**			**Year ended September 30,**		
	2024	**2023**	**%**	**2024**	**2023**	**%**
Revenue	181.2	175.9	3 %	746.6	658.6	13 %
Adjusted EBITDA[1]	22.7	20.4	11 %	85.5	66.0	30 %
Adjusted EBITDA %[1]	12.5 %	11.6 %	90bps	11.5 %	10.0 %	150bps
Adjusted Net Profit[1]	11.5	12.7	(10)%	51.7	40.5	28 %
Adjusted EPS Diluted[1]	0.96	1.07	(11)%	4.33	3.45	26 %
Operating Free Cash Flow[1]	16.3	10.7	52 %	58.2	44.8	30 %

[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 video webcast on Tuesday, November 26, 2024, 8:30 a.m. Eastern Time.

“We capped off FY24 with a record quarter,” said Kevin Ford, Calian CEO. “Revenues, gross margin and adjusted EBITDA all hit historical highs for the fourth quarter and the full year. During the year, we completed three strategic acquisitions, signed and acquired contracts valued at $785 million and expanded our product and service offering in new markets. We finished the year with revenues and adjusted EBITDA up 13% and 30%, respectively, on track with our three-year strategic plan of doubling our Adjusted EBITDA[1] by the end of FY26. With tailwinds in our growth markets, a solid balance sheet and a strong pipeline of acquisitions, we are on track to achieve another record year in FY25,” stated Mr. Ford.

FY24 Results

Revenues increased 13%, from $659 million to $747 million. This represents the highest revenue for the Company on record and the 7th consecutive year of double-digit growth. Acquisitive growth was 11% and was generated by the acquisitions of Hawaii Pacific Teleport (“HPT”), Decisive Group, the nuclear assets from MDA Ltd and Mabway. Organic growth was 2% and was driven by double-digit growth in the Health segment.

Gross margin reached 34.0% and represents the highest annual gross margin for the Company on record. Adjusted EBITDA[1] reached $86 million, up 30% from $66 million last year, driven by the higher margin contribution from acquisitions and increased product revenue. Adjusted EBITDA[1] margin reached 11.5%, up from 10.0% last year, as a result of a favorable revenue mix and increased volume.

Net profit reached $11 million, or $0.93 per diluted share, down from $19 million, or $1.61 per diluted share last year. This decrease in profitability is primarily due to increased amortization and interest expenses related to acquisitions, partially offset by higher adjusted EBITDA[1]. Adjusted net profit[1] reached $52 million, or $4.33 per diluted share, up from $40 million, or $3.45 per diluted share last year.

Liquidity and Capital Resources

“In FY24 we generated $58 million in operating free cash flow[1], representing a 68% conversion rate from adjusted EBITDA[1],” said Patrick Houston, Calian CFO. “We used our cash and a portion of our credit facility to invest in our business with the acquisitions of Decisive Group, the nuclear assets from MDA and Mabway, coupled with earn-outs for $88 million and capital expenditures of $12 million. We also provided a return to shareholders in the form of dividends of $13 million and share buybacks of $6 million. We ended the year with a net debt to adjusted EBITDA[1] ratio of 0.4x, well-positioned to pursue our growth objectives,” concluded Mr. Houston.

Normal Course Issuer Bid

On August 28, 2024, the TSX accepted Calian’s Notice of Intention to Make a Normal Course Issuer Bid (“NCIB”) to purchase for cancellation up to 995,904 common shares during the 12-month period commencing September 1, 2024 and ending August 31, 2025, representing approximately 10% of the public float of its common shares as at August 16, 2024.

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On August 30, 2023, the TSX accepted Calian's Notice of Intention to Make a NCIB to purchase for cancellation up to 1,044,012 common shares during the 12-month period commencing September 1, 2023 and ending August 31, 2024, representing approximately 10% of the public float of its common shares as at August 22, 2023.

In the three-month period ended September 30, 2024, the Company repurchased 61,422 shares for cancellation in consideration of $3 million. For the twelve-month period ended September 30, 2024, the Company repurchased 115,248 shares for cancellation in consideration of $6 million.

Announced Collaborations with Microsoft and Walmart Canada

On October 1, 2024, Calian announced it agreed to collaborate with Walmart Canada to expand the retailer's specialty pharmacy capabilities through licensing Calian's custom-built digital health platform Nexi™.

On September 27, 2024, Calian announced a collaboration with Microsoft to offer scalable cloud-native cybersecurity solutions through the adoption of Microsoft Sentinel.

Quarterly Dividend

On November 25, 2024, Calian declared a quarterly dividend of $0.28 per share. The dividend is payable December 23, 2024, to shareholders of record as of December 9, 2024. Dividends paid by the Company are considered "eligible dividend" for tax purposes.

Guidance

Aligning with industry practice, the Company has decided to change its definition of adjusted EBITDA[1] starting in FY25. The table below reconciles the previously reported definition of adjusted EBITDA[1] for fiscal years 2023 and 2024 to the new definition of adjusted EBITDA[1] that will be used going forward. The new definition of adjusted EBITDA[1] adds back stock based compensation expense as well as one-time integration/M&A costs.

(in thousands of $)	**FY2024**	**FY2023**
Adj. EBITDA (previously reported)	**85,535**	**66,548**
Stock based compensation expense	4,373	3,870
Integration/M&A costs	2,251	545
Adj. EBITDA (going forward)	**92,159**	**70,963**

The table below presents the FY25 guidance based on the new definition of adjusted EBITDA.

	Guidance for the year ended September 30, 2025			**FY24 Results**	**YOY Growth at Midpoint**
(in thousands of $)	Low	Midpoint	High		
Revenue	800,000	840,000	880,000	746,611	12%
Adj. EBITDA[1]	96,000	101,000	106,000	92,159	10%

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This guidance includes the full-year contribution from the Decisive Group acquisition, closed on December 1, 2023, the nuclear asset acquisition from MDA Ltd., closed on March 5, 2024 and the Mabway acquisition, closed on May 9, 2024. It does not include any other further acquisitions that may close within the fiscal year. The guidance reflects another record year for the Company and positions it well to achieve its long-term growth targets.

At the midpoint of the range, this guidance reflects revenue and adjusted EBITDA[1] growth of 12% and 10%, respectively, and an adjusted EBITDA[1] margin of 12.0%. It would represent the 8th consecutive year of double-digit revenue growth and record revenue and adjusted EBITDA[1] levels.

Calian Adopts an Advance Notice By-law and Amends and Restates its Operating By-law

Calian Group Ltd. (“Calian” or the “Company”) announces the adoption by its board of directors (the “Board”) of an advance notice by-law (the “Advance Notice By-law”) and an amended and restated operating by-law (the “Operating By-law”).

The Advance Notice By-law establishes procedures for shareholders giving advance notice to the Company of nominations for directors at any meeting of shareholders where directors are being elected in order to facilitate an orderly and efficient meeting process and allow all shareholders a reasonable opportunity to evaluate all proposed nominees and make an informed voting decision. The Advance Notice By-law is similar to the advance notice by-laws adopted by many other Canadian companies.

Under the Advance Notice By-law, shareholders seeking to nominate a candidate for a Board seat are generally required to provide notice to the Company in the event of:

1. an annual meeting of the shareholders, not less than 30 days before the date of the meeting, or 40 days before if the Company uses notice-and-access provisions under National Instrument 54-101 -Communication with Beneficial Owners of Securities of a Reporting Issuer for delivery of proxy related materials; or

2. a special meeting where directors are being elected, not later than the close of business on the 15th day after the announcement of the meeting.

As the Operating By-law was initially adopted in 2002, it has been amended and restated to align with current laws and governance practices. The amendments include, among other things, to allow the Chief Executive Officer to delegate signing authority, to remove deviations from the Canada Business Corporations Act with respect to conflicts of interest and the inspection of corporate records, to remove the discretion for the board to revise the quorum for a meeting of the directors, to allow the board to appoint from among its members its chair, to reflect the current committees, to remove reference to specific officer duties and powers and to clarify the term of office, to allow for dividends to be paid electronically, to allow the board to call for a shareholder meeting by entirely electronic means only if there is a compelling reason to not hold the meeting in person, to allow the board discretion to accept proxies after the deadline, and to increase the quorum for a meeting of the shareholders to two persons present and holding or representing by proxy at least 25% of the votes attached to all shares entitled to vote at the meeting.

In accordance with the Canada Business Corporations Act, both the Operating By-law and the Advance Notice By-law are currently in effect and the Company will submit them to the shareholders

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 the press release.

at the next annual meeting. Provided the shareholders confirm the Operating By-law and the Advance Notice By-law at the meeting, each will continue in effect in the form it was confirmed.

The foregoing descriptions are only summaries and copies of the Operating By-law and Advance Notice By-law have been filed under the Company's profile on SEDAR+ at www.sedarplus.ca.

About Calian

www.calian.com

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, respect and teamwork to engineer reliable solutions that solve complex challenges. 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.

Product or service names mentioned herein may be the trademarks of their respective owners.

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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.
AUDITED ANNUAL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2024 and 2023
(Canadian dollars in thousands, except per share data)

	September 30, 2024	September 30, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 51,788	$ 33,734
Accounts receivable	157,376	173,052
Work in process	20,437	16,580
Inventory	23,199	21,983
Prepaid expenses	23,978	19,040
Derivative assets	32	155
Total current assets	276,810	264,544
NON-CURRENT ASSETS		
Property, plant and equipment	40,962	37,223
Right of use assets	36,383	34,637
Prepaid expenses	7,820	10,386
Deferred tax asset	3,425	967
Investments	3,875	3,673
Acquired intangible assets	128,253	75,160
Goodwill	210,392	159,133
Total non-current assets	431,110	321,179
TOTAL ASSETS	$ 707,920	$ 585,723
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Debt facility	$ —	$ 37,750
Accounts payable and accrued liabilities	124,884	105,550
Provisions	3,075	2,848
Unearned contract revenue	41,723	32,423
Lease obligations	5,645	4,949
Contingent earn-out	39,136	11,263
Derivative liabilities	92	353
Total current liabilities	214,555	195,136
NON-CURRENT LIABILITIES		
Debt facility	89,750	—
Lease obligations	33,798	32,057
Unearned contract revenue	14,503	15,592
Contingent earn-out	2,697	2,535
Deferred tax liabilities	25,862	12,031
Total non-current liabilities	166,610	62,215
TOTAL LIABILITIES	381,165	257,351
SHAREHOLDERS' EQUITY		
Issued capital	225,747	225,540
Contributed surplus	6,019	4,856
Retained earnings	91,268	96,859
Accumulated other comprehensive income (loss)	3,721	1,117
TOTAL SHAREHOLDERS' EQUITY	326,755	328,372
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 707,920	$ 585,723
Number of common shares issued and outstanding	11,802,364	11,812,650

CALIAN GROUP LTD.
AUDITED ANNUAL CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT
For the three and twelve month periods ended September 30, 2024 and 2023
(Canadian dollars in thousands, except per share data)

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
Revenue	$ 181,166	$ 175,948	$ 746,611	$ 658,583
Cost of revenues	117,242	120,152	492,597	454,371
Gross profit	**63,924**	**55,796**	**254,014**	**204,212**
Selling and marketing	13,466	10,545	55,115	45,410
General and administration	24,734	22,034	101,397	81,363
Research and development	3,047	2,836	11,967	11,452
Profit before under noted items	**22,677**	**20,381**	**85,535**	**65,987**
Depreciation of property, plant and equipment	2,750	2,133	10,048	9,043
Depreciation of right of use assets	1,587	1,352	6,043	4,501
Amortization of acquired intangible assets	7,577	4,460	25,738	14,874
Restructuring expense	368	2,618	1,864	2,618
Other changes in fair value	(202)	(314)	(202)	(314)
Deemed compensation	1,797	403	4,322	550
Changes in fair value related to contingent earn-out	2,495	416	8,767	3,858
Profit before interest income and income tax expense	**6,305**	**9,313**	**28,955**	**30,857**
Interest expense	1,988	793	6,635	896
Income tax expense - current	4,623	3,776	15,442	12,919
Income tax expense (recovery) - deferred	262	(375)	(4,302)	(1,843)
NET PROFIT	**$ (568)**	**$ 5,119**	**$ 11,180**	**$ 18,885**
Net profit per share:				
Basic	$ (0.05)	$ 0.43	$ 0.95	$ 1.61
Diluted	$ (0.05)	$ 0.43	$ 0.93	$ 1.61

CALIAN GROUP LTD.
AUDITED ANNUAL CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three and twelve month periods ended ended September 30, 2024 and 2023
(Canadian dollars in thousands)

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
CASH FLOWS GENERATED FROM (USED IN) OPERATING ACTIVITIES				
Net profit	(568)	$ 5,119	11,180	18,885
Items not affecting cash:				
Interest expense	1,410	634	4,826	365
Changes in fair value related to contingent earn-out	2,495	416	8,767	3,858
Lease obligations interest expense	578	159	1,809	531
Income tax expense	4,885	3,401	11,140	11,076
Employee share purchase plan expense	122	130	549	597
Share based compensation expense	562	1,618	3,824	3,273
Depreciation and amortization	11,914	7,945	41,829	28,418
Deemed compensation	1,797	403	4,322	550
Other changes in fair value	(202)	(314)	(202)	(314)
	22,993	19,511	88,044	67,239
Change in non-cash working capital				
Accounts receivable	(9,631)	(8,971)	17,625	1,393
Work in process	(1,123)	6,166	(2,509)	23,285
Prepaid expenses and other	3,007	(3,849)	337	(829)
Inventory	1,002	1,873	2,795	(3,340)
Accounts payable and accrued liabilities	9,133	9,476	(1,064)	(17,947)
Unearned contract revenue	(1,687)	4,918	(6)	928
	23,694	29,124	105,222	70,729
Interest paid	(1,988)	(791)	(6,635)	(895)
Income tax paid	(2,289)	(5,629)	(11,366)	(13,059)
	19,417	22,704	87,221	56,775
CASH FLOWS GENERATED FROM (USED IN) FINANCING ACTIVITIES				
Issuance of common shares net of costs	618	760	2,786	2,901
Dividends	(3,397)	(3,335)	(13,351)	(13,163)
Draw on debt facility	(4,250)	37,750	52,000	30,250
Payment of lease obligations	(1,318)	(1,261)	(5,289)	(4,382)
Repurchase of common shares	(2,819)	(1,670)	(5,648)	(1,670)
	(11,166)	32,244	30,498	13,936
CASH FLOWS USED IN INVESTING ACTIVITIES				
Investments	—	—	—	(2,689)
Business acquisitions	—	(59,834)	(87,862)	(68,494)
Property, plant and equipment	(2,462)	(2,368)	(11,803)	(8,440)
	(2,462)	(62,202)	(99,665)	(79,623)
NET CASH INFLOW (OUTFLOW)	5,789	$ (7,254)	18,054	(8,912)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	45,999	40,988	33,734	42,646
CASH AND CASH EQUIVALENTS, END OF PERIOD	51,788	$ 33,734	51,788	33,734

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 September 30,		Year ended September 30,	
	2024	2023	2024	2023
Net profit	$ (568)	$ 5,119	$ 11,180	$ 18,885
Depreciation of equipment and application software	2,750	2,133	10,048	9,043
Depreciation of right of use asset	1,587	1,352	6,043	4,501
Amortization of acquired intangible assets	7,577	4,460	25,738	14,874
Restructuring expense	368	2,618	1,864	2,618
Other changes in fair value	(202)	(314)	(202)	(314)
Interest expense	1,988	793	6,635	896
Changes in fair value related to contingent earn-out	2,495	416	8,767	3,858
Deemed Compensation	1,797	403	4,322	550
Income tax	4,885	3,401	11,140	11,076
Adjusted EBITDA	$ 22,677	$ 20,381	$ 85,535	$ 65,987

Adjusted Net Profit and Adjusted EPS

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
Net profit	$ (568)	$ 5,119	$ 11,180	$ 18,885
Restructuring expense	368	2,618	1,864	2,618
Other changes in fair value	(202)	(314)	(202)	(314)
Changes in fair value related to contingent earn-out	2,495	416	8,767	3,858
Deemed Compensation	1,797	403	4,322	550
Amortization of intangibles	7,577	4,460	25,738	14,874
Adjusted net profit	11,467	12,702	51,669	40,471
Weighted average number of common shares basic	11,835,037	11,790,964	11,837,520	11,714,887
Adjusted EPS Basic	0.97	1.08	4.36	3.45
Adjusted EPS Diluted	$ 0.96	$ 1.07	$ 4.33	$ 3.45

Operating Free Cash Flow

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
Cash flows generated from operating activities	$ 19,417	$ 22,704	$ 87,221	$ 56,775
Property, plant and equipment	(2,462)	(2,368)	(11,803)	(8,440)
Free cash flow	**$ 16,955**	**$ 20,336**	**$ 75,418**	**$ 48,335**
Free cash flow	$ 16,955	$ 20,336	$ 75,418	$ 48,335
Adjustments:				
Change in non-cash working capital	(701)	(9,613)	(17,178)	(3,490)
Operating free cash flow	**$ 16,254**	**$ 10,723**	**$ 58,240**	**$ 44,845**
Operating free cash flow per share - basic	**1.37**	**0.91**	**4.92**	**3.83**
Operating free cash flow per share - diluted	**1.35**	**0.91**	**4.86**	**3.81**
Operating free cash flow conversion	72 %	53 %	68 %	68 %

Net Debt to Adjusted EBITDA

	September 30, 2024	September 30, 2023
Cash	$ 51,788	$ 33,734
Debt facility	89,750	37,750
Net debt (net cash)	37,962	4,016
Trailing twelve month adjusted EBITDA	85,535	65,987
Net debt to adjusted EBITDA	0.4	0.1

Operating free cash flow measures the company's cash profitability after required capital spending when excluding working capital changes. The Company's ability to convert adjusted EBITDA to operating free cash flow is critical for the long term success of its strategic growth. 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. 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.

NOVEMBER 26, 2024

Audited Annual Consolidated Financial Statements

For the year ended September 30, 2024

CALIAN®

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Calian Group Ltd.

Opinion

We have audited the consolidated financial statements of Calian Group Ltd. (the "Entity"), which comprise:

- the consolidated statements of financial position as at September 30, 2024 and September 30, 2023
- the consolidated statements of net profit for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at September 30, 2024 and September 30, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended September 30, 2024.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the estimated costs to complete for the Advanced Technologies fixed price contracts

Description of the matter

We draw attention to Notes 2(a), 3, and 20 to the financial statements. The Entity enters into 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 based on management's best estimate of the costs and related risks associated with completing the projects. Specifically for the Advanced Technologies fixed-price contracts, there is significant judgment in determining the estimated costs to complete, including materials, labour and subcontractor costs. The service revenue in Advanced Technologies is $62,169 thousand, the majority of which is composed of fixed price contracts.

Why the matter is a key audit matter

We identified the evaluation of the estimated costs to complete for the Advanced Technologies fixed price contracts as a key audit matter. This matter represents a significant risk of material misstatement due to the magnitude of the balance and the high degree of judgment in determining the estimated costs to complete. Significant auditor judgment was required in evaluating the results of our audit procedures over the estimated costs to complete.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the design and tested the operating effectiveness of certain controls over the Entity's revenue recognition process. This included a control related to the evaluation of estimated costs to complete fixed price contracts with customers.

We evaluated the Entity's ability to estimate costs to complete fixed price contracts by comparing actual costs incurred for a selection of fixed price contracts completed in the current year against the total contract costs estimated in the prior year.

For a selection of fixed price contracts:

- We evaluated the estimated costs to complete by inspecting the executed contracts, including any significant amendments, inquiring with the project manager, and obtaining supporting documentation, such as project planning documents.
- We evaluated the materials, labour, and subcontractor costs included in the estimated costs to complete through inquiring with the project manager and inspecting corroborative evidence, such as correspondence between the Entity and the customer, suppliers, and subcontractors.

Evaluation of the acquisition-date fair value of customer relationships and contingent consideration related to the Decisive Group Inc. business acquisition

Description of the matter

We draw attention to Notes 2, 3, 13, and 25 to the financial statements. On December 1, 2023, the Entity acquired all outstanding shares of Decisive Group Inc. (“Decisive”), for a total purchase price of $68,767 thousand including contingent consideration of $17,880. The acquisition-date fair value of the customer relationships is $49,400 thousand. The Entity estimates the fair value of the customer relationships using the multi-period excess earnings method. The Entity estimates the fair value of the contingent consideration using a scenario-based model. The valuations of the customer relationships and contingent consideration involve significant estimation uncertainty, including assumptions relating to forecasted revenues and forecasted earnings before interest, tax, depreciation and amortization (“EBITDA”) margins. The valuation of the customer relationships also included significant assumptions related to the customer attrition rate and discount rate.

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair value of the customer relationships and contingent consideration related to the Decisive business acquisition as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the fair value and high degree of estimation uncertainty in determining the fair value of the customer relationships and contingent consideration. In addition, significant auditor judgment and specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the fair value of the customer relationships and contingent consideration to change in the assumptions noted above.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the Entity’s forecasted revenues and EBITDA margins by considering historical results, industry data, and publicly available customer market data. We took into account changes in conditions and events affecting the customer relationships and contingent consideration arrangement to assess the adjustment, or lack of adjustments, made by the Entity to historical results in arriving at the forecasted amounts.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the customer attrition rate by considering historical results and by comparing against publicly available market data from comparable companies.
- Evaluating the Entity's discount rate by comparing against discount rate ranges that were independently developed using industry data and publicly available market data from comparable companies.

Evaluation of the acquisition-date fair value of customer relationships related to the Mabway Limited acquisition

Description of the matter

We draw attention to Notes 2, 3, 13, and 25 to the financial statements. On May 9, 2024, the Entity acquired all outstanding shares of Mabway Limited ("Mabway"), for a total purchase price of $44,182 thousand. The acquisition-date fair value of the customer relationships is $21,925 thousand. The Entity estimates the fair value of the customer relationships using the multi-period excess earnings method. The valuation involves significant estimation uncertainty, including assumptions relating to forecasted revenues attributable to the customer relationships, and discount rate.

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair value of customer relationships related to the Mabway business acquisition as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the fair value and high degree of estimation uncertainty in determining the fair value of the customer relationships. In addition, significant auditor judgment and specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the fair value of the customer relationships to change in the assumptions noted above.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the Entity's forecasted revenues by considering historical results. We took into account changes in conditions and events affecting the customer relationships to assess the adjustment, or lack of adjustments, made by the Entity to historical results in arriving at the forecasted amounts.

We examined a selection of contracts with customers and inspected for renewal clauses to assess the Entity's forecasted revenues.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

Evaluating the Entity's discount rate by comparing against discount rate ranges that were independently developed using industry data and publicly available market data from comparable companies.

Evaluation of goodwill impairment analysis for the IT and Cyber Security ("ITCS") group of cash generating units ("CGUs")

Description of the matter

We draw attention to notes 2 and 3 to the financial statements. The Entity has recorded goodwill of $210,392 thousand and acquired intangible assets of $128,253 thousand. For impairment testing purposes, CGUs are grouped according to the Company's reporting segments, and $181,727 thousand of the combined goodwill and acquired intangible assets balance relates to the ITCS reporting segment. CGUs or groups of CGUs to which goodwill has been allocated are tested for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount of a CGU may not be recoverable. Determining whether goodwill or acquired intangible assets are impaired requires an estimation of the recoverable amount of the group of CGUs, which was assessed through a value in use calculation. Key assumptions used in determining the value in use include projected after-tax cash earnings, terminal growth rate, and the discount rate.

Why the matter is a key audit matter

We identified the evaluation of goodwill impairment analysis for the ITCS group of CGUs as a key audit matter. This matter represented an area of significant risk of material misstatement due to the magnitude of the balance and the high degree of estimation uncertainty in determining the recoverable amount. Further, professionals with specialized skills and knowledge were required in performing and evaluating the results of our procedures due to the sensitivity of the recoverable amount to changes in key assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We assessed the Entity's ability to accurately estimate projected after-tax cash earnings by comparing the Entity's historical estimated projected after-tax cash earnings to actual results.

We considered changes in conditions and events affecting the ITCS group of CGUs and assessed how they have been factored into the Entity's estimated projected after-tax cash earning.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the appropriateness of the discount rate assumption by comparing the Entity's WACC to a WACC that was independently developed using publicly available information for comparable entities and considering risks specific to the ITCS segment.
- Evaluating the appropriateness of the terminal growth rate assumption by comparing it against an independently developed terminal growth rate developed using long-term estimates of inflation.

We assessed the Entity's determination that the recoverable amount of the ITCS group of CGUs exceeded its carrying value by independently estimating the recoverable amount, using the Entity's projected after-tax cash earnings along with a discount rate and terminal growth rate developed by valuation professionals.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report 2024."

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of the auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report 2024" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Mahesh Mani.

Ottawa, Canada
November 26, 2024

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2024 and September 30, 2023
(Canadian dollars in thousands, except per share data)

	NOTES	September 30, 2024	September 30, 2023
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	$ 51,788	$ 33,734
Accounts receivable	6	157,376	173,052
Work in process	9	20,437	16,580
Inventory	7	23,199	21,983
Prepaid expenses	8	23,978	19,040
Derivative assets	24	32	155
Total current assets		276,810	264,544
NON-CURRENT ASSETS			
Property, plant and equipment	10	40,962	37,223
Right of use assets	11	36,383	34,637
Prepaid expenses	8	7,820	10,386
Deferred tax asset		3,425	967
Investments	12	3,875	3,673
Acquired intangible assets	13	128,253	75,160
Goodwill	14	210,392	159,133
Total non-current assets		431,110	321,179
TOTAL ASSETS		$ 707,920	$ 585,723
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Debt facility	17	$ —	$ 37,750
Accounts payable and accrued liabilities	15	124,884	105,550
Provisions	16	3,075	2,848
Unearned contract revenue	9	41,723	32,423
Lease obligations	11	5,645	4,949
Contingent earn-out	26	39,136	11,263
Derivative liabilities	24	92	353
Total current liabilities		214,555	195,136
NON-CURRENT LIABILITIES			
Debt facility	17	89,750	—
Lease obligations	11	33,798	32,057
Unearned contract revenue	9	14,503	15,592
Contingent earn-out	26	2,697	2,535
Deferred tax liabilities	22	25,862	12,031
Total non-current liabilities		166,610	62,215
TOTAL LIABILITIES		381,165	257,351
SHAREHOLDERS' EQUITY			
Issued capital	18	225,747	225,540
Contributed surplus		6,019	4,856
Retained earnings		91,268	96,859
Accumulated other comprehensive income (loss)		3,721	1,117
TOTAL SHAREHOLDERS' EQUITY		326,755	328,372
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 707,920	$ 585,723
Number of common shares issued and outstanding		11,802,364	11,812,650

The accompanying notes are an integral part of the audited annual consolidated financial statements.

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF NET PROFIT
For the years ended September 30, 2024 and 2023
(Canadian dollars in thousands, except per share data)

	NOTES	Year ended September 30, 2024	Year ended September 30, 2023
Revenue	20	$ 746,611	$ 658,583
Cost of revenues		492,597	454,371
Gross profit		**254,014**	**204,212**
Selling and marketing		55,115	45,410
General and administration		101,397	81,363
Research and development		11,967	11,452
Profit before under noted items		**85,535**	**65,987**
Depreciation of property, plant and equipment	10	10,048	9,043
Depreciation of right of use assets	11	6,043	4,501
Amortization of acquired intangible assets	13	25,738	14,874
Restructuring expense		1,864	2,618
Other changes in fair value	12	(202)	(314)
Deemed compensation	25, 26	4,322	550
Changes in fair value related to contingent earn-out	25, 26	8,767	3,858
Profit before interest income and income tax expense		**28,955**	**30,857**
Interest expense	11	6,635	896
Income tax expense - current	22	15,442	12,919
Income tax recovery - deferred	22	(4,302)	(1,843)
NET PROFIT		**$ 11,180**	**$ 18,885**
Net profit per share:			
Basic	21	$ 0.95	$ 1.61
Diluted	21	$ 0.93	$ 1.61

The accompanying notes are an integral part of the audited annual consolidated financial statements.

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended September 30, 2024 and 2023
(Canadian dollars in thousands)

	Year ended September 30,			
		2024		2023
NET PROFIT	$	11,180	$	18,885
Cumulative translation adjustment		2,213		2,528
Change in deferred gain on derivatives designated as cash flow hedges, net of tax of $141 (2023 - $912)		391		2,357
Other comprehensive income, net of tax		2,604		4,885
COMPREHENSIVE INCOME	**$**	**13,784**	**$**	**23,770**

The accompanying notes are an integral part of the audited annual consolidated financial statements.

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended September 30, 2024 and 2023
(Canadian dollars in thousands, except per share data)

	NOTES	Issued capital	Contributed surplus	Retained earnings	Other comprehensive income (loss)	Total
Balance October 1, 2023		**$ 225,540**	**$ 4,856**	**$ 96,859**	**$ 1,117**	**$ 328,372**
Net profit and comprehensive income		—	—	11,180	2,604	13,784
Dividend paid ($1.12 per share)		—	—	(13,351)	—	(13,351)
Share repurchase		(2,249)	—	(3,420)	—	(5,669)
Shares issued under employee share plans	18	2,684	(3,018)	—	—	(334)
Shares issued through acquisition		77	—	—	—	77
Shares issued under employee share purchase plan	18	2,770	—	—	—	2,770
Share-based compensation expense	19	—	4,181	—	—	4,181
Obligation related to share repurchase	18	(3,075)	—	—	—	(3,075)
Balance September 30, 2024		**$ 225,747**	**$ 6,019**	**$ 91,268**	**$ 3,721**	**$ 326,755**

	NOTES	Issued capital	Contributed surplus	Retained earnings	Other comprehensive income (loss)	Total
Balance October 1, 2022		**$ 213,277**	**$ 3,479**	**$ 92,198**	**$ (3,768)**	**$ 305,186**
Net Comprehensive income		—	—	18,885	4,885	23,770
Dividend paid ($1.12 per share)		—	—	(13,163)	—	(13,163)
Share repurchase		(609)	—	(1,061)	—	(1,670)
Shares issued under employee share plans	18	2,472	(1,524)	—	—	948
Share issued through acquisition		3,964	—	—	—	3,964
Contingent earn out	26	3,511	—	—	—	3,511
Shares issued under employee share purchase plan	18	2,925	—	—	—	2,925
Share based compensation expense	19	—	2,901	—	—	2,901
Balance September 30, 2023		**$ 225,540**	**$ 4,856**	**$ 96,859**	**$ 1,117**	**$ 328,372**

The accompanying notes are an integral part of the audited annual condensed consolidated financial statements.

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2024 and 2023
(Canadian dollars in thousands)

		Year ended September 30, 2024	Year ended September 30, 2023
CASH FLOWS GENERATED FROM (USED IN) OPERATING ACTIVITIES			
Net profit		$ 11,180	$ 18,885
Items not affecting cash:			
Interest expense		4,826	365
Changes in fair value related to contingent earn-out	26	8,767	3,858
Lease obligations interest expense	11	1,809	531
Income tax expense		11,140	11,076
Employee share purchase plan expense	19	549	597
Share based compensation expense	19	3,824	3,273
Depreciation and amortization	10,11,13	41,829	28,418
Deemed compensation	25,26	4,322	550
Other changes in fair value		(202)	(314)
		88,044	67,239
Change in non-cash working capital			
Accounts receivable		17,625	1,393
Work in process		(2,509)	23,285
Prepaid expenses and other		337	(829)
Inventory		2,795	(3,340)
Accounts payable and accrued liabilities		(1,064)	(17,947)
Unearned contract revenue		(6)	928
		105,222	70,729
Interest paid		(6,635)	(895)
Income tax paid	22	(11,366)	(13,059)
		87,221	56,775
CASH FLOWS GENERATED FROM (USED IN) FINANCING ACTIVITIES			
Issuance of common shares net of costs	18,19	2,786	2,901
Repurchase of common shares		(5,648)	(1,670)
Dividends		(13,351)	(13,163)
Net draw (repayment) on debt facility	17	52,000	30,250
Payment of lease obligations	11	(5,289)	(4,382)
		30,498	13,936
CASH FLOWS USED IN INVESTING ACTIVITIES			
Investments	12	—	(2,689)
Business acquisitions	25	(87,862)	(68,494)
Property, plant and equipment	10	(11,803)	(8,440)
		(99,665)	(79,623)
NET CASH INFLOW (OUTFLOW)		$ 18,054	$ (8,912)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		33,734	42,646
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 51,788	$ 33,734

The accompanying notes are an integral part of the audited annual consolidated financial statements.

1. Basis of Preparation

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

Statement of compliance

These consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and in place for September 30, 2024. These consolidated financial statements were prepared using the accounting policies as described in Note 2 - Summary of Significant Accounting Policies.

These consolidated financial statements were authorized for issuance by the Board of Directors on November 26, 2024.

2. Material Accounting Policies

On October 1, 2023, the Company adopted amendments within IAS 1 Presentation of Financial Statements related to the Disclosure of Accounting Policies. The changes required an entity to disclose material rather than significant accounting policies. Accordingly, management reviewed its accounting policies and updated the accounting policy information within this note to align with these amendments.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Calian Ltd., located in Ottawa, Ontario, Primacy Management Inc. (“Primacy”), located in Burlington, Ontario, Calian Agriculture Ltd., located in Regina, Saskatchewan, SatService Gesellschaft für Kommunikationssysteme mbH (“SatService”), located in Steisslingen, Germany, Calian Contract Research Organization Ltd., located in Ottawa, Ontario, Calian Patient Support Programs Ltd., located in Ottawa, Ontario, Calian Europe AS, located in Stavanger, Norway, Calian GNSS Inc., located in Ottawa, Ontario, Calian UK Ltd., located in London, England, Calian Antenna Solutions Inc., located in Vaudreuil-Dorion, Quebec, Calian Digital Solutions Ltd., located in Toronto, Ontario, SimFront Simulation Systems Corporation (“Simfront”), located in Ottawa, Ontario, Calian Corp., located in Houston, Texas, Calian Pacific Teleport Ltd. (formerly Hawaii Pacific Teleport or “HPT”), located in Kapolei, Hawaii, Decisive Technologies Inc. (“Decisive”), located in Ottawa, Ontario, and Mabway Limited (“Mabway”), located in Fareham, England. All transactions and balances between these companies have been eliminated on consolidation.

Basis of presentation

The consolidated financial statements are presented at historical cost unless otherwise noted. Historical cost is generally based on the fair value of the consideration given in exchange for the asset or liability.

Revenue recognition

The Company recognizes revenue from the following sources, although this list is not exhaustive:

2. Material Accounting Policies (continued)

Service revenue

- Advanced Technologies support services across a number of industries, and product development
- Healthcare services including clinic management, healthcare practitioner support, rapid response healthcare support, clinical research and psychological assessments
- Learning services including Custom Training for the military, emergency preparedness and simulation training
- IT services including IT support, systems implementation services, cyber security consulting and cyber security monitoring

Product revenue

- Sale of internally developed hardware and software products used in many applications across multiple industries
- Licensing of internally developed Healthcare software products
- Resale of IT product which can include hardware and software
- Manufacturing and installation of large satellite antennae ground systems
- Licensing of cyber product solutions

(a) Revenue recognition:

Revenue is recognized in profit or loss in accordance with the pattern of satisfying the Company's performance obligations under a contract. This satisfaction occurs when control of a good or service transfers to the customer. In the majority of the Company's fixed price contracts, the customer controls the work in process as evidenced by the right to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company. Based on the nature of these contractual arrangements, control is transferred over time and revenue is recognized over time.

For the majority of fixed price revenue for the Company, for each performance obligation satisfied over time, the Company will recognize revenue by measuring progress toward complete satisfaction of that performance obligation using the input method. In this way, the Company recognizes revenue in a pattern that reflects the transfer of control of the promised goods or services to the customer. Fixed price contracts are recognized using the input method with reference to costs incurred. For a select few projects, the Company will recognize revenue by measuring progress toward complete satisfaction of that performance obligation using the output method. Revenue from cost plus arrangements is recognized as services are performed and costs are incurred.

Revenue from generic product sales, or product that does not meet criteria for over time recognition is measured at a point in time following the transfer of control of such products to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying contracts. For certain contracts, the Company does not have control of the product prior to delivery to the customer. In this case, revenue is measured net of cost of sales.

Revenue from contract modifications, commonly referred to as change orders or purchase orders issued on contracts, will be recognized to the extent that the contract modifications have been approved by the customer and the amount can be measured reliably.

2. Material Accounting Policies (continued)

For a portion of customer arrangements, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability (even if that single project results in the delivery of multiple units). The Company therefore considers that the entire contract results in the delivery of a single performance obligation. For other customer arrangements across the portfolio contracts, the Company may promise to provide distinct goods or services within a contract in which case the contract is separated into the associated performance obligations as assessed from the customer's perspective. If a contract contains multiple performance obligations, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. When the Company is contracted to construct customer specific projects, the budgets and overall transaction prices are built up using the Company's best estimate of costs associated to complete the customized project using the appropriate overhead and subcontractor rates for a given project and location. This approach to estimate the overall costs and associated revenues is considered the most appropriate assessment of the standalone selling price for the associated performance obligations.

In certain contracts for products, the Company may agree to provide warranty and maintenance services for periods that can extend up to 5 years. Warranty and maintenance are often included in the transaction price and is an after–sales service. Upon expiration, the warranty period may be extended at the customer's option. Regardless of whether a renewal option exists in a contract, the Company does not account for a renewal option until this option is agreed upon. This is subsequently accounted for at the agreed upon price on renewal. Consequently, the option to extend the renewal period does not provide customers with any advantage when they enter into the initial contract and therefore no revenue has been deferred relating to this renewal option.

The maintenance or warranty service is considered to be a distinct service when it is both regularly supplied by the Company to other customers on a stand-alone basis and is available for customers from other providers in the market. When these criteria are met, the warranty is considered a service type warranty where a portion of the transaction price is allocated to the maintenance services based on the stand-alone selling price of those services. Revenue relating to the maintenance services is recognized over time as the service is provided and incurs warranty costs over the satisfaction of the performance obligation. Assurance type warranties are those that promise to the customer that the delivered product will function as intended and will comply with agreed-upon specifications. Assurance type warranty costs are recognized as a provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, based on the progress of the other performance obligations in the contract, and the provision recognized is reduced as costs are incurred or reversed if no longer required.

If estimated total costs on any contract, including any inefficient costs, are greater than the net contract revenues, IFRS15, Revenue from Contracts with Customers indicates IAS37, Provisions, Contingent Liabilities and Contingent Assets, is applied as the contract is considered onerous. IAS37 however contains no further requirements as to the measurement of onerous contracts. All loss provisions for contracts with customers follow the same policy for the definition of unavoidable costs to fulfilling the contract. The Company defines unavoidable costs as the costs that the Company cannot avoid because it has the contract (for example, this would include an allocation of overhead costs if those costs are incurred for activities required to complete the contract).

(b) Contract assets and liabilities

Any excess of costs and estimated earnings over progress billings on construction contracts is carried as a contract asset in the financial statements. Any excess of progress billings over earned revenue on construction contracts is carried as a contract liability in the financial statements. Contract assets and liabilities (or "work in process" and "unearned contract revenue", respectively) are reported in a net position on a contract-by-contract basis at the end of each reporting period.

2. Material Accounting Policies (continued)

(c) Provisions:

Provisions are recognized when, at the financial statement date, the Company has a present obligation as a result of a past event, and it is more likely than not that the Company will be required to settle that obligation and the cash outflow can be estimated reliably. The amount recognized for provisions is the best estimate of the expenditure to be incurred. Provisions are measured at their present value.

Provisions include:

i. Provisions for potential warranty claims relating to construction projects. These claims are usually settled during the project's warranty period. A provision is recognized when it is more likely than not that a warranty claim will arise. The amount recognized is the best estimate of the amount required to settle the warranty issue.

ii. Provisions for loss contracts are recorded when costs are determined to be greater than total revenues for the contract. Losses from any construction contracts are recognized in full in the period the loss becomes apparent. The loss provision will be net of management's estimate of probable expected recoveries, which differs from the criterion used for revenue recognition.

Share-based compensation

The Company has a stock option plan for executives and other key employees. The Company measures and recognizes compensation expense based on the grant date fair-value of the stock options issued using the Black-Scholes pricing model. The offsetting credit is recorded in contributed surplus. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. Compensation expense for each tranche is recorded on a straight-line basis over the vesting period based on the Company's estimate of share options that will ultimately vest. At each reporting period, the Company revises its estimate of the stock options expected to vest. The impact on the change in estimate, if any, is recognized over the remaining vesting period. Consideration paid by employees on the exercise of options and related amounts of contributed surplus are recorded as issued capital when the shares are issued.

The Company has a restricted share unit plan for executives and other key employees. The Company measures and recognizes compensation expense based on the grant date fair-value of the units issued using the market value based on the price at the date preceding the grant. The offsetting credit is recorded in contributed surplus. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. Compensation expense for each tranche is recorded on a straight-line basis over the vesting period based on the Company's estimate of units that will ultimately vest. At each reporting period, the Company revises its estimate of the units expected to vest. The impact on the change in estimate, if any, is recognized over the remaining vesting period.

The Company has an employee stock purchase plan available to all employees of the Company. The plan provides for a discount to the fair market value at the date the shares are issued. Compensation expense representing the discount is recorded as general and administration expenses with an offsetting amount to issued capital.

The Company has compensation units that are to be settled in cash but are tied to the value of the share price of the Company. At each reporting period end the Company values the fair market value of the units outstanding through use of the Black-Scholes method.

2. Material Accounting Policies (continued)

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset, or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in net profit, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

The tax currently payable is based on taxable income for the period using tax rates enacted or substantively enacted as at each reporting period and any adjustments to tax payable related to previous years. Taxable profit differs from profit as reported in the consolidated statement of net profit because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used for taxation purposes calculated using the tax rates in effect when the differences are expected to reverse.

2. Material Accounting Policies (continued)

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted at each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Inventory

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

Capitalized Research and Development (“R&D”)

Research costs are expensed as incurred. Internally developed internal-use asset costs are capitalized once a project has progressed beyond a conceptual, preliminary stage to that of development. Development costs that are directly attributable to the design and testing of identifiable assets controlled by the Company are recognized as assets when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use;
- there is an ability and management intends to complete the asset for use or sale;
- it can be demonstrated how the asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- the expenditure attributable to the asset during its development can be reliably measured.

Costs that qualify for capitalization include both internal and external costs, but are limited to those that are directly related to the specific project. Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in net profit over the estimated useful life of the underlying assets.

2. Material Accounting Policies (continued)

Capitalized R&D is measured at cost and depreciated over the useful life of the assets which is determined to be five years. Costs include expenditures that are directly attributable to its construction.

Equipment

Equipment, comprising furniture, computer equipment, along with leasehold improvements, and buildings, are stated at cost less accumulated depreciation and impairment losses, if any. The carrying value is net of any related government assistance and investment tax credits. Depreciation is recognized in net profit on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the term of the leases. The estimated useful lives are as follows:

- Equipment: 3 to 13 years
- Building: 20 years

The estimated useful lives, residual values and depreciation methods are reviewed annually, with the effect of any changes in estimate accounted for on a prospective basis.

Application software

Application software is measured at cost less accumulated depreciation and is amortized on a straight-line basis over its estimated useful life not exceeding ten years. The amortization method and estimate of useful lives are reviewed annually.

Acquired intangible assets

Acquired intangible assets are measured at cost less accumulated amortization. Amortization is recognized in net profit over the estimated useful lives of the underlying assets. The estimated useful lives are as follows:

- Customer relationships: 3 to 14 years
- Contracts with customers: 3 to 5 years
- Non-competition agreements: 2 to 5 years
- Technology and Trademarks: 2 to 9 years

Impairment of equipment, application software and intangible assets

At each reporting period, management reviews the carrying amounts of its equipment, application software and acquired intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, management estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

2. Material Accounting Policies (continued)

Impairment of goodwill

Goodwill arising on the acquisition of a business represents the excess of the purchase price over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired businesses at the acquisition date. Initially, goodwill is recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating unit ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the acquisition. CGUs or groups of CGUs to which goodwill has been allocated are tested for impairment annually, or when events or changes in circumstances indicate that the carrying amount of a CGU may not be recoverable.

If the recoverable amount of a CGU or group of CGUs to which goodwill has been allocated is less than its carrying amount, the impairment loss is first applied to reduce the carrying value of goodwill allocated to the unit. Any remaining impairment loss is then allocated pro-rata to the other assets of the CGU. Notable, impairment losses recognized for goodwill cannot be reversed in future periods.

The Company performs its annual goodwill impairment review on September 30th each year.

For impairment testing purposes, CGUs are grouped according to the Company's reporting segments, as disclosed in Note 23. The goodwill and intangibles allocated to each segment as of September 30, 2024 are as follows:

	Advanced Technologies	Health	Learning	ITCS
Acquired intangible assets	$ 36,081	$ 1,846	$ 22,820	$ 67,505
Goodwill	51,436	12,852	31,882	114,222
Total	$ 87,517	$ 14,698	$ 54,702	$ 181,727

For the years ended September 30, 2024 and 2023, the Company developed key assumptions to estimate the recoverable values of assets for each segment. These assumptions included discount rates, projected after-tax cash earnings, terminal growth rate and projected capital expenditures.

Based on these assumptions, the Company determined the estimated carrying values as of September 30, 2024. This process involved forecasting performance of each segment for fiscal 2025, a review that is conducted annually at various management levels and is approved by the Board of Directors. Growth rates for cash flows were set at 10% for the subsequent four years, with a terminal growth of 3% for each segment, reflecting management’s best estimate and industry norms for long-term growth based on past experience.

As of September 30, 2024 and 2023, management assessed the recoverable amount of goodwill and concluded that no goodwill impairment charge was necessary. Management believes that reasonable changes in significant assumptions used in the impairment model would not cause the carrying values to exceed recoverable amounts for Advanced Technologies, Health and Learning segments.

The Company concluded that the lowest excess value was in the ITCS segment, therefore the Company performed incremental sensitivity analysis. Using growth rates of 10% beyond the 2025 forecasted performance, a terminal growth rate of 3% and a discount rate of 10.9%, the excess value was determined to be 67%. These sensitivities included a scenario with a 5% growth rate beyond the 2025 forecasted performance, while maintaining the discount rate and terminal growth rates, and a more conservative scenario assuming 0% growth from 2024 performance and 0% terminal growth, with the same discount rate.

In the 5% scenario, the excess value over the carrying value of ITCS assets was 50%. In the 0% growth scenario, an impairment would result. If significant changes in the outlook for any segment or adjustments to the capital structure lead to an increased discount rate above 14%, the resulting lower recoverable value could result in an impairment.

Business acquisition

Business acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at estimated fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, and liabilities incurred by the Company to the former owners of the acquiree in exchange for control of the acquiree. Acquisition-related costs are generally expensed in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their estimated fair value, except that deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 Income Taxes.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the estimated fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the estimated fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes a payment subject to the retention of the principal shareholders or employees, the amount is deemed to represent deferred compensation payable to such individuals and therefore is excluded from the total consideration of the purchase, and is expensed on a straight-line basis over the retention period in the Company’s consolidated statement of net profit as deemed compensation related to acquisitions.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date estimated fair value and included as part of the consideration transferred in a business combination. Changes in the estimated fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. Changes in the estimated fair value of the contingent consideration outside of the measurement period are adjusted prospectively against changes in fair value in the statement of net profit.

Foreign currency translation

Transactions in currencies other than the Company’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. At each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at each reporting period. Non-monetary items which are measured in terms of historical cost in a foreign currency are not retranslated.

2. Material Accounting Policies (continued)

Exchange differences are recognized in net profit in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currencies (see note below for hedging policy).

The functional currency of the parent company and its subsidiaries is the Canadian dollar, except for Calian Corp. and Calian Pacific Teleport which are in USD, SatService which is in Euro, Calian Europe which is in Norwegian Krone, along with Calian UK and Mabway which are in Pound Sterling.

Financial instruments

All financial assets are recognized and de-recognized on trade date. The classification of financial assets depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets are classified as follows:

Cash	Amortized cost
Accounts receivable	Amortized cost
Investments	Fair value through profit and loss
Derivative assets	Fair value through other comprehensive income ("OCI")

Amortized cost

Subsequent to initial recognition, financial assets at amortized cost are measured using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate except for accounts receivable, where the interest revenue would be immaterial. Interest income, foreign exchange gains and losses, and impairment and any gain or loss on de-recognition are recognized in profit and loss.

Impairment of financial assets

The company measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the Company's past experience of collecting payments, observable changes in national or local economic conditions that correlate with default on receivables, financial difficulties of the borrower, and it becoming probable that the borrower will enter bankruptcy or financial re-organization. Financial assets are written off when there is no reasonable expectation of recovery.

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities are as follows:

Debt facility	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Contingent earn-out	Fair value through profit and loss
Provisions	Amortized cost
Derivative liabilities	Fair value through OCI

2. Material Accounting Policies (continued)

Fair value hierarchy

The Company's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are:

Level 1 values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

When the inputs used to measure fair value fall within more than one level of the hierarchy, the level within which the fair value measurement is categorized is based on the Company's assessment of the lowest level input that is the most significant to the fair value measurement.

Derivative financial instruments and risk management

The Company enters into derivative financial instruments, mainly foreign exchange forward contracts to manage its foreign exchange rate risk. The Company's policy does not allow management to enter into derivative financial instruments for trading or speculative purposes. Foreign exchange forward contracts are entered into to manage the foreign exchange rate risk on foreign denominated financial assets and liabilities and foreign denominated forecasted transactions.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into with transaction costs recognized in profit and loss. Derivatives are subsequently re-measured to their fair value at each reporting period. The resulting gain or loss is recognized in net profit immediately unless the derivative is designated and effective as a hedging instrument, in which event the effective portion of changes in the fair value of the derivative is recorded in other comprehensive income and is recognized in net profit when the hedged item affects net profit. The Company expenses transaction costs related to its foreign exchange contracts. Fair value of the forward exchange contracts reflects the cash flows due to or from the Company if settlement had taken place at the end of the period. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months.

Hedge accounting

Management designates its foreign exchange forward contracts as either hedges of the fair value of recognized assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions and firm commitments (cash flow hedges).

At the inception of the hedge relationship, the Company documents the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Furthermore, both at the hedge's inception and on an on-going basis, the Company also assesses whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in net profit immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the income statement relating to the hedged item.

2. Material Accounting Policies (continued)

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in net profit, and is included in other gains and losses, if any. Amounts deferred in other comprehensive income are recycled in net profit in the periods when the hedged item is recognized in net profit, in the same line of the consolidated statement of net profit as the recognized hedged item.

Hedge accounting is discontinued when management revokes the hedging relationship; the hedging instrument is terminated or no longer qualifies for hedge accounting. For fair value hedges, the adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to net profit from that date. For cash flow hedges, any cumulative gain or loss deferred in other comprehensive income at that time remains in other comprehensive income and is recognized when the forecast transaction is ultimately recognized in net profit. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in other comprehensive income is recognized immediately in net profit.

Note 24 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the consolidated statement of changes in equity.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Estimates:

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent 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

The Company enters into 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. Management's approach to revenue recognition is tightly linked to detailed project management processes and controls. The information provided by the project managers combined with a knowledgeable assessment of technical complexities and risks are used in estimating the percentage complete. Specifically for the Advanced Technologies fixed-price contracts, there is significant judgement and estimation uncertainty in determining the estimated costs to complete, including materials, labour and subcontractor costs.

Impairment of goodwill and intangible assets

Determining whether goodwill or acquired intangible assets are impaired requires an estimation of the recoverable amount of the cash-generating units of groups of cash-generating units. This was assessed through a value in use calculation. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit or groups of cash-generating units, and a suitable discount rate in order to calculate the 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.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

Judgments:

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 estimated fair values. The identification of assets purchased and liabilities assumed and the valuation thereof can require specialized skills and knowledge. Where appropriate, the Company engages external business valuators to assist in the valuation of tangible and intangible assets acquired.

When a business combination involves contingent consideration, an amount equal to the estimated fair value of the contingent consideration is recorded as a liability at the time of acquisition and is measured at the estimated fair value at each reporting period. The key assumptions utilized in determining estimated fair value of contingent consideration may include probabilities associated with the occurrence of specified future events, financial projections of the acquired business including forecasted revenue and EBITDA, the timing of future cash flows, cash flow volatility and the appropriate discount rate.

As as September 30, 2024, the Company had significant estimates relating to the earn-out liability for the acquisition of Decisive ($18,672), Hawaii Pacific Teleport ($15,972) and Mabway ($6,348). See note 25 and 26 for further information.

Deferred income taxes

The Company's accounting policy with regards to income taxes is described in Note 2. 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.

4. Seasonality

The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. The Company's revenues and earnings have historically been subject to 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.

5. Cash and Cash Equivalents

The following table presents cash and cash equivalents by currency:

		Local Currency	Foreign Exchange		Presentation Currency
CAD	$	1,193	1.00	$	1,193
USD		25,691	1.39		35,652
GBP		4,660	1.81		8,432
EUR		2,233	1.52		3,391
NOK		24,000	0.13		3,120
Total cash and cash equivalents September 30,2024				$	51,788
CAD	$	11,598	1.00	$	11,598
USD		13,013	1.35		17,567
GBP		167	1.65		275
EUR		2,331	1.43		3,333
NOK		7,392	0.13		961
Total cash and cash equivalents September 30, 2023				$	33,734

6. Accounts Receivable

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

		September 30, 2024		September 30, 2023
Trade and accounts receivable	$	151,023	$	164,803
Tax and Scientific Research and Development receivable		6,064		4,394
Other		1,353		4,151
		158,440		173,348
Loss Allowance		(1,064)		(296)
	$	157,376	$	173,052

Bad debt expense recognized in the year ended September 30, 2024 (2023) is $890 ($615).

7. Inventory

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

7. Inventory (continued)

The following table presents inventories as at:

	September 30, 2024	September 30, 2023
Raw materials	$ 16,111	$ 15,519
Work in process inventory	3,253	3,472
Finished goods	3,835	2,992
	$ 23,199	$ 21,983

Inventory recognized as cost of revenues in the year ended is $49,746 ($35,941). Inventory provisions recognized in the year ended September 30, 2024 (2023) is $494 ($517).

8. Prepaid Expenses

The following table presents prepaid expenses as at:

	September 30, 2024	September 30, 2023
Prepaid maintenance	$ 18,690	$ 20,250
Other prepaid expenses	13,108	9,176
	$ 31,798	$ 29,426
Current	23,978	19,040
Non-current	7,820	10,386
	$ 31,798	$ 29,426

9. Contract Assets and Liabilities

The following table presents net contract liabilities as at:

	Net Contract Liabilities	
	September 30, 2024	September 30, 2023
Work in process	$ 20,437	$ 16,580
Unearned contract revenue (current)	(41,723)	(32,423)
Unearned contract revenue (non-current)	(14,503)	(15,592)
Net contract liabilities	$ (35,789)	$ (31,435)

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

	Changes in Net Contract Liabilities	
	September 30, 2024	September 30, 2023
Opening balance, October 1	$ (31,435)	$ (6,345)
Revenue recognized for net contract liabilities	126,970	93,592
Billings	(125,088)	(117,805)
Acquisitions (Note 25)	(6,236)	(877)
Ending balance	$ (35,789)	$ (31,435)

10. Property, Plant and Equipment

A continuity of the leasehold improvements, land and building, equipment, application software and capitalized research and development for the year ended September 30, 2024 is as follows:

	Cost				Depreciation		Carrying Value	
	Cost	Additions/ Disposals	Acquisitions (Note 25)	Total	Depreciation	Accumulated Depreciation	September 30, 2024	September 30, 2023
Leasehold improvements	$ 5,196	$ (121)	$ —	$ 5,075	$ (630)	$ (3,044)	$ 2,031	$ 2,765
Land and Building	1,321	955	—	2,276	(30)	(28)	2,248	1,309
Equipment	51,909	9,014	1,758	62,681	(7,346)	(36,525)	26,156	22,635
Application software	15,265	573	—	15,838	(1,244)	(7,063)	8,775	9,446
Capitalized research and development	5,139	—	—	5,139	(749)	(4,820)	319	1,068
Intellectual property rights	—	1,482	—	1,482	(49)	(49)	1,433	—
Total	$ 78,830	$ 11,903	$ 1,758	$ 92,491	$ (10,048)	$ (51,529)	$ 40,962	$ 37,223

Additions in the table above are net of disposals in the amount of $108 ($127) for the year ended September 30, 2024 (2023). The Company recognized foreign exchange of $179 in the cost and $(226) in the depreciation of equipment in the year ended September 30, 2024.

11. Right of Use Assets and Lease Obligations

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

	Years ended	
	September 30, 2024	September 30, 2023
Balance at October 1	$ 34,637	$ 16,678
Additions	6,190	2,302
Disposals and foreign exchange adjustments	(694)	30
Depreciation	(6,043)	(4,501)
Acquisitions (Note 25)	2,294	20,128
	$ 36,383	$ 34,637

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

11. Right of Use Assets and Lease Obligations (continued)

The following table presents lease obligations for the Company:

	Years ended	
	September 30, 2024	September 30, 2023
Balance at October 1	$ 37,006	$ 19,035
Additions	6,116	2,403
Disposals and foreign exchange adjustments	(621)	(71)
Principal payments	(5,289)	(4,382)
Acquisitions (Note 25)	2,231	20,021
	$ 39,443	$ 37,006
Current	$ 5,645	$ 4,949
Non-current	33,798	32,057
Total	$ 39,443	$ 37,006

The following table presents the contractual undiscounted cash flows for lease obligations as at September 30, 2024:

	Total Undiscounted Lease Obligations
Less than one year	$ 7,334
One to five years	19,313
More than five years	24,834
Total undiscounted lease obligations	$ 51,481

Total cash outflow for leases in the year ended September 30, 2024 (2023) is $7,098 ($4,913) , including principal payments relating to lease obligations of $5,289 ($4,382), interest expense on lease obligations is $1,809 ($531). Expenses relating to short-term leases recognized in general and administration expenses was $152 ($137) for the year ended September 30, 2024 (2023).

12. Investments

Cliniconex Inc., is an Ottawa-based patient outreach solutions vendor. During the years of 2017 to 2020, the Company invested a total $569 in common and preferred shares of the Company, representing a minority interest. The Company recognizes the investment at fair value and has adjusted its common and preferred shares to the most recent fair value, resulting in a gain of $101 recognized in fiscal 2020.

During the period ended September 30, 2023, the Company invested $2,000 USD ($2,689) to acquire a minority interest in preferred shares of Field Effect Software Inc. (“Field Effect”). Field Effect is Ottawa based and provides cyber security solutions. The Company recognizes this investment at fair value and has recognized a gain of $202 ($314) in the period ended September 30, 2024 (2023).

13. Acquired Intangible Assets

A continuity of the acquired intangible assets for the year ended September 30, 2024 is as follows:

	September 30, 2024				
	Opening Balance	Additions (Note 25)	Amortization	Foreign Exchange Revaluation	Closing Balance
Customer relationships	$ 60,624	$ 77,030	$ (20,117)	$ 945	$ 118,482
Discrete contracts with customers & non-competition agreements	4,016	—	(2,154)	—	1,862
Technology and trademarks	10,520	856	(3,467)	—	7,909
	$ 75,160	$ 77,886	$ (25,738)	$ 945	$ 128,253

In the year ended September 30, 2024 the Company recorded a foreign currency revaluation of intangible assets held in foreign subsidiaries which utilize different functional currencies than the Company's presentation currency. These foreign exchange revaluations are reflected in comprehensive income.

A continuity of the acquired intangible assets for the year ended September 30, 2023 is as follows:

	September 30, 2023				
	Opening Balance	Additions (Note 25)	Amortization	Foreign Exchange Revaluation	Closing Balance
Customer relationships	$ 41,598	$ 28,553	$ (9,850)	$ 323	$ 60,624
Discrete contracts with customers & non-competition agreements	586	4,071	(641)	—	4,016
Technology and trademarks	14,903	—	(4,383)	—	10,520
	$ 57,087	$ 32,624	$ (14,874)	$ 323	$ 75,160

14. Goodwill

The following table presents the goodwill for the Company for the year ended September 30, 2024:

	September 30, 2024
Opening balance, October 1	$ 159,133
Additions:	
Acquisition of Decisive (Note 25)	29,959
Acquisition of MDA Nuclear Division (Note 25)	1,039
Acquisition of Mabway (Note 25)	16,159
Adjustments:	
Acquisition of Hawaii Pacific Teleport (Note 25)	2,767
Foreign Exchange	1,335
	$ 210,392

14. Goodwill (continued)

In the year ended September 30, 2024 the Company recorded a foreign currency revaluation of goodwill held in foreign subsidiaries which utilize different functional currencies than the Company's presentation currency. These foreign exchange revaluations are reflected in comprehensive income.

The following table presents the goodwill for the Company for the year ended September 30, 2023:

	September 30, 2023
Opening balance, October 1	$ 145,959
Additions:	
Acquisition of HPT (Note 25)	12,916
Adjustments:	
Foreign Exchange	258
	$ 159,133

15. Accounts Payable and Accrued Liabilities

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

	September 30, 2024	September 30, 2023
Trade accounts payable	$ 89,928	$ 76,168
Payroll accruals	24,575	22,252
Income tax payable	4,982	2,150
Other accruals	5,399	4,980
	$ 124,884	$ 105,550

16. Provisions

Changes in provisions for the year ended September 30, 2024 were as follows:

	Product Warranties	Restructuring Expense	Other	Total
Balance as October 1,2023	$ 1,335	$ 1,395	$ 118	$ 2,848
Additions	1,449	2,360	—	3,809
Utilization/Reversals	(1,414)	(2,124)	(44)	(3,582)
Balance at September 30,2024	$ 1,370	$ 1,631	$ 74	$ 3,075

Changes in provisions for the year ended September 30, 2023 were as follows:

	Product Warranties	Restructuring Expense	Other	Total
Balance as October 1,2022	$ 897	$ 248	$ 104	$ 1,249
Additions	1,184	2,658	24	3,866
Utilization/Reversals	(746)	(1,511)	(10)	(2,267)
Balance at September 30,2023	$ 1,335	$ 1,395	$ 118	$ 2,848

17. Debt Agreement

On July 21, 2023, the Company signed an amended debt facility that provides the Company with the ability to draw up to $180,000 CAD and an accordion feature of up to $75,000 CAD. The agreement has a three-year term, which will mature on July 21, 2026. At September 30, 2024 (September 30, 2023), the Company utilized $89,750 ($37,750) of the facility. The facility is secured against the Company's assets and is interest bearing at the Royal Bank of Canada's Prime Rate plus applicable margin. As at September 30, 2024 the Company is in compliance with all applicable covenants under the debt facility.

18. Issued Capital and Reserves

Issued Capital

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. The holders of Common Shares are entitled to dividends if, as and when declared by the Board, to one vote per share at the meetings of holders of Common Shares and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares. No Preferred Shares are outstanding as of the September 30, 2024.

Common shares issued and outstanding:

	September 30, 2024		September 30, 2023	
	Shares	Amount	Shares	Amount
Balance October 1	11,812,650	$ 225,540	11,607,391	$ 213,277
Shares issued under employee share plans	53,264	2,684	60,311	2,471
Shares issued under employee share purchase plan	50,566	2,770	48,620	2,925
Shares issued through acquisition	1,132	77	69,094	3,964
Shared issued through earn out	—	—	59,328	3,511
Shares repurchased	(115,248)	(2,249)	(32,094)	(608)
Obligation related to share repurchase	—	(3,075)	—	—
Issued capital	11,802,364	$ 225,747	11,812,650	$ 225,540

On September 1, 2023, the Company entered into a normal course issuer bid ("NCIB"). The NCIB was renewed on September 1, 2024 where the Company was approved to purchase up to 995,904 shares during the 12-month period commencing September 1, 2024 and ending August 31, 2025. During the year ended September 30, 2024 (2023), the Company repurchased and cancelled 115,248 (32,094) common shares for total cash consideration of $5,648 ($1,667) at an average purchase price per share of $49.01 ($51.96).

The Company has entered into an automatic share purchase plan ("ASPP") to provide the option to instruct its broker to make purchases under the NCIB during any applicable blackout periods. As at September 30, 2024 (2023), an obligation for the repurchase of shares of $3,075 (NIL) was recognized as an accrued liability, as instructions were provided to the Company's broker to continue making purchases during the current blackout period in accordance with the ASPP.

Subsequent to the date of the statement of financial position, on November 25, 2024, the date of issuance of these audited annual consolidated financial statements, the Company declared a dividend of $0.28 per common share payable on December 23, 2024.

18. Issued Capital and Reserves (continued)

Contributed Surplus

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

19. Share-Based Compensation

Employee Share Purchase Plan

Under the Company's Employee Share Purchase Plan, shares are issued monthly using the volume weighted average price for the last 5 days of the month for the contributions made by employees in that month. The Company provides matching shares at 25% for all employee contributions each month. Pursuant to the plan, 500,000 Common Shares are reserved for issuance, as of September 30, 2024 (2023), the Company can issue 315,486 (366,052) shares.

During the year ended September 30, 2024 (2023) under the 2020 Employee Share Purchase Plan, the Company issued 50,566 (48,620) shares at an average price of $54.79 ($60.15). The Company received $2,192 ($2,307) in proceeds and recorded an expense of $548 ($597).

Stock Options

The Company has an established stock option plan. Under the plan, eligible directors and employees are granted the right to purchase shares of common stock at a price established by the Board of Directors on the date the options are granted but in no circumstances below fair market value of the shares at the date of grant. Stock options are issued at market value based on the price at the date preceding the grant, and can have a contractual term of up to ten years and generally vest over 3 years. The maximum number of common shares reserved for issuance under the plan is equal to an aggregate 7% (826,165) of the Company's issued and outstanding shares from time to time less the aggregate number of shares reserved for issuance or issuable under any other security-based compensation arrangement for the Company.

As at September 30, 2024 (2023), the Company has 410,371 (403,829) stock options and restricted share units ("RSUs") outstanding. As a result, the Company could grant up to 415,794 (659,310) additional stock options or RSUs pursuant to the plan.

The weighted average fair value of options granted during the twelve months ended September 30, 2024 (2023) was $11.05 ($14.26) per option calculated using the Black-Scholes option pricing model. Where relevant, the expected life of the options was based on historical data for similar issuances and adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on historical price volatility over the past 5 years. To allow for the effects of early exercise, it was assumed that options would be exercised on average 2 years after vesting.

19. Share-Based Compensation (continued)

The following assumptions were used to determine the fair value of the options granted in the twelve months ended September 30, 2024:

	Weighted Average Options Granted			
	September 30, 2024		September 30, 2023	
Grant date share price	$	52.26	$	60.44
Exercise price	$	52.26	$	60.43
Expected price volatility	%	27.21	%	31.74
Expected option life	yrs	3.42	yrs	3.33
Expected dividend yield	%	2.14	%	1.89
Risk-free interest rate	%	4.23	%	3.66
Forfeiture rate	%	—	%	—

	September 30, 2024			September 30, 2023		
	Number of Options	Weighted Avg. Exercise Price		Number of Options	Weighted Avg. Exercise Price	
Outstanding October 1	212,416	$	56.22	220,800	$	52.55
Exercised	(19,500)		30.97	(31,000)		30.75
Forfeited	(3,644)		59.85	(926)		60.43
Granted	31,138		52.26	23,542		60.43
Outstanding September 30	220,410	$	57.84	212,416	$	56.22

The following options are outstanding at September 30, 2024:

Option issuance:	Number of Options	Grant date	Expiry date	Exercise price		Fair value at grant date	
(1) Issued November 25, 2019	11,000	November 25, 2019	November 25, 2024	$	36.49	$	5.18
(2) Issued August 13, 2020	94,615	August 13, 2020	August 13, 2025	$	60.30	$	8.44
(3) Issued November 24, 2020	21,222	November 24, 2020	November 24, 2025	$	61.16	$	10.24
(4) Issued February 9, 2021	1,817	February 9, 2021	February 9, 2026	$	60.35	$	9.92
(5) Issued November 24, 2021	37,260	November 24, 2021	November 24, 2026	$	58.90	$	10.66
(6) Issued March 9, 2022	1,536	March 9, 2022	March 9, 2027	$	60.55	$	10.33
(7) Issued November 24, 2022	20,636	November 24, 2022	November 24, 2027	$	60.43	$	14.26
(8) Issued February 15, 2023	1,186	February 15, 2023	February 15, 2028	$	60.44	$	14.20
(9) Issued November 27, 2023	31,138	November 27, 2023	November 27, 2028	$	52.26	$	11.05

For the options issued on November 27, 2023, vesting occurs through to November 27, 2025.

19. Share-Based Compensation (continued)

At September 30, 2024 (2023) the weighted average remaining contractual life of options outstanding is 1.78 (1.92) years of which 198,192 (186,164) options are exercisable at a weighted average price of $58.32 ($55.71). The Company has recorded $351 ($339) of share-based compensation expense in the year ended September 30, 2024 (2023) related to the options that have been granted. At September 30, 2024 (2023) the Company has total unrecognized compensation expense of $60 ($67) that will be recorded in the next two fiscal years.

Restricted Share Units:

Under the Company's restricted stock unit ("RSU") plan, share units may be awarded to any officer or employee of the Company. Each restricted share unit will vest on the date or dates designated for that unit, conditional on any vesting conditions being met. At the discretion of the Board, the Company may issue one common share to participants for each whole vested share unit or a cash payment. The cash amount is equal to the number of vested share units to be redeemed multiplied by the value of the common shares otherwise issuable on redemption of the share units. Under the above RSU plan, the Company issued performance share units ("PSUs") which will vest on the date or dates designated for that unit, conditional on any vesting conditions being met. Vesting conditions for performance share units are tied to the Company's performance over time.

The following table summarizes information about the RSUs for the year ended September 30, 2024:

	September 30, 2024		September 30, 2023	
	Number of RSUs	Weighted Avg. Grant Date Fair Value	Number of RSUs	Weighted Avg. Grant Date Fair Value
Balance at October 1	191,413	$ 59.18	56,517	$ 49.09
Exercised	(33,764)	59.15	(29,311)	47.21
Forfeited	(36,195)	59.16	(24,425)	50.92
Granted	68,507	58.45	188,632	59.18
Outstanding September 30	189,961	$ 58.92	191,413	$ 59.18

Of the units issued in the current year under the RSU plan, 312 units have vested as of September 30, 2024. The Company has recorded $3,474 ($2,500) of share-based compensation expense in the year ended September 30, 2024 (2023) related to the RSUs that have been granted. At September 30, 2024 (2023) the Company has total unrecognized compensation expense of $1,990 ($965) that will be recorded over the next three years. The following unvested RSU-based payment arrangements are in existence:

19. Share-Based Compensation (continued)

RSU issuance:		Number of units	Grant date	Vest through	Fair value at grant date	
(1) Issued November 24, 2021	RSU	5,723	November 24, 2021	November 15, 2024	$	58.90
(2) Issued Feb 9, 2022	RSU	26	February 9, 2022	November 15, 2024	$	57.18
(3) Issued May 10, 2022	RSU	280	May 10, 2022	November 15, 2024	$	67.34
(4) Issued Aug 10, 2022	RSU	40	August 10, 2022	November 15, 2024	$	66.60
(5) Issued September 14, 2022	RSU	326	September 14, 2022	November 15, 2024	$	56.10
(6) Issued November 24, 2022	RSU	16,873	November 24, 2022	November 15, 2025	$	59.18
	PSU	104,597	November 24, 2022	November 15, 2025	$	59.18
(7) Issued February 14, 2024	RSU	1,243	February 14, 2024	February 14, 2027	$	58.68
(8) Issued February 23, 2024	RSU	6,415	February 23, 2024	February 28, 2026	$	59.00
(9) Issued March 15, 2024	RSU	35,403	March 15, 2024	November 15, 2026	$	59.00
	PSU	6,929	March 15, 2024	November 15, 2025	$	59.00
(10) Issued May 14, 2024	RSU	1,779	May 14, 2024	May 14, 2027	$	55.98
(11) Issued June 26, 2024	PSU	10,140	June 26, 2024	November 15, 2025	$	56.00
(12) Issued August 14, 2024	RSU	187	August 7, 2024	May 14, 2027	$	53.62

Deferred Share Unit Plan

At September 30, 2024 (2023) the Company has 26,119 (45,345) Deferred Share Units ("DSU") outstanding, of which 25,139 (20,723) have vested, and the remainder will vest until December 2024. The Company recorded share-based compensation of $685 ($1,113) in the year ended September 30, 2024 (2023). Each DSU entitles the participant to receive the value of one Common Share at the time of vesting. Vesting of the share units are based on service intervals or held until termination of service.

The fair value of the DSUs outstanding at September 30, 2024 (2023) was $40.65 ($45.70) per unit using the fair value of a Common Share at period end.

20. Revenue

The following table presents the revenue of the Company for the year ended September 30, 2024 and 2023:

	Year Ended September 30, 2024	Year Ended September 30, 2023
Product revenue		
Advanced Technologies	$ 145,773	$ 106,298
Health	1,191	1
Learning	8,011	6,235
ITCS	71,774	44,741
Total product revenue	$ 226,749	$ 157,275
Service revenue		
Advanced Technologies	$ 62,169	$ 72,065
Health	210,839	184,855
Learning	104,889	99,957
ITCS	141,965	144,431
Total service revenue	$ 519,862	$ 501,308
Total revenue	$ 746,611	$ 658,583

Remaining Performance Obligations

The following table presents the aggregate amount of the revenues expected to be realized in the future from partially or fully unsatisfied performance obligations as at September 30, 2024 for contracts recognized over time. The amounts disclosed below represent the value of the firm orders only. Such orders may be subject to future modifications that might impact the amount and/or timing of revenue recognition. The amounts disclosed below do not include unexercised options or letters of intent.

Revenues expected to be recognized in:

	September 30, 2024
Less than 24 months	$ 694,560
Thereafter	22,629
Total	$ 717,189

21. Net Profit per Share

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

	Year ended	
	September 30, 2024	September 30, 2023
Weighted average number of common shares – basic	11,837,520	11,714,887
Additions to reflect the dilutive effect of employee stock options and RSUs	93,261	25,791
Weighted average number of common shares – diluted	11,930,781	11,740,678

Options that are anti-dilutive because the exercise price was greater than the average market price of the common shares are not included in the computation of diluted net profit per share. For the twelve months ended September 30, 2024 (2023), 209,410 (46,374) options and 3,209 (42,507) RSUs were excluded from the above computation.

22. Income Tax

Current Income Taxes

The following table reconciles the difference between the income taxes that would result solely by applying statutory tax rates to pre-tax income and the reported income tax expenses:

	September 30, 2024	September 30, 2023
Profit before income taxes	$ 22,320	$ 29,961
Tax provision at the combined basic Canadian federal and provincial income tax rate of 26.5% (2023: 26.9%)	5,915	7,940
Increase (decrease) resulting from:		
Effect of expenses that are not deductible in determining taxable profits	4,433	1,601
Impact of rate reductions on valuation of deferred income tax assets	(362)	83
Other income not taxable in determining net profit	475	224
Tax expense relating to prior year	337	646
Impact of rate differences of foreign jurisdictions	342	582
Income tax expense	$ 11,140	$ 11,076

22. Income Tax (continued)

Deferred Income Taxes

Reconciliation of deferred tax assets and liabilities are shown below:

Deferred tax assets (liabilities)	Equipment and application software	Acquired intangible assets	Bought deal costs	Cash Flow hedging reserve	Other	Total
Deferred tax liability at September 30, 2022	$ (3,948)	$ (10,676)	$ 1,054	$ 1,414	$ 686	$ (11,470)
Current year acquisition	—	(502)	—	—	—	(502)
Recovery (expensed) to statement of net profit	(1,809)	2,478	(429)	—	1,603	1,843
Recovery (expensed) to other comprehensive income	—	—	—	(950)	15	(935)
Other	—	—	—	(365)	365	—
Deferred tax liability at September 30, 2023	(5,757)	(8,700)	625	99	2,669	(11,064)
Current year acquisition	2,359	(18,541)	—	—	1,676	(14,506)
Recovery (expensed) to statement of net profit	(378)	5,411	(427)	—		4,302
Recovery (expensed) to other comprehensive income	—	(274)	—	(84)	(304)	(358)
Other	—	—	—	—	(811)	(811)
Deferred tax liability at September 30, 2024	$ (3,776)	$ (22,104)	$ 198	$ 15	$ 3,230	$ (22,437)

The Company has tax losses $881 (2023: $4,933) that are available for offsetting against future taxable profits of the companies in which the losses arose. These losses start to expire in 2043.

23. Segmented Information

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

23. Segmented Information (continued)

The Company evaluates performance and allocates resources based on profit before undernoted items.

For the year ended September 30, 2024:

For the year ended September 30, 2024	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 207,942	$ 212,030	$ 112,900	$ 213,739	$ —	$ 746,611
Cost of revenues	125,492	156,904	82,222	127,979	—	492,597
Gross profit	82,450	55,126	30,678	85,760	—	254,014
Gross profit %	40 %	26 %	27 %	40 %	N/A %	34 %
Operating expenses	40,698	16,539	12,691	57,257	41,294	168,479
Profit before under noted items	$ 41,752	$ 38,587	$ 17,987	$ 28,503	$ (41,294)	$ 85,535
Profit before under noted items %	20 %	18 %	16 %	13 %	N/A %	11 %
Depreciation of property, plant and equipment						10,048
Depreciation of right of use assets						6,043
Amortization of acquired intangible assets						25,738
Other changes in fair value						(202)
Restructuring expense						1,864
Deemed compensation						4,322
Changes in fair value related to contingent earn-out						8,767
Profit before interest income and income tax expense						28,955
Interest expense						6,635
Income tax expense - current						15,442
Income tax recovery - deferred						(4,302)
NET PROFIT FOR THE PERIOD						$ 11,180

23. Segmented Information (continued)

For the year ended September 30, 2023:

For the year ended September 30, 2023	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 178,363	$ 184,856	$ 106,192	$ 189,172	$ —	$ 658,583
Cost of revenues	118,476	136,172	79,240	120,483	—	454,371
Gross profit	59,887	48,684	26,952	68,689	—	204,212
Gross profit %	34 %	26 %	25 %	36 %	N/A %	31 %
Operating expenses	31,611	15,301	10,392	45,230	35,691	138,225
Profit before under noted items	$ 28,276	$ 33,383	$ 16,560	$ 23,459	$ (35,691)	$ 65,987
Profit before under noted items %	16 %	18 %	16 %	12 %	N/A %	10 %
Depreciation of property, plant and equipment						9,043
Depreciation of right of use assets						4,501
Amortization of acquired intangible assets						14,874
Other changes in fair value						(314)
Restructuring expense						2,618
Deemed compensation						550
Changes in fair value related to contingent earn-out						3,858
Profit before interest income and income tax expense						30,857
Interest expense						896
Income tax expense - current						12,919
Income tax recovery - deferred						(1,843)
NET PROFIT FOR THE PERIOD						$ 18,885

The Company operates in Canada but provides services to customers in various countries. Revenues from external customers for the year months ended September 30, 2024 (2023) are attributed as follows:

	September 30, 2024	September 30, 2023
Canada	68 %	71 %
United States	22 %	24 %
Europe	9 %	4 %
Other	1 %	1 %

Revenues are attributed to foreign countries based on the location of the customer. Revenues from various departments and agencies of the Canadian federal, provincial and municipal governments for the year ended September 30, 2024 (2023) represented 51% (48%) of the Company's total revenues. All four operating segments conduct business with this category of customer.

24. Financial Instruments and Risk Management

Capital Risk Management

Foreign Currency Risk Related to Contracts

The Company is exposed to foreign currency exchange fluctuations on its cash balance, accounts receivable, accounts payable and accrued liabilities, contingent earn-out and future cash flows related to contracts denominated in a foreign currency. Future cash flows will be realized over the life of the contracts. The Company utilizes derivative financial instruments, principally in the form of forward exchange contracts, in the management of its foreign currency exposures within entities operating in currencies outside of their functional currencies. The Company's objective is to manage and control exposure and secure the Company's profitability on existing contracts and therefore, the Company's policy is to hedge its foreign currency exposure where it is most practical to do so. The Company applies hedge accounting when appropriate documentation and effectiveness criteria are met.

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

The Company also formally assesses, both at the hedge's inception and on an on-going basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Hedge ineffectiveness has historically been insignificant. The forward foreign exchange contracts primarily require the Company to purchase or sell certain foreign currencies with or for Canadian dollars at contractual rates. The functional currency of each of the Company's entities is determined using the currency of the primary economic environment in which that entity operates. The Company's functional currency is the Canadian dollar while the functional currency of its US subsidiary is the US Dollar ("USD"), the functional currency of its German subsidiary is the European Euro ("EUR"), the functional currency of its Norwegian subsidiary is the Norwegian Krone ("NOK"), and the functional currency of its U.K. based subsidiary is the Pound sterling ("GBP"). The presentation currency of these financial statements is the Canadian dollar.

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

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

24. Financial Instruments and Risk Management (continued)

At September 30, 2024, the Company had the following forward foreign exchange contracts:

Type	Notional	Currency	Maturity	Equivalent Cdn. Dollars	Fair Value September 30, 2024
BUY	$ 3,272	USD	October 2024	$ 4,422	$ 9
BUY	4,707	EURO	October 2024	7,092	23
Derivative assets					$ 32
SELL	$ 30,133	USD	October 2024	$ 40,722	$ (82)
SELL	2,051	EURO	October 2024	3,090	(10)
Derivative liabilities					$ (92)

A 10% strengthening of the Canadian dollar against the following currencies at September 30, 2024 would have decreased other comprehensive income as related to the forward foreign exchange contracts or subsidiaries operating outside of the Company's presentation currency by the amounts shown below.

	September 30, 2024
USD	$ 3,445
EURO	286
GBP	925
NOK	154
Total	$ 4,810

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

	September 30, 2024
USD	$ (1,440)
EURO	1,527
GBP	963
NOK	398
Total	$ 1,447

Credit Risk

The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Company's customers are diverse, however a significant portion of them are federal or provincial government agencies, or large private entities. A significant portion of the Company's accounts receivable is from long-time customers. At September 30, 2024 (2023), 38% (33%) of its accounts' receivable were due from various departments and agencies of the Canadian federal government. Over the last five years the Company has not incurred any significant credit related losses.

24. Financial Instruments and Risk Management (continued)

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

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

	September 30, 2024	September 30, 2023
Cash and cash equivalents	$ 51,788	$ 33,734
Accounts receivable	157,376	173,052
Derivative assets	32	155
Total	$ 209,196	$ 206,941

The aging of accounts receivable at the reporting date was:

	September 30, 2024	September 30, 2023
Current	$ 145,855	$ 161,985
Past due (61-120 days)	6,526	7,905
Past due (> 120 days)	4,995	3,162
Total	$ 157,376	$ 173,052

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At September 30, 2024, the Company has a secured debt facility that matures on July 21, 2026 that allows the Company to draw up to $180,000 CAD. As at September 30, 2024, the Company had $51,788 cash on hand and $89,750 was drawn on the facility for current operations and for use in business acquisitions.

Fair Value

The carrying amount of short-term investments, accounts receivable, accounts payable and accrued liabilities are recorded at amortized cost and approximate fair value due to the short-term maturity of these investments. The debt facility is on a revolver and is recorded at amortized cost. Fair value of the forward exchange contracts reflects the cash flows due to or from the Company if settlement had taken place on September 30, 2024 and represents the difference between the hedge rate and the exchange rate at the end of the reporting period.

24. Financial Instruments and Risk Management (continued)

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Investments are made in companies that do not have directly an observable market. These are fair valued when market participant data becomes available or if financings for the investments are completed. The fair value of contingent earn-out amounts has been determined by applying a discounted cash flow technique on the expected future value of a settlement amount.

	September 30, 2024		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 51,788	$ —	$ —
Investments	—	—	3,875
Derivative assets	—	32	—
Debt facility	—	(89,750)	—
Contingent earn-out	—	—	(41,833)
Derivative liabilities	—	(92)	—
Total	$ 51,788	$ (89,810)	$ (37,958)

	September 30, 2023		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 33,734	$ —	$ —
Investments	—	—	3,673
Derivative assets	—	155	—
Debt facility	—	(37,750)	—
Contingent earn-out	—	—	(13,798)
Derivative liabilities	—	(353)	—
Total	$ 33,734	$ (37,948)	$ (10,125)

There were no transfers between Level 1, Level 2 and level 3 during the three and year ended September 30, 2024.

25. Acquisitions

Hawaiian Pacific Teleport (“HPT”)

On August 1, 2023, the Company acquired the outstanding shares of HPT, for total cash consideration of up to $50,393 USD ($66,978 CAD) of which, $28,474 USD ($37,845 CAD) was paid in cash on the date of closing, $681 USD ($905 CAD) is estimated owing back to Calian for the settlement of net working capital, $3,500 USD ($4,562 CAD) was placed in escrow, $3,000 USD ($3,964 CAD) was paid through the issuance of common shares and $16,100 USD ($21,399 CAD) is payable contingently, of which $8,905 USD ($11,835 CAD) is included in the purchase price. The difference between the amount payable contingently that is included in the purchase price and the total potential liability is deemed compensation and an adjustment for the likelihood of achievement of earn out amounts. HPT operates as a US-based provider of independent teleport and satellite communications solutions. HPT has service locations across the Hawaiian Islands and Guam, and HPT provides connectivity through the Asia Pacific region. HPT is reported as part of the Advanced Technologies operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of HPT an additional $8,050 USD ($10,699 CAD) and $8,050 USD ($10,699 CAD) if HPT attains specific levels of EBITDA for the years ended July 31, 2024 and July 31, 2025, respectively. $3,816 USD ($5,072 CAD) of the first and second year earn out payable amounts is subject to the retention of the principal shareholders for a period of two years from the date of acquisition. This amount is deemed to represent deferred compensation payable to such shareholders and therefore is excluded from the total consideration of the purchase price and will be expensed in the Company’s consolidated statement of net profit as deemed compensation related to acquisitions on a straight-line basis over the retention period.

There was a change in the purchase price from September 30, 2023 due to final adjustments to the closing balance sheet resulting in an increase to goodwill of $2,767. The Company recognized $1,663 in the year ended September 30, 2024 related to changes in fair value of contingent earn out and recorded deemed compensation expense of $2,811. At September 30, 2024 the Company revised its estimated payout of the second year contingent consideration amount due to higher performance than anticipated, resulting in an adjustment of $1,781 which was recognized in the statement of comprehensive income.

Decisive Group Inc. (“Decisive”)

On December 1, 2023, the Company acquired all outstanding shares of Decisive, for total maximum consideration of $74,700. The consideration consisted of the following components: $49,882 was paid in cash on closing, $900 was placed in escrow, $105 was settled on finalized closing working capital and there is one potential earn-out with maximum value to be paid of $24,725, with an estimated fair value of $17,880 which has been determined at the closing date and included in the initial purchase price. The Company used a scenario-based model to value the contingent earn-out.

Decisive, an Ottawa-based IT infrastructure and cyber security services firm, brings new capabilities, partnerships and customers into the Company's portfolio. The goodwill recognized in the transaction primarily reflects the value of the assembled workforce and potential synergies with the Company's previously acquired entities in the IT and cybersecurity space. Decisive is reported as part of the ITCS operating segment.

25. Acquisitions (continued)

In valuing acquired intangible assets, including customer relationships of $49,400, the Company uses the multi-period excess earnings method. This method calculates the estimated fair value of an intangible asset based on projected future cash flows over the remaining useful life, isolating the cash flows attributable to the customer relationships by forecasting expected revenues from existing customers. The valuation involves significant estimation uncertainty, including assumptions related to forecasted revenues, earnings before interest, tax, amortization and depreciation ("EBITDA") margins attributable to the customer relationships, customer attrition rates, and discount rate.

Under the contingent consideration arrangement, the Company is obligated to pay the former shareholders of Decisive an additional $24,725, contingent on Decisive achieving specific EBITDA targets for the year ending December 1, 2024. Of note, there is a minimum EBITDA target for the year ended December 1, 2024 that must be surpassed in order to achieve any contingent earn-out amount. The difference between the earn-out amount included in the purchase price and the total potential liability reflects the Company's estimate of the likelihood of the earn-out being fully achieved as assessed on the purchase date.

As at September 30, 2024, the Company has recorded a liability of $18,672 based on the Company's estimate of achievement of EBITDA versus the earn-out targets. The agreement involved a minimum threshold of EBITDA required for any earn-out to be payable. As at September 30, 2024 Decisive is on track for achievement but has not yet achieved the minimum threshold as at the reporting date.

The Company recognized $3,090 in the year ended September 30, 2024 related to changes in fair value of contingent earn out. The Company recognized an adjustment to the contingent earn out payable in the year ended September 30, 2024 in the amount of $1,410. This adjustment is a result of revised EBITDA achievement estimated for the earn out period from the initial estimate at acquisition date.

	Net Assets Acquired	Goodwill and Intangibles Accounting	Total Net Assets Acquired
Cash	$ 3,325	$ —	$ 3,325
Accounts receivable and tax receivable	3,148	—	3,148
Inventory	4,012	—	4,012
Prepaid expenses	1,509	—	1,509
Deferred tax asset	4,045	—	4,045
	$ 16,039	$ —	$ 16,039
Prepaid expenses	$ 611	$ —	$ 611
Equipment and application software	898	—	898
Right of use asset	2,059	—	2,059
Acquired intangible assets	—	49,400	49,400
Goodwill	—	29,959	29,959
	$ 19,607	$ 79,359	$ 98,966
Accounts payable and accrued liabilities	$ 11,216	$ —	$ 11,216
Lease obligation	2,016	—	2,016
Unearned contract revenue	7,584	—	7,584
Deferred tax liability	—	13,091	13,091
	$ 20,816	$ 13,091	$ 33,907
Net purchase price			$ 65,059
Discount on contingent consideration			3,708
Total purchase price			$ 68,767

25. Acquisitions (continued)

MDA Ltd. (“MDA”)

On March 5, 2024, the Company acquired assets of MDA's nuclear services, for total cash consideration of $7,600. Of this amount, $7,400 was paid in cash on closing and $200 was put in escrow. MDA provides professional services to the Canadian nuclear industry and increases the Company's technical capability in it's service delivery. Goodwill recorded can be represented by expansion of services into existing customers and synergies in delivery capabilities. MDA is reported as part of the Advanced Technologies operating segment. The Company uses the multi-period excess earnings method to value acquired intangible assets, including the customer relationships. This method calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life, and isolates the cash flows attributable to the customer relationships by utilizing a forecast of expected cash flows for existing customers alone. The valuation involves significant estimation uncertainty, including assumptions relating to forecasted revenues and forecasted earnings before interest and tax (“EBIT”) margins attributable to the customer relationships, customer attrition rate, and discount rate.

The Company recognized $170 in the year ended September 30, 2024 related to deemed compensation.

	Goodwill and Intangibles Accounting	Total Net Assets Acquired
Acquired intangible assets	$ 6,561	$ 6,561
Goodwill	1,039	1,039
	$ 7,600	$ 7,600
Total purchase price		$ 7,600

Mabway Limited "Mabway"

On May 9, 2024, the Company acquired all outstanding shares of Mabway, for total maximum consideration of $47,037 (GBP 27,440). Of this amount, $37,798 (GBP 22,045) was paid in cash on closing, and $9,239 (GBP 5,395) as contingent consideration, of which $5,128 (GBP 2,994) is included in the purchase price. The difference between the contingent consideration that is included in the purchase price to the total potential liability is due to some amounts being considered deemed compensation and likelihood of achievement of EBITDA targets and fulfillment of other contingent conditions.

Mabway is a U.K.-based business that provides of large-scale defense role-playing environments that simulate real-world operational environments and provides technical engineering education for naval and maritime communities. The acquisition expands Calian’s existing presence in the U.K. and Europe, reinforcing the Company’s military training and simulation solutions portfolio in the region. Mabway’s position in the U.K. defense sector provides opportunities for the Company to introduce its immersive learning solutions to complement the solutions Mabway is delivering. Mabway is reported as part of the Learning operating segment. The Company uses the multi-period excess earnings method to value customer relationship intangible assets and replacement cost to value the technology assets acquired. The multi-period excess earnings method calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life, and isolates the cash flows attributable to the customer relationships by utilizing a forecast of expected cash flows for existing customers alone. The valuation involves significant estimation uncertainty, including assumptions relating to forecasted revenues and forecasted earnings attributable to the customer relationships, and discount rate.

25. Acquisitions (continued)

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of Mabway an additional $5,770 (3,334 GBP) if Mabway attains specific EBITDA targets for the year ended March 31, 2025 and obtains certain key signings by October 1, 2027, and $2,855 (GBP 1,667) if certain integration and transition criteria are attained by May 8, 2025. Of this amount, $2,855 (GBP 1,667) is subject to the retention of principal employees for a period of one year from the date of acquisition. This amount is deemed to represent deferred compensation payable to such shareholders and therefore is excluded from the total consideration of the purchase price and will be expensed in the Company's consolidated statement of net profit as deemed compensation related to acquisitions on a straight-line basis over the retention period.

The Company recognized $345 in the year ended September 30, 2024 related to changes in fair value of contingent earn out and recorded deemed compensation expense of $1,071. At September 30, 2024 the Company revised its estimated payout of the contingent consideration amount resulting in an adjustment of $478 which was recognized in the statement of comprehensive income.

	Net Assets Acquired	Goodwill and Intangibles Accounting	Total Net Assets Acquired
Cash	$ 8,233	$ —	$ 8,233
Accounts receivable and tax receivable	1,635	—	1,635
Work in progress	1,348	—	1,348
Prepaid expenses	630	—	630
	$ 11,846	$ —	$ 11,846
Equipment and application software	$ 860	—	860
Right of use asset	235	—	235
Acquired intangible assets	—	21,925	21,925
Goodwill	—	16,159	16,159
	$ 12,941	$ 38,084	$ 51,025
Accounts payable and accrued liabilities	$ 2,356	$ —	$ 2,356
Lease obligation	215	—	215
Deferred tax liability	99	5,430	5,529
	$ 2,670	$ 5,430	$ 8,100
Net purchase price			$ 42,925
Discount on contingent consideration			1,257
Total purchase price			$ 44,182

The goodwill of $16,159 comprises the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognized from the goodwill. The assembled workforce does not meet the criteria for recognition as an intangible asset under IAS 38. None of the goodwill recognized is expected to be deductible for income tax purposes.

25. Acquisitions (continued)

Cash consideration paid for the acquisition activity during the year ended September 30, 2024:

	Decisive	MDA	Mabway
Consideration paid in cash	$ 50,782	$ 7,600	$ 37,798
Less- cash balance acquired	(3,325)	—	(8,233)
	$ 47,457	$ 7,600	$ 29,565

Total revenue and net profit recognized by the acquired entities from the date of acquisition to the year ended September 30, 2024 was a total of $52,077 and $10,952, respectively. Had the acquisitions been completed at October 1, 2023, the total revenue and net profit recognized would have been $81,687 and $18,029, respectively. Management considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group for the year ended September 30, 2024. Future periods may be impacted by seasonality or other external factors.

26. Contingent Earn-Out

The following shows the contingent consideration activity for the year ended September 30, 2024:

Company Acquired	Beginning balance	Acquisition	Payments	Change in Fair Value	Adjustments	Ending balance
Alio/Allphase	$ 841	$ —	$ —	$ —	$ —	$ 841
SimFront	3,240	—	(3,240)	—	—	—
Hawaii Pacific Teleport	9,717	—	—	1,663	4,592	15,972
Decisive	—	14,172	—	3,090	1,410	18,672
Mabway	—	4,454	—	345	1,549	6,348
Total	$ 13,798	$ 18,626	$ (3,240)	$ 5,098	$ 7,551	$ 41,833

As at September 30, 2024, the total gross value of all contingent consideration outstanding is $56,341. Included in the adjustments column in the table are deemed compensation, along with changes in estimated payment amounts to make under contingent earn out estimates. Contingent consideration estimates are based on the forecasted earnings before interest, tax ("EBITDA")and amortization for the respective acquired entities included in the able above. There is significant judgement in the forecasted EBITDA for each respective entity. Payouts begin at agreed upon EBITDA targets, and the Company will increase the payout by multiples from $0.603 to $1.42384 for every dollar achieved above that target amount. Estimated payouts are then calculated and discounted using rates between 15% and 20%, depending on the acquired entity.

26. Contingent Earn-Out (continued)

The following shows the contingent consideration activity for the year ended September 30, 2023:

Company Acquired	Beginning balance	Acquisition	Payments	Change in Fair Value	Adjustments	Ending balance
Alio/Allphase	$ 1,860	$ —	$ (3,350)	$ 59	$ 2,272	$ 841
Tallysman Wireless	5,411	—	(5,613)	102	100	—
Cadence	75	—	(287)	165	47	—
Dapasoft	15,758	—	(16,187)	429	—	—
SimFront	5,446	—	(2,760)	554	—	3,240
Hawaii Pacific Teleport	—	9,037	—	277	403	9,717
Total	$ 28,550	$ 9,037	$ (28,197)	$ 1,586	$ 2,822	$ 13,798

27. Related Party Transactions

The compensation for directors and other members of key management during the year was as follows. The compensation of directors and key executives is determined by the compensation committee having regards to the performance of individual and market trends. This amount incorporated the named officers of the Company.

	September 30, 2024	September 30, 2023
Compensation and short-term benefits	$ 3,350	$ 3,249
Share-based payments	2,307	2,386
Total	$ 5,657	$ 5,635

Management's Discussion and Analysis

For the year ended September 30, 2024

Confidence. Engineered.

Table of Contents

Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Calian Group ("Calian" or the "Company") is dated November 26, 2024 and should be read in conjunction with the audited annual consolidated financial statements and related notes of the Company for the twelve-month period ended September 30, 2024.

The Company's audited consolidated financial statements are reported in Canadian dollars and are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and Chartered Professional Accountants ("CPA Canada") Handbook Accounting - Part I. All amounts in this MD&A are in thousands of Canadian dollars unless otherwise indicated.

This MD&A also contains non-GAAP and other financial measures which are not prescribed by IFRS and are not likely to be comparable to similar measures presented by other issuers. Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP and other financial measures used and presented by the Company and a reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures.

This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors ("the Board") of the Company. The Board 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 carries out this responsibility principally through its Audit Committee.

Additional information, including the Company's Annual Information Form, quarterly and annual reports, and supplementary information is available on the SEDAR web site at www.sedarplus.ca. Press releases and other information are also available in the Investor Relations section of the Company's website at www.calian.com.

Forward-Looking Statements

The Company cautions that this MD&A contains forward-looking information within the meaning of applicable securities laws ("forward-looking statements").

Forward-looking statements include those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend," "will", "should" and similar expressions. Forward-looking statements are not based on historical facts, but instead reflect the Company's current intentions, plans, expectations, and assumptions regarding future results or events which may prove to be inaccurate. Forward-looking statements in this MD&A include, but are not limited to, statements about the manner in which the Company intends to achieve and maintain growth, management's expectations for the markets in which the Company provides its services, competition to be faced by the Company and expectations for certain customer projects described herein including expected timing of completion for certain projects.

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 products and 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 any worldwide conflict zones, and any government regulations limiting business activities within such areas; and
- The Company's ability to successfully and efficiently manage through supply chain challenges, in sourcing and procuring goods used in production or for delivery to end customers.

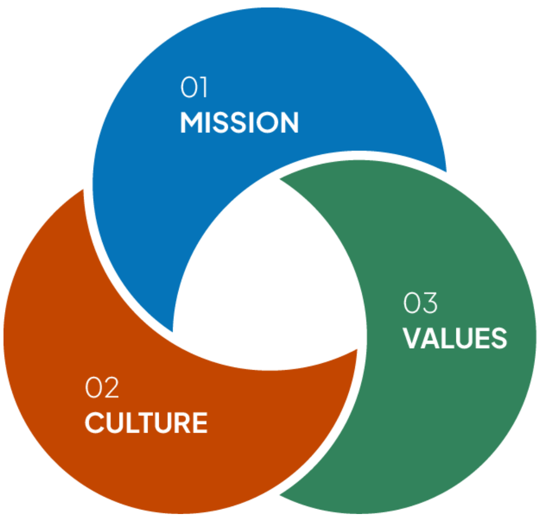
The Company cautions that the forward-looking statements in this MD&A are based on current expectations as at November 26, 2024, that may be subject to change and to risks and uncertainties, including those set out under the heading "Risks and Uncertainties" below, many of which are outside the Company's control.

Actual results may materially differ from those anticipated in those forward-looking statements if any of these risks or uncertainties materialize, or if assumptions underlying forward-looking statements prove incorrect.

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, 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.

Calian Profile

Calian is a diverse products and services company providing innovative healthcare, communications, learning and cybersecurity and technology solutions. The Company is headquartered in Ottawa, Ontario with locations across Canada and in the U.S., the U.K. and Europe. 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. The Company's common shares are listed on the Toronto Stock Exchange under the symbol CGY.



01 Calian helps the world communicate, innovate, learn and lead safe and healthy lives

02 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.

03
- Customer-first Commitment
- Teamwork
- Integrity
- Innovation
- Respect

The Company is organized in four operating segments: IT and Cyber Solutions, Health, Advanced Technologies and Learning. This business model provides both diversity and stability. It enables Calian to capitalize on unique opportunities during upturns in some markets while weathering downturns in others.

Strategy

Growth Fundamentals and Track Record

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 contacts.

Customer Diversification

Through continued diversification, each segment increases its percentage of revenue derived from winning non-government contracts and from commercial activity in global markets.

Innovation

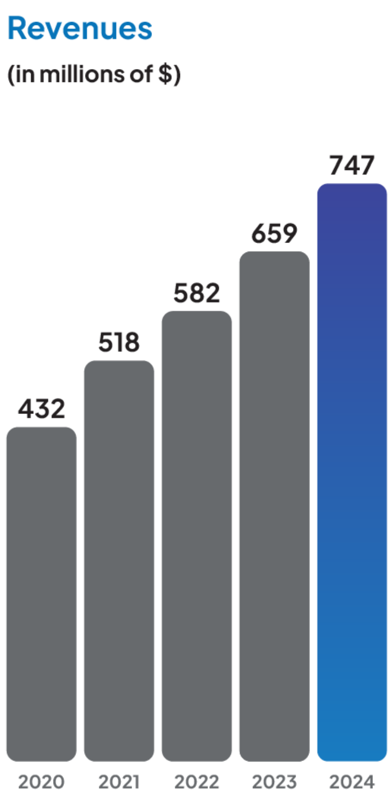
Through continued investment in acquisitive and organic growth, each segment increases its product offerings and differentiation thus improving gross margins.

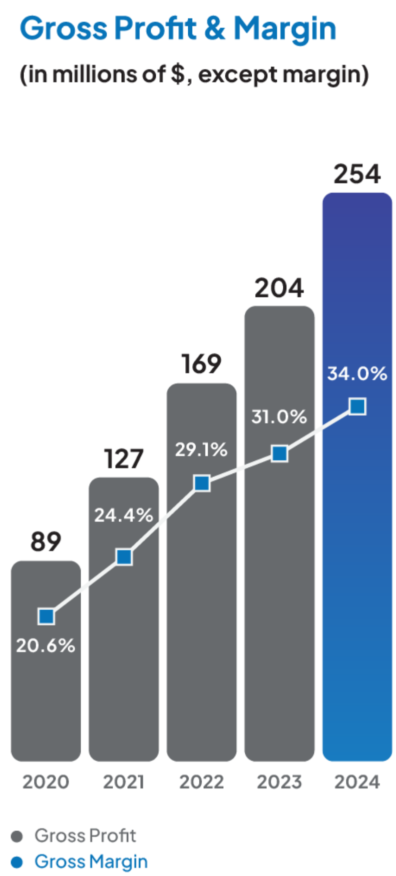
Continuous Improvement

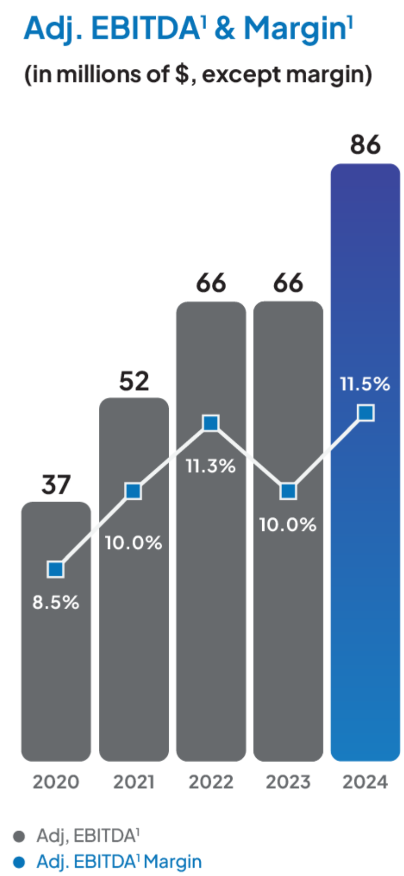
Through continued leverage of innovation, the Company streamlines processes and scales its back-office support capability.

5-Year Track Record of Execution

Over the past five years, Calian generated a revenue compound annual growth rate (CAGR) of 15% through organic growth and acquisitions. The Company also increased its gross profit and adjusted EBITDA[1], which grew at a CAGR of 30% and 23%, respectively, significantly outpacing top line growth. Furthermore, its gross margin expanded from 20.6% in FY20 to 34.0% in FY24 and its adjusted EBITDA[1] margins expanded from 8.5% to 11.5% respectively. This significant profitability growth and margin expansion was driven by the Company's revenue diversification by geography, customer and offering.



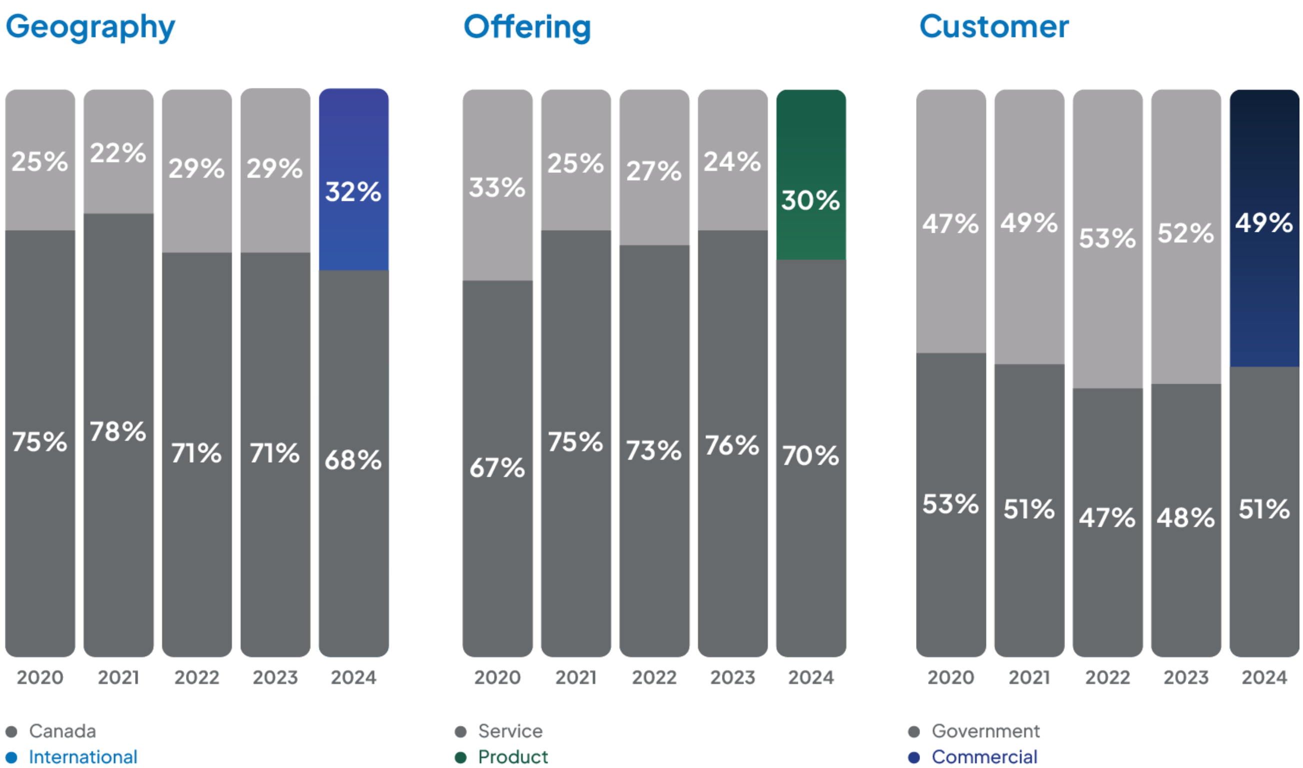




Over the past five years, Calian successfully diversified its revenue streams by geography, customer and offering. Revenues generated outside Canada reached 32% of total revenues, up from 25% in FY20. Over this same period, revenues from commercial customers, typically at higher margins, grew from $203 million to $366 million. The Company was able to accomplish this while continuing to grow its legacy Canadian government business characterized by long-term contracts. A continued balance of both government and commercial customers will provide a balance of longer-term visibility and stability, with shorter term growth and margins.

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Finally, in FY24, product revenues totaled $227 million, up 59% from $143 million in FY20, demonstrating the Company's progressive pivot to a technology company.



[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

3-Year Strategic Plan

On October 1, 2023, Calian launched its new three-year strategic plan called *One Vision, One Purpose, One Calian 2026*. The objective of the plan is to continue to build a purpose-driven organization that has a strong values foundation and is growing profitably. The focus of the plan is to continue to diversify the Company by geography, customer and offering, while improving operational efficiencies, retaining existing customers and building an effective sales culture.

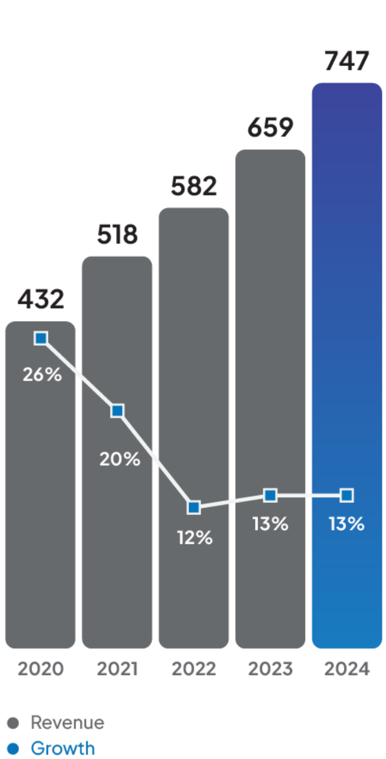
More specifically, the financial objective of this strategic plan is to reach one billion dollars in revenues by the end of FY26 through both organic growth and acquisitions. The playbook is to convert a high-level of profitable growth into strong operating free cash flow[1] where the capital generated can then be deployed to maximize shareholder value. All this while maintaining a healthy balance sheet.

The graphs below illustrate the five-year trends of these key performance indicators.

Key Performance Indicators

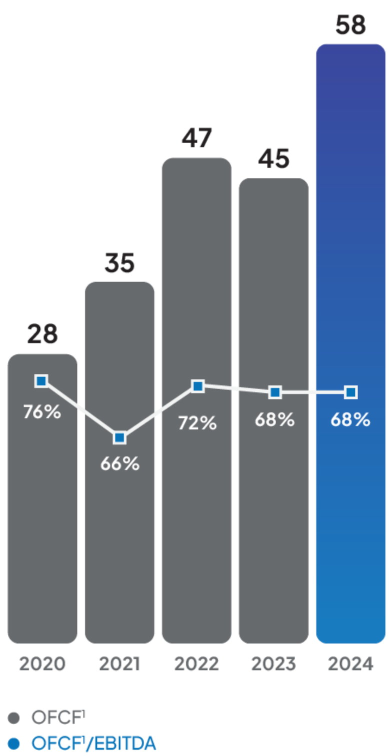
Revenue & Revenue Growth

(in millions of $, except %)



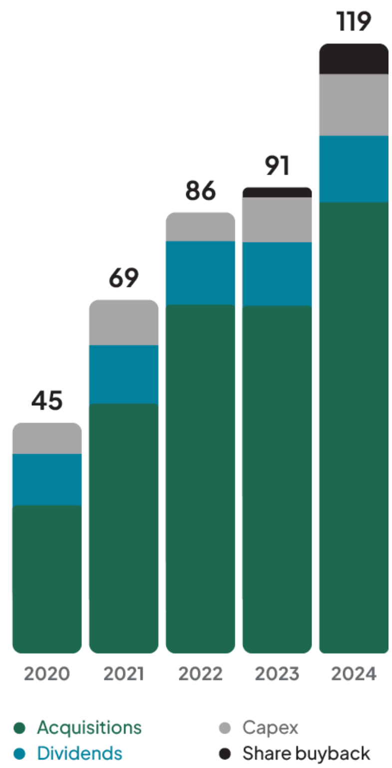
Operating Free Cash Flow (OFCF[1]) & OFCF[1] Conversion

(in millions of $, except ratio)



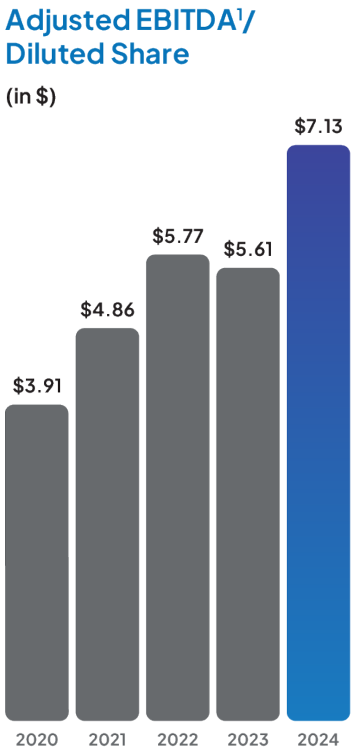
Capital Deployed

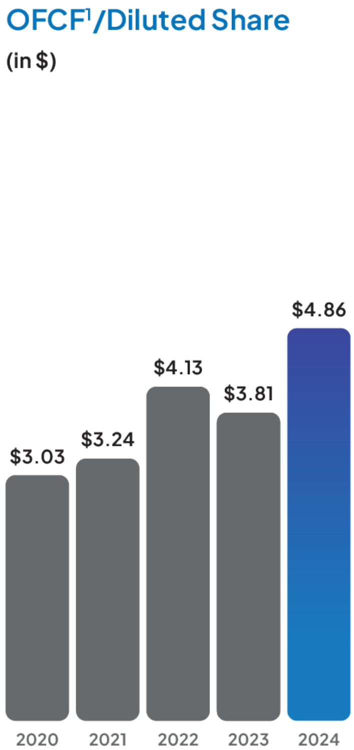
(in millions of $)

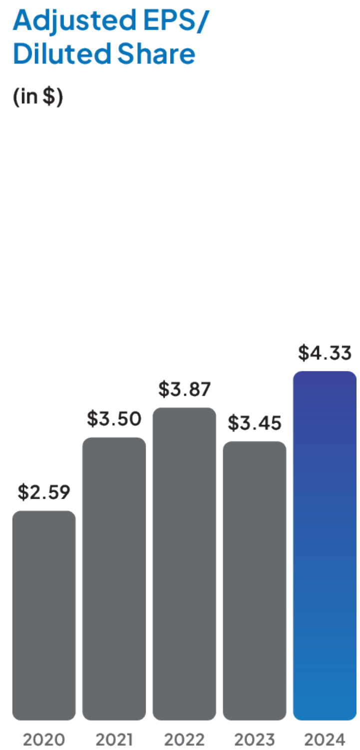


[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

The Company also wants to ensure that it analyzes the success of its execution through a shareholder lens. As such, it monitors adjusted EBITDA[1] per diluted share, Operating Free Cash Flow[1] per diluted share and Adjusted EPS[1] per diluted share.







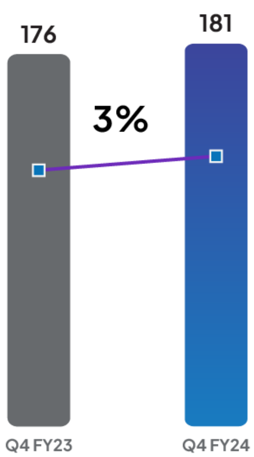
[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Overview – Fourth Quarter of FY24

Revenues increased 3% to $181.2 million, as compared to $175.9 million for the same period last year. This represents the highest revenue on record for a fourth quarter in the Company's history. Acquisitive growth was 11% and was generated by the acquisitions of Hawaii Pacific Teleport ("HPT"), Decisive Group Inc. ("Decisive"), the acquisition of the Nuclear assets from MDA Ltd., and Mabway Limited ("Mabway"). Organic revenues declined 8% as growth generated in the Health segment was more than offset by temporary slow downs or delays in the Company's other segments.

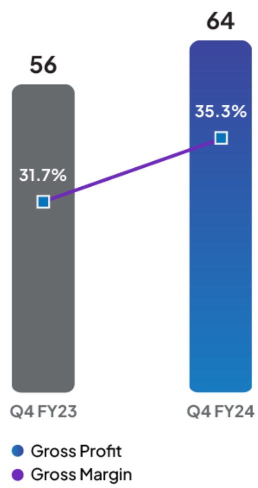
Revenues

(in millions of $)



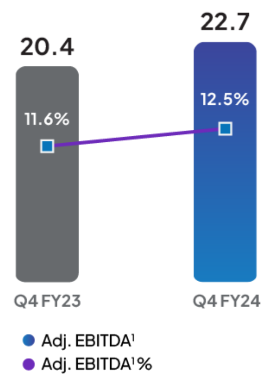
Gross profit & Gross margin %

(in millions of $, except margin)



Adj. EBITDA[1] & Adj. EBITDA[1] %

(in millions of $, except margin)



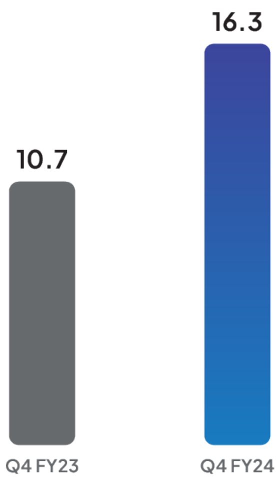
Gross profit increased 15%, to $63.9 million. Gross margin reached 35.3%, which is a new quarterly record and over two years of quarterly margins consistently greater than 30%. Similarly, adjusted EBITDA[1] increased by 11% to $22.7 million, primarily driven by the higher-margin contribution from recent acquisitions and increased product revenue. Adjusted EBITDA[1] margin reached 12.5%, up from 11.6% for the same period last year, as a result of a favorable revenue mix and geographical expansion.

Calian generated $16.3 million of operating free cash flow[1] in the quarter. The Company used its cash and a portion of its credit facility to make capital expenditure investments as well as provide a return to shareholders in the form of dividends and share buybacks, where ending share count at the end of September 2024 is lower than the year prior. The Company ended the quarter with net debt[1] of $38.0 million, which on a trailing twelve month basis represented a net debt to adjusted EBITDA[1] ratio of 0.4x. With cash on hand of $51.8 million, combined with the unused portion of its credit facility, Calian ended the quarter with net liquidity[2] of $142.0 million.

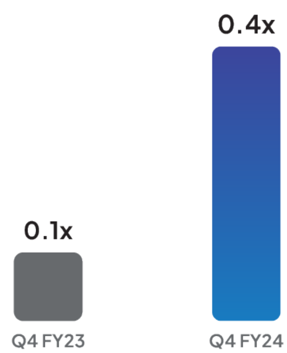
[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

[2] Net liquidity is defined as the Company's total available credit under its credit facility less its net debt.

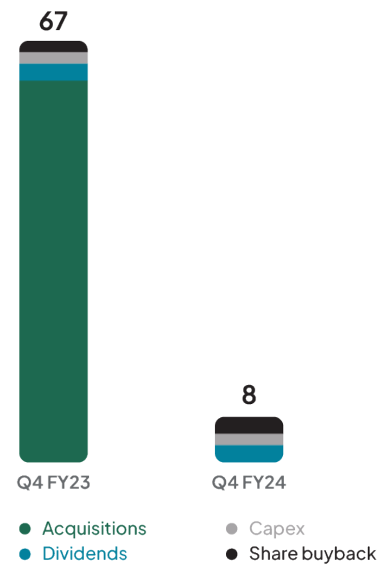
OFCF[1]
(in millions of $)



Net Debt/Adj. EBITDA[1] Ratio



Capital Deployed
(in millions of $)



Calian signed gross new contract value of $156 million and ended the quarter with a backlog of $1.2 billion, of which $504 million is earmarked for FY25, $271 million for FY26 and $393 million beyond FY26.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

[2] Net liquidity is defined as the Company's total available credit under its credit facility less its net debt.

Backlog

The Company's realizable backlog at September 30, 2024 was $1,167 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, 2024 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.

- $43.6 million in signings of Cyber product and services
- $26 million for a new win for Primary Nurse care services with a Healthcare provider across Ontario
- $16 million in Advanced Technology product spanning a wide array of our product portfolio
- $14.2 million in signings related to teleport and gateways services

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 2025, fiscal year 2026 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 $217 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, 2024

Contracted backlog	$	901,561
Option renewals		483,138
	$	1,384,699
Management estimate of unrealizable portion		(217,333)
Estimated Realizable Backlog	$	1,167,366

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Estimated Recognition of Estimated Realizable Backlog

	October 1, 2024 to September 30, 2025	October 1, 2025 to September 30, 2026	Beyond September 30, 2026	Total
Advanced Technologies	$ 83,588	$ 33,482	$ 7,760	$ 124,830
Health	220,332	113,943	292,000	626,275
Learning	114,714	97,751	66,400	278,865
ITCS	85,581	25,475	26,340	137,396
Total	$ 504,215	$ 270,651	$ 392,500	$ 1,167,366

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Consolidated Results

Selected Consolidated Financial Highlights

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
Revenues	$ 181,166	$ 175,948	$ 746,611	$ 658,583
Gross profit	**63,924**	**55,796**	**254,014**	**204,212**
Gross profit margin (%)	35 %	32 %	34 %	31 %
Profit before under noted items (adjusted EBITDA[1])	**$ 22,677**	**$ 20,381**	**$ 85,535**	**$ 65,987**
Adjusted EBITDA[1] margin %	13 %	12 %	11 %	10 %
Depreciation of equipment, application software and capitalized research and development	2,750	2,133	10,048	9,043
Depreciation of right of use assets	1,587	1,352	6,043	4,501
Amortization of acquired intangible assets	7,577	4,460	25,738	14,874
Restructuring expense	368	2,618	1,864	2,618
Other changes in fair value	(202)	(314)	(202)	(314)
Deemed compensation	1,797	403	4,322	550
Changes in fair value related to contingent earn-out	2,495	416	8,767	3,858
Profit before interest income and income tax expense	**$ 6,305**	**$ 9,313**	**$ 28,955**	**$ 30,857**
Interest expense	1,988	793	6,635	896
Income tax expense	4,885	3,401	11,140	11,076
NET PROFIT	**$ (568)**	**$ 5,119**	**$ 11,180**	**$ 18,885**
EPS - Basic	$ (0.05)	$ 0.43	$ 0.95	$ 1.61
EPS - Diluted	$ (0.05)	$ 0.43	$ 0.93	$ 1.61
Adjusted net profit[1]	11,467	12,702	51,669	40,471
Adjusted EPS[1] - Basic	0.97	1.08	4.36	3.45
Adjusted EPS[1] - Diluted	0.96	1.07	4.33	3.45

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Analysis of Consolidated Results – Three and Twelve Months ended September 30, 2024

Revenue

For the three-month period ended September 30, 2024, consolidated revenues increased 3% to $181,166, compared to the same period last year. Acquisitive growth was 11% generated from the acquisitions noted earlier in this report. Organic revenues were down 8% as growth generated in the Health segment was offset by declines in our domestic Learning segment due to short term project slow downs and procurement lags as well as project delays in our Advanced Technologies and ITCS segments.

Note that Calian measures growth through acquisition on a trailing twelve-month basis. Once the acquisition has been included in results for twelve months, its contribution is included in the organic growth metric.

For the year ended September 30, 2024, consolidated revenues increased 13%, compared to the same period last year. Acquisitive growth was 11% and was generated from the same acquisitions mentioned above. Organic growth stood at 2%, driven by double-digit growth from the Health segment.

Gross Profit

For the three-month period ended September 30, 2024, gross profit increased 15%, to $63,924, compared to $55,796 for the same period last year. This growth was driven by favorable revenue mix for existing business and the contribution from higher-margin acquisitive revenues. For the three-month period ended September 30, 2024, gross margin reached a record high of 35.3%, up from 31.7% for the same period last year, representing the 10th consecutive quarter above 30%.

For the year ended September 30, 2024, gross profit increased 24% to $254,014, compared to $204,212 for the same period last year. This growth was driven by the same factors mentioned above. Product revenue for the annual period ended September 30, 2024 was 44% higher than the same period of the prior year. For the year ended September 30, 2024, gross margin stood at 34.0%, up from 31.0% for the same period last year, representing the highest annual gross margin on record.

Adjusted EBITDA[1]

For the three-month period ended September 30, 2024, adjusted EBITDA[1] increased 11% to $22,677, compared to $20,381 for the same period last year. This growth was primarily driven by the higher-margin contribution from recent acquisitions and increased product revenue. We have continued to invest in our sales and marketing activities to generate more pipeline that should benefit the company in the coming years. Adjusted EBITDA[1] margin increased to 12.5%, compared to 11.6% for the same period last year, as a result of a favorable revenue mix and increased volume.

For the year ended September 30, 2024, adjusted EBITDA[1] increased 30% to $85,535, compared to $65,987 for the same period last year. This growth was driven by the same factors mentioned above. Adjusted EBITDA[1] margin increased to 11.5%, compared to 10.0% for the same period last year.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Depreciation and Amortization

For the three-month period ended September 30, 2024, depreciation of property, plant and equipment stood at $2,750, an increase of 29%, from the same period last year. This increase is primarily due to assets acquired through acquisition. For the year ended September 30, 2024, depreciation of property, plant and equipment stood at $10,048, an increase of 11%, from the same period last year.

For the three-month period ended September 30, 2024, depreciation of right of use assets increased $235, compared to the same period last year. This increase is mainly due to new leases signed in the last twelve months, coupled with leases brought on from recent acquisitions. For the year ended September 30, 2024, depreciation of right of use assets increased by $1,542, compared to the same period last year.

For the three-month period ended September 30, 2024, amortization of acquired intangible assets increased $3,117, compared to the same period last year. This increase is primarily due to the acquired intangible assets from recent acquisitions (Decisive, the nuclear assets from MDA Ltd. and Mabway) amortizing since the acquisition dates in the last twelve months. For the year ended September 30, 2024, amortization of acquired intangible assets increased by $10,864, compared to the same period last year due to additional amortization from these same acquisitions.

Please see note 13 to the Financial Statements for more information.

Restructuring Expense

For the three-month period ended September 30, 2024, the Company recorded a non-recurring restructuring charge of $368. This amount has reduced from the three-month period ended September 30, 2023 when the Company recorded restructuring charge of $2,618 for which the Company initially announced its restructuring plan in the third quarter of FY23. The restructuring in 2023 had helped the Company save on operating cost in fiscal 2024 which was a factor in the increase in EBITDA percentage year over year. The Company continues to evaluate its expenses throughout the organization for which employee restructuring may be required from time to time.

For the year ended September 30, 2024, the Company recorded a non-recurring restructuring charge of $1,864 relating to realignment of management and resizing for fiscal 2025. For the year ended September 30, 2023, the Company recorded a one-time restructuring charge of $2,618, for the reasons mentioned above.

Deemed Compensation and Changes in Fair Value Related to Contingent Earn Out

For the three-month period ended September 30, 2024, deemed compensation increased by $1,394, compared to the same period last year. This increase is due to deemed compensation amounts applicable under the acquisition agreements of HPT, the asset acquisition from MDA Ltd. and Mabway. See financial statement note 25 for more information. For the year ended September 30, 2024, deemed compensation increased by $3,772 compared to the same period last year due to deemed compensation expenses relating to the same factors.

For the three-month period ended September 30, 2024, changes in fair value related to contingent earn-out increased by $2,079, compared to the same period last year. This increase relates to additional accretion of interest in relation to open earn out amounts including HPT, Decisive and Mabway along with changes to estimated payouts for contingent earn outs for HPT and Decisive. See financial statement note 25 for more information. For the year ended September 30, 2024, the change in fair value related to contingent earn-out increased by $4,909 due to the same reasons.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

The change in fair value of contingent payments and deemed compensation is explained further in notes 25 and 26 of the Financial Statements.

Interest expense

For the three-month period ended September 30, 2024, interest expense increased by $1,195, compared to the same period last year. This increase is due to the Company drawing on its credit facility to fund its recent acquisitions.

For the year ended September 30, 2024, interest expense increased by $5,739, compared to the same period last year, due to the same reason mentioned above.

Interest expense pertaining to our leases has increased by $419 for the three-month and $1,278 for the twelve-month periods ended September 30, 2024. This increase is due to leases brought on from recent acquisitions.

Income Tax Expense

For the three-month period ended September 30, 2024, the provision for income taxes was $4,885, an increase of $1,484 compared to the same period last year. This is primarily due to higher taxable income in the quarter.

For the year ended September 30, 2024, the provision for income taxes was $11,140, up $64 compared to the same period last year. Income tax as a percentage of Operating Free Cash Flow[1] for the year ended September 30, 2024 is 19%. This is down from the same period of the prior year when income tax as a percentage of operating free cash flow was 25%. This decrease is due to the utilization of loss carry forwards, the utilization of tax assets generated through recent acquisitions, and income generation in more favorable tax jurisdictions.

Net Profit and Adjusted Net Profit

For the three-month period ended September 30, 2024, net loss was $(568), or $(0.05) per diluted share, versus $5,119, or $0.43 per diluted share, for the same period last year. This decrease in profitability is primarily due to increased amortization and interest expenses related to acquisitions, partially offset by higher adjusted EBITDA[1]. Adjusted net profit[1] was $11,467, or $0.96 per diluted share, versus $12,702, or $1.07 per diluted share, for the same period last year.

For the year ended September 30, 2024, net profit was $11,180, or $0.93 per diluted share, versus $18,885, or $1.61 per diluted share, for the same period last year. Adjusted net profit[1] was $51,669, or $4.33 per diluted share, versus $40,471, or $3.45 per diluted share, for the same period last year.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Segmented Results

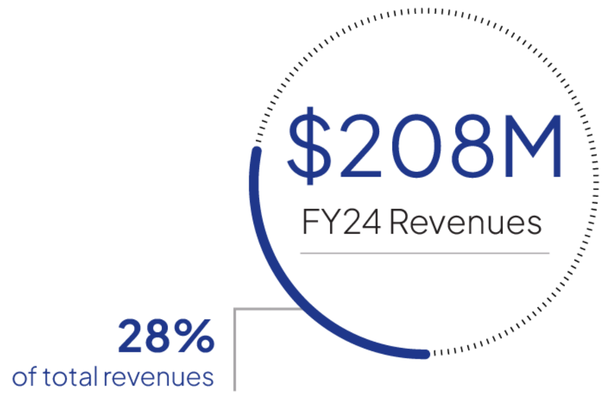
Advanced Technologies (AT)

Delivers innovative services and products that enhance performance in key industries, including space communications, defence, wired and wireless networks, GNSS, manufacturing, agricultural technology and nuclear sectors.

Space

Terrestrial

Defence



	Three months ended September 30, 2024	Three months ended September 30, 2023	Year ended September 30, 2024	Year ended September 30, 2023
Product	$ 39,875	$ 32,367	$ 145,773	$ 106,298
Service	13,082	20,154	62,169	72,065
Revenues	52,957	52,521	207,942	178,363
Gross profit	21,832	18,676	82,450	59,887
Gross profit %	41 %	36 %	40 %	34 %
EBITDA[1]	10,871	11,087	41,752	28,276
EBITDA[1] Margin %	21 %	21 %	20 %	16 %
Organic/ Acquisitive Revenue Growth	-7%/8%	58%/14%	-1%/18%	16%/3%
New contract signings (gross)	$ 51,000	$ 52,000	$ 192,000	$ 192,000
Backlog	$ 124,830	$ 148,805	$ 124,830	$ 148,805

Three-months ended September 30, 2024

For the three-month period ended September 30, 2024, revenues increased 1% to $52,957, compared to the same period last year. Acquisitive growth was 8%, generated by the acquisition of Hawaii Pacific Teleport, closed on August 1, 2023 and the nuclear asset acquisition from MDA Ltd., closed on March 5, 2024. Organic revenues declined 7% due to project delays. This was partially offset by growth in our GNSS product sales, nuclear services and defence products.

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

For the three-month period ended September 30, 2024, adjusted EBITDA[1] decreased slightly by 2% to $10,871, compared to the same period last year. Adjusted EBITDA[1] margin remained stable at 21% when compared to the same period last year.

In the quarter, Advanced Technologies signed new contracts valued at $51 million, ending with a backlog of $125 million.

Twelve-months ended September 30, 2024

For the year ended September 30, 2024, revenues increased 17% to $207,942, compared to the same period last year. Acquisitive growth was 18%, driven by the strong contribution from HPT and the nuclear assets of MDA. Organic growth declined 1%, due to slower starts from projects in our legacy space business. It was partially offset by the contribution of product sales, more specifically, Test Aerospace and defence, GNSS and Ag tech products, as well as nuclear services and defence solutions.

For the year ended September 30, 2024, adjusted EBITDA[1] increased by 48% to $41,752, compared to the same period last year. This significant growth was primarily fueled by acquisitions as well as GNSS antennas, Ag tech products and defence based solutions and products. Adjusted EBITDA[1] margin increased to 20%, from 16% for the same period last year.

Selected highlights for the year:

- Selected by Telesat to design, develop, deliver and deploy the Element Management System within the Telesat Lightspeed Low Earth Orbit satellite network as well as to provide lifecycle maintenance and support for the system
- Collaborating with Point One Navigation to deliver Smart GNSS Antenna support for Polaris Real-Time Kinematic (RTK)
- Acquired portfolio of dedicated DOCSIS test products from Rohde & Schwarz
- Purchased the assets associated with MDA Ltd's (TSX:MDA) nuclear services
- Won a contract with the Canadian Space Agency (CSA) to develop a spectrum interference simulation solution
- Appointed Valerie Travain-Milone as President, Advanced Technologies effective April 8, 2024.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Health

Provides health services, pharmaceutical solutions and digital health for public and private sector organizations.

Health Services

Pharmaceutical Solutions

Digital Health

$212M
FY24 Revenues

28%
of total revenues

	Three months ended September 30,		Year ended September 30,	
	2024	**2023**	**2024**	**2023**
Product	$ 117	$ 1	$ 1,191	$ 1
Service	52,122	51,567	210,839	184,855
Revenues	52,239	51,568	212,030	184,856
Gross profit	13,365	15,179	55,126	48,684
Gross profit %	26 %	29 %	26 %	26 %
EBITDA[1]	9,172	10,722	38,587	33,383
EBITDA[1] Margin %	18 %	21 %	18 %	18 %
Organic/ Acquisitive Revenue Growth	1%/0%	31%/0%	15%/0%	11%/0%
New contract signings (gross)	$ 42,000	$ 29,000	$ 166,000	$ 115,000
Backlog	$ 626,275	$ 632,832	$ 626,275	$ 632,832

Three-months ended September 30, 2024

For the three-month period ended September 30, 2024, revenues increased 1% to $52,239, compared to the same period last year. This growth was all organic and was driven by continued strong demand in our Defence Healthcare solutions which is partially offset by one time rapid response healthcare services that were performed in the prior year which did not occur in the current year.

For the three-month period ended September 30, 2024, adjusted EBITDA[1] decreased 14% to $9,172, compared to the same period last year. The decline was due to the one time rapid response healthcare services that were provided in the prior year. Adjusted EBITDA[1] margin stood at 18%, slightly down from the prior year.

In the quarter, Health signed new contracts valued at $42 million, leaving the backlog for the segment at $626 million.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Twelve-months ended September 30, 2024

For the twelve-month period ended September 30, 2024, revenues increased 15% to $212,030, compared to the same period last year. This growth was all organic and was driven by the same reasons mentioned above. Adjusted EBITDA[1] increased 16% for the twelve-month period ended September 30, 2024, compared to the same period last year, with the increased volume of services provided to Defence based customers. Adjusted EBITDA[1] margin held at 18% when compared to the same period in the prior year.

Selected highlights for the year:

- Agreed to collaborate with Walmart Canada to expand the retailer's specialty pharmacy capabilities through licensing Calian's custom-built digital health platform Nexi™
- Announced significant enhancements to its Corolar Virtual Care Platform with new features to advance virtual healthcare
- Won contract to support a Phase 2 Clinical Trial of ZYUS Life Sciences' lead drug product candidate
- Announced a contribution of $25 per year for the next three years to the Canadian Institute for Military and Veteran Health Research (CIMVHR) to fund research related to improving access to care for military families
- Selected to participate in the Canadian Technology Accelerator (CTA) program on Digital Health in the United Kingdom

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Learning

Works with private sector, government, academic and defence customers to develop tailored learning and training solutions, incorporating immersive technologies that enhance organizational performance, address diverse operational needs and empower teams with the skills to meet evolving industry demands.

Defence Learning

Custom Learning Solutions

$113M

FY24 Revenues

15%

of total revenues

	Three months ended September 30, 2024	Three months ended September 30, 2023	Year ended September 30, 2024	Year ended September 30, 2023
Product	$ 1,793	$ 1,567	$ 8,011	$ 6,235
Service	28,442	22,661	104,889	99,957
Revenues	30,235	24,228	112,900	106,192
Gross profit	9,698	5,600	30,678	26,952
Gross profit %	32 %	23 %	27 %	25 %
EBITDA[1]	6,407	3,105	17,987	16,560
EBITDA[1] Margin %	21 %	13 %	16 %	16 %
Organic/ Acquisitive Revenue Growth	-17%/42%	11%/0%	-7%/14%	16%/0%
New contract signings (gross)	$ 11,000	$ 8,000	$ 196,000	$ 26,000
Backlog	$ 278,865	$ 247,712	$ 278,865	$ 247,712

Three-months ended September 30, 2024

For the three-month period ended September 30, 2024, revenues increased 25% to $30,235, compared to the same period last year. Acquisitive growth was 42%, generated by the acquisition of Mabway closed on May 10, 2024. Organic revenues declined 17% compared to the previous year. Despite being awarded new contracts from the Canadian Armed Forces in the year, the ramp up of activity has been significantly slower than previous contracts. This was coupled with short term reductions in activity in our domestic programs impacting the organic growth of the segment. Our recent investments in expansion into Europe has resulted in 240% increases in European revenues in the three-month period.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

For the three-month period ended September 30, 2024, adjusted EBITDA[1] increased by 106% to $6,407, compared to the same period last year. This increase is due to the our recent acquisition of Mabway as well as growth in other European countries. As a result, adjusted EBITDA[1] margin increased to a new high of 21%, up from 13%, compared to the same period last year.

In the quarter, Learning signed new contracts valued at $11 million, and backlog stood at $279 million.

Twelve-months ended September 30, 2024

For the twelve-month period ended September 30, 2024, revenues stood at $112,900, an increase of 6% from the same period last year, as the acquisitive revenue growth of 14% from our expansion into the United Kingdom was offset by the temporary reductions in Canadian federal defence learning programs. For the twelve-month period ended September 30, 2024, adjusted EBITDA[1] increased by 9% to $17,987, compared to the same period last year. Adjusted EBITDA[1] margin remained in line with the prior year at 16%.

Selected highlights for the year:

- Harnessing AI to bolster MaestroEDE exercise management tool for global military training
- Completed the acquisition of Mabway, expanding military training and simulation solutions globally
- Won $23 million contract for new military medical training program with the Canadian Armed Forces
- Renewed $10 million contract for military training with Canadian Defence Academy and Military Personnel Generation Group
- Won contracts with NATO Supreme Headquarters Allied Powers Europe (SHAPE) to provide comprehensive support to the development of Supreme Allied Commander Europe's (SACEUR) Chemical, Biological, Radiological and Nuclear (CBRN) exercise program

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

ITCS

Provides IT and cybersecurity solutions to public and private sector organizations across a variety of verticals.

Cybersecurity

Managed IT Services

Cloud Modernization

$214M
FY24 Revenues

29%
of total revenues

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
Product	$ 12,877	$ 12,856	$ 71,774	$ 44,741
Service	32,858	34,775	141,965	144,431
Revenues	45,735	47,631	213,739	189,172
Gross profit	19,029	16,341	85,760	68,689
Gross profit %	42 %	34 %	40 %	36 %
EBITDA[1]	6,311	5,653	28,503	23,459
EBITDA[1] Margin %	14 %	12 %	13 %	12 %
Organic/ Acquisitive Revenue Growth	-13%/9%	-31%/0%	-4%/17%	-13%/22%
New contract signings (gross)	$ 52,000	$ 87,000	$ 231,000	$ 247,000
Backlog	$ 137,396	$ 140,688	$ 137,396	$ 140,688

Three-months ended September 30, 2024

For the three-month period ended September 30, 2024, revenues decreased 4% to $45,735, compared to the same period last year. Acquisitive growth was 9% driven by the acquisition of Decisive, closed on December 1, 2023. Organic revenues declined 13% due to longer sales cycles in our value added resale business in the US and slight reductions in our on demand government solutions business.

For the three-month period ended September 30, 2024, adjusted EBITDA[1] increased by $658 to $6,311, compared to the same period last year. This increase is a result of higher margin product sales in the current quarter slightly offset by an increase in selling and marketing costs. As a result, adjusted EBITDA[1] margin increased to 14%, compared to 12% for the same period last year.

In the quarter, ITCS signed new contracts valued at $52 million, implying a book-to-bill ratio of 1.1.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Twelve-months ended September 30, 2024

For the twelve-month period ended September 30, 2024, revenues increased 13% to $213,739, compared to the same period last year. This growth was mainly attributed to the Decisive acquisition offset slightly by declines in our value added resale business in the US. Adjusted EBITDA[1] increased by 22% to $28,503, compared to the same period last year, due to the same factors mentioned above.

Selected highlights for the year:

- Collaborates with Microsoft to offer scalable cloud-native cybersecurity solutions
- Named to CRN's Managed Service Provider 500 List
- Named to CRN's Solution Provider 500 list
- Topped list of largest Houston-area Cybersecurity companies
- Secured six-year contract valued up to $90 million for IT and software development services with General Dynamics Mission Systems to support the Canadian Army
- Named to CRN's 2024 Tech Elite 250 List
- Announced the appointment of Michael Tremblay as President, IT and Cyber Solutions
- Completed the acquisition of Decisive Group
- Recognized as Canada Partner of the Year at the 2023 CrowdStrike Global Partner Awards
- Achieved multiple Cisco Powered Services specializations for managed service expertise

Shared Services

For the three-month period ended September 30, 2024, shared services expenses decreased slightly by $102 to $10,084, compared to the same period last year.

Selected Quarterly Financial Data

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. The Company's first and third quarters are affected by business specific cycles, along with working days, statutory holidays and vacation periods impacting the Company's delivery teams contributing to lower service revenues. 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. The following table sets forth selected financial information for the Company’s past eight quarters.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

(Canadian dollars in millions, except per share data)

	Q4/24	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Revenues									
Advanced Technologies	$ 53.0	$ 52.6	$ 51.3	$ 51.1	$ 52.5	$ 44.8	$ 46.8	$ 34.3	$ 30.5
Health	52.2	56.1	53.6	50.1	51.6	49.1	43.6	40.4	39.4
Learning	30.2	27.4	28.2	27.1	24.2	26.7	28.8	26.4	21.8
ITCS	45.8	49.0	68.2	50.8	47.6	45.9	49.3	46.4	68.8
Total Revenue	$ 181.2	$ 185.1	$ 201.3	$ 179.1	$ 175.9	$ 166.5	$ 168.5	$ 147.5	$ 160.5
Cost of revenue	117.2	123.2	131.2	121.0	120.2	115.4	116.5	102.3	110.4
Gross profit	64.0	61.9	70.1	58.1	55.7	51.1	52.0	45.2	50.1
Selling and marketing	13.5	14.3	15.0	12.4	10.5	11.9	11.8	11.1	13.1
General and administration	24.7	26.4	26.6	23.6	22.0	21.4	20.5	17.4	17.0
Research and development	3.1	3.5	2.7	2.7	2.8	3.3	2.9	2.4	1.0
Profit before under noted items	22.7	17.7	25.8	19.4	20.4	14.5	16.8	14.3	19.0
Depreciation of equipment and application software	2.8	2.5	2.5	2.3	2.1	2.4	2.3	2.3	2.4
Depreciation of right of use asset	1.6	1.5	1.5	1.5	1.4	1.2	1.0	1.0	1.0
Amortization of acquired intangible assets	7.6	6.8	6.2	5.2	4.5	3.6	3.4	3.4	3.5
Other changes in fair value	(0.2)	—	—	—	(0.3)	—	—	—	—
Restructuring expense	0.3	—	1.5	—	2.6	—	—	—	—
Deemed Compensation	1.8	1.0	0.9	0.6	0.4	—	0.1	0.1	3.3
Changes in fair value related to contingent earn-out	2.5	1.5	4.1	0.7	0.4	—	2.5	0.7	2.3
Profit before interest and income tax expense	6.3	4.4	9.1	9.1	9.3	7.3	7.5	6.8	6.5
Interest expense	2.0	1.4	1.8	1.6	0.8	(0.1)	0.1	0.1	0.1
Income tax expense	4.9	1.7	2.4	2.1	3.4	2.7	2.9	2.1	5.4
Net profit	(0.6)	1.3	4.9	5.4	5.1	4.7	4.5	4.6	1.0
Weighted average shares outstanding - Basic	11.8M	11.9M	11.8M	11.8M	11.8M	11.7M	11.7M	11.6M	11.4M
Weighted average shares outstanding - Diluted	12.0M	12.0M	12.0M	11.9M	11.8M	11.8M	11.8M	11.7M	11.5M
Net profit per share									
Basic	$ (0.05)	$ 0.11	$ 0.42	$ 0.47	$ 0.43	$ 0.4	$ 0.39	$ 0.39	$ 0.1
Diluted	$ (0.05)	$ 0.11	$ 0.41	$ 0.46	$ 0.43	$ 0.4	$ 0.38	$ 0.39	$ 0.1
Adjusted EBITDA[1] per share									
Basic	$ 1.92	$ 1.49	$ 2.17	$ 1.65	$ 1.73	$ 1.24	$ 1.45	$ 1.23	$ 1.67
Diluted	$ 1.89	$ 1.47	$ 2.14	$ 1.63	$ 1.72	$ 1.23	$ 1.45	$ 1.22	$ 1.66

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Fourth Quarter Financial Summary

Consolidated Statements of Net Profit

For the years ended September 30, 2024 and 2023 (Canadian dollars in thousands):

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
Revenue	$ 181,166	$ 175,948	$ 746,611	$ 658,583
Cost of revenues	117,242	120,152	492,597	454,371
Gross profit	**63,924**	**55,796**	**254,014**	**204,212**
Selling and marketing	13,466	10,545	55,115	45,410
General and administration	24,734	22,034	101,397	81,363
Research and development	3,047	2,836	11,967	11,452
Profit before under noted items	**22,677**	**20,381**	**85,535**	**65,987**
Depreciation of property, plant and equipment	2,750	2,133	10,048	9,043
Depreciation of right of use assets	1,587	1,352	6,043	4,501
Amortization of acquired intangible assets	7,577	4,460	25,738	14,874
Restructuring expense	368	2,618	1,864	2,618
Other changes in fair value	(202)	(314)	(202)	(314)
Deemed compensation	1,797	403	4,322	550
Changes in fair value related to contingent earn-out	2,495	416	8,767	3,858
Profit before interest income and income tax expense	**6,305**	**9,313**	**28,955**	**30,857**
Interest expense (income)	1,988	793	6,635	896
Income tax expense - current	4,623	3,776	15,442	12,919
Income tax expense - deferred	262	(375)	(4,302)	(1,843)
NET PROFIT	**$ (568)**	**$ 5,119**	**$ 11,180**	**$ 18,885**
Net profit per share:				
Basic	$ (0.05)	$ 0.43	$ 0.95	$ 1.61
Diluted	$ (0.05)	$ 0.43	$ 0.93	$ 1.61

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Consolidated Statements of Cash Flows

For the years ended September 30, 2024 and 2023 (Canadian dollars in thousands):

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
CASH FLOWS GENERATED FROM (USED IN) OPERATING ACTIVITIES				
Net profit	$ (568)	$ 5,119	$ 11,180	$ 18,885
Items not affecting cash:				
Interest expense	1,410	634	4,826	365
Changes in fair value related to contingent earn-out	2,495	416	8,767	3,858
Lease obligations interest expense	578	159	1,809	531
Income tax expense	4,885	3,401	11,140	11,076
Employee share purchase plan expense	122	130	549	597
Share based compensation expense	562	1,618	3,824	3,273
Depreciation and amortization	11,914	7,945	41,829	28,418
Deemed compensation	1,797	403	4,322	550
Other changes in fair value	(202)	(314)	(202)	(314)
	22,993	19,511	88,044	67,239
Change in non-cash working capital				
Accounts receivable	(9,631)	(8,971)	17,625	1,393
Work in process	(1,123)	6,166	(2,509)	23,285
Prepaid expenses and other	3,007	(3,849)	337	(829)
Inventory	1,002	1,873	2,795	(3,340)
Accounts payable and accrued liabilities	9,133	9,476	(1,064)	(17,947)
Unearned contract revenue	(1,687)	4,918	(6)	928
	23,694	29,124	105,222	70,729
Interest paid	(1,988)	(791)	(6,635)	(895)
Income tax paid	(2,289)	(5,629)	(11,366)	(13,059)
	19,417	22,704	87,221	56,775
CASH FLOWS GENERATED FROM (USED IN) FINANCING ACTIVITIES				
Issuance of common shares net of costs	618	760	2,786	2,901
Dividends	(3,397)	(3,335)	(13,351)	(13,163)
Net draw (repayment) on debt facility	(4,250)	37,750	52,000	30,250
Payment of lease obligations	(1,318)	(1,261)	(5,289)	(4,382)
Repurchase of common shares	(2,819)	(1,670)	(5,648)	(1,670)
	(11,166)	32,244	30,498	13,936
CASH FLOWS USED IN INVESTING ACTIVITIES				
Investments	—	—	—	(2,689)
Business acquisitions	—	(59,834)	(87,862)	(68,494)
Property, plant and equipment	(2,462)	(2,368)	(11,803)	(8,440)
	(2,462)	(62,202)	(99,665)	(79,623)
NET CASH INFLOW (OUTFLOW)	$ 5,789	$ (7,254)	$ 18,054	$ (8,912)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	45,999	40,988	33,734	42,646
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 51,788	$ 33,734	$ 51,788	$ 33,734

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

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

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
Weighted average number of common shares – basic	11,835,037	11,790,964	11,837,520	11,714,887
Additions to reflect the dilutive effect of employee stock options and RSUs	168,696	49,575	93,261	25,791
Weighted average number of common shares – diluted	12,003,733	11,840,539	11,930,781	11,740,678

The following table presents the revenue of the Company for the year ended September 30, 2024 and 2023 (Canadian dollars in thousands):

	Three months ended September 30,		Year Ended September 30,	
	2024	2023	2024	2023
Product revenue				
Advanced Technologies	$ 39,875	$ 32,367	$ 145,773	$ 106,298
Health	117	1	1,191	1
Learning	1,793	1,567	8,011	6,235
ITCS	12,877	12,856	71,774	44,741
Total product revenue	$ 54,662	$ 46,791	$ 226,749	$ 157,275
Service revenue				
Advanced Technologies	$ 13,082	$ 20,154	$ 62,169	$ 72,065
Health	52,122	51,567	210,839	184,855
Learning	28,442	22,661	104,889	99,957
ITCS	32,858	34,775	141,965	144,431
Total service revenue	$ 126,504	$ 129,157	$ 519,862	$ 501,308
Total revenue	$ 181,166	$ 175,948	$ 746,611	$ 658,583

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Segmented information is as follows for three months ended September 30, 2024 (Canadian dollars in thousands):

For the three months ended September 30, 2024	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 52,957	$ 52,239	$ 30,235	$ 45,735	$ —	$ 181,166
Cost of revenues	31,125	38,874	20,537	26,706	—	117,242
Gross profit	21,832	13,365	9,698	19,029	—	63,924
Gross profit %	41 %	26 %	32 %	42 %	N/A %	35 %
Operating expenses	10,961	4,193	3,291	12,718	10,084	41,247
Profit before under noted items	$ 10,871	$ 9,172	$ 6,407	$ 6,311	$ (10,084)	$ 22,677
Profit before under noted items %	21 %	18 %	21 %	14 %	N/A %	13 %
Depreciation of property, plant and equipment						2,750
Depreciation of right of use assets						1,587
Amortization of acquired intangible assets						7,577
Other changes in fair value						(202)
Restructuring expense						368
Deemed compensation						1,797
Changes in fair value related to contingent earn-out						2,495
Profit before interest income and income tax expense						6,305
Interest expense						1,988
Income tax expense - current						4,623
Income tax expense - deferred						262
NET PROFIT FOR THE PERIOD						$ (568)

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Segmented information is as follows for three months ended September 30, 2023 (Canadian dollars in thousands):

For the three months ended September 30, 2023	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 52,521	$ 51,568	$ 24,228	$ 47,631	$ —	$ 175,948
Cost of revenues	33,845	36,389	18,628	31,290	—	120,152
Gross profit	18,676	15,179	5,600	16,341	—	55,796
Gross profit %	36 %	29 %	23 %	34 %	N/A %	32 %
Operating expenses	7,589	4,457	2,495	10,688	10,186	35,415
Profit before under noted items	$ 11,087	$ 10,722	$ 3,105	$ 5,653	$ (10,186)	$ 20,381
Profit before under noted items %	21 %	21 %	13 %	12 %	N/A %	12 %
Depreciation of property, plant and equipment						2,133
Depreciation of right of use assets						1,352
Amortization of acquired intangible assets						4,460
Other changes in fair value						(314)
Restructuring expense						2,618
Deemed compensation						403
Changes in fair value related to contingent earn-out						416
Profit before interest income and income tax expense						9,313
Interest expense						793
Income tax expense - current						3,776
Income tax recovery - deferred						(375)
NET PROFIT FOR THE PERIOD						$ 5,119

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Financial Position

Working capital as a percentage of trailing twelve month revenue has decreased to 7.4% at September 30, 2024 versus 13.6% for the same period of the prior year. This is a testament to the Company's ability to increase growth and successfully manage its investments in working capital while doing so. The total working capital for the Company has decreased from where it was a year ago which has contributed to a positive cash flow of $16,870 for the year ended September 30, 2024, as working capital management continues to be a priority for the business.

Assets

As at September 30, 2024, total assets stood at $707,920, versus $585,723 as at September 30, 2023. The increase in total assets is primarily a result of the acquisitions of Decisive and Mabway with the corresponding purchased assets along with positive operating contributions from the existing business.

As at September 30, 2024, cash and cash equivalents were $51,788, compared to $33,734 at September 30, 2023.

Liabilities

As at September 30, 2024, total liabilities stood at $381,165, versus $257,351 as at September 30, 2023. The increase is primarily a result of the acquisitions Decisive and Mabway, along with the debt drawn in order to fund the acquisitions.

As at September 30, 2024, Calian had net debt[1] of $37,962 and its net debt[1] to trailing twelve month adjusted EBITDA[1] ratio was 0.4x, well below its maximum threshold of 2.5x. As at September 30, 2024, the Company was in full compliance with its debt covenants.

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

There were no off-balance sheet arrangements as at September 30, 2024.

Shareholders' Equity

On August 30, 2023, the TSX accepted Calian's Notice of Intention to Make a Normal Course Issuer Bid ("NCIB") to purchase for cancellation up to 1,044,012 common shares during the 12-month period commencing September 1, 2023 and ending August 31, 2024, representing approximately 10% of the public float of its common shares as at August 22, 2023.

On August 28, 2024, the TSX accepted Calian's Notice of Intention to make a NCIB to purchase for cancellation up to 995,904 common shares during the 12-month period commencing September 1, 2024 and ending August 31, 2025, representing approximately 10% of the public float of its common shares as at August 16, 2024.

Under these NCIB's, the Company repurchased 61,422 common shares for cancellation in the three-month period ended September 30, 2024 for consideration of $2,819 under its NCIB. The Company repurchased 115,248 common shares for cancellation in the twelve-month period ended September 30, 2024 for consideration of $5,648.

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

The Company has entered into an automatic share purchase plan ("ASPP") to provide the option to instruct its broker to make purchases under the NCIB during any applicable blackout periods. As at September 30, 2024 (September 30, 2023), an obligation for the repurchase of shares of $3,075 (NIL) was recognized as an accrued liability, as instructions were provided to the Company's broker to continue making purchases during the current blackout period in accordance with the ASPP.

Share Capital

As at September 30, 2024, the capital stock issued and outstanding of the Company consisted of 11,802,364 common shares (11,812,650 as at September 30, 2023).

The following table presents the outstanding capital stock activity for the twelve-month period ended September 30, 2024 and September 30, 2023.

	September 30, 2024	September 30, 2023
Balance October 1	11,812,650	11,607,391
Shares issued under employee share plans	53,264	60,311
Shares issued under employee share purchase plan	50,566	48,620
Shares issued through acquisition	1,132	128,422
Shares cancelled through NCIB program	(115,248)	(32,094)
Issued capital	11,802,364	11,812,650
Weighted average number of common shares – basic	11,837,520	11,714,887
Weighted average number of common shares – diluted	11,930,781	11,740,678

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Liquidity and Capital Resources

The following table provides selected information from the cash flow statement.

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
Net profit	$ (568)	$ 5,119	$ 11,180	$ 18,885
Items not affecting cash:	23,561	14,392	76,864	48,354
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	22,993	19,511	88,044	67,239
Change in non-cash working capital	701	9,613	17,178	3,490
Interest and income tax paid	(4,277)	(6,420)	(18,001)	(13,954)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	19,417	22,704	87,221	56,775
Dividends	(3,397)	(3,335)	(13,351)	(13,163)
Draw (repayment) on debt facility	(4,250)	37,750	52,000	30,250
Other	(3,519)	(2,171)	(8,151)	(3,151)
CASH FLOWS GENERATED FROM (USED IN) FINANCING ACTIVITIES	(11,166)	32,244	30,498	13,936
Investments	—	—	—	(2,689)
Business acquisitions	—	(59,834)	(87,862)	(68,494)
Capital Expenditures	(2,462)	(2,368)	(11,803)	(8,440)
CASH FLOWS USED IN INVESTING ACTIVITIES	(2,462)	(62,202)	(99,665)	(79,623)
NET CASH OUTFLOW	$ 5,789	$ (7,254)	$ 18,054	$ (8,912)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	45,999	40,988	33,734	42,646
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 51,788	$ 33,734	$ 51,788	$ 33,734

Operating Activities

For the three-month period ended September 30, 2024, cash flows generated from operating activities amounted to $19,417, compared to $22,704 for the same period last year. The cash flow from operating activities benefited from strong cash income along with a decrease to working capital from the prior quarter.

Cash from operating activities was $87,221 in the twelve-month period ended September 30, 2024 when compared to $56,775 for the same period of the previous year. This increase is a result of higher cash based income, along with strong cash generation from working capital maintenance. The Company was able to convert $17,178 due to changes in working capital in the twelve month period ended September 30, 2024.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Financing Activities

For the three-month period ended September 30, 2024, financing activities decreased cash by $11,166 mainly due repayments of our credit facility in the current quarter of $4,250, outflows for dividend payments of $3,397 and repurchases of common shares in the amount of $2,819. For the three-month period ended September 30, 2023, financing activities increased cash by $32,244, primarily as a result of draws on our line of credit amounting to $37,750, offset by dividends paid of $3,335 and shares repurchased amounting to $1,670.

Note that Calian 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.

Investing Activities

For the three-month period ended September 30, 2024, investing activities decreased cash by $2,462 due to capital expenditures. For the three-month period ended September 30, 2023, investing activities decreased cash by $62,202 due to the acquisition of HPT in the amount of $59,834 and capital expenditures of $2,368.

For the twelve-month period ended September 30, 2024, investing activities decreased cash by $99,665 with capital expenditures of $11,803 and business acquisitions for acquisitions made in the year and earn-out payments made amounting to $87,862. This compares to the outflow of $79,623 for the twelve-month period ended September 30, 2023 where capital expenditures were $8,440, business acquisition payments along with earn-out payments. For further information of acquisition and earn-out payments please see note 25 and 26 of the September 30, 2024 annual financial statements.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

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 September 30,		Year ended September 30,	
	2024	2023	2024	2023
Net profit	$ (568)	$ 5,119	$ 11,180	$ 18,885
Depreciation of equipment and application software	2,750	2,133	10,048	9,043
Depreciation of right of use asset	1,587	1,352	6,043	4,501
Amortization of acquired intangible assets	7,577	4,460	25,738	14,874
Restructuring expense	368	2,618	1,864	2,618
Other changes in fair value	(202)	(314)	(202)	(314)
Interest expense	1,988	793	6,635	896
Changes in fair value related to contingent earn-out	2,495	416	8,767	3,858
Deemed Compensation	1,797	403	4,322	550
Income tax	4,885	3,401	11,140	11,076
Adjusted EBITDA	$ 22,677	$ 20,381	$ 85,535	$ 65,987

Adjusted Net Profit

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
Net profit	$ (568)	$ 5,119	$ 11,180	$ 18,885
Restructuring expense	368	2,618	1,864	2,618
Other changes in fair value	(202)	(314)	(202)	(314)
Changes in fair value related to contingent earn-out	2,495	416	8,767	3,858
Deemed Compensation	1,797	403	4,322	550
Amortization of intangibles	7,577	4,460	25,738	14,874
Adjusted net profit	11,467	12,702	51,669	40,471
Weighted average number of common shares basic	11,835,037	11,790,964	11,837,520	11,714,887
Adjusted EPS Basic	0.97	1.08	4.36	3.45
Adjusted EPS Diluted	$ 0.96	$ 1.07	$ 4.33	$ 3.45

Operating Free Cash Flow

	Three months ended September 30,		Year ended September 30,	
	2024	2023	2024	2023
Cash flows generated from operating activities	$ 19,417	$ 22,704	$ 87,221	$ 56,775
Property, plant and equipment	(2,462)	(2,368)	(11,803)	(8,440)
Free cash flow	**$ 16,955**	**$ 20,336**	**$ 75,418**	**$ 48,335**
Free cash flow	$ 16,955	$ 20,336	$ 75,418	$ 48,335
Adjustments:				
Change in non-cash working capital	(701)	(9,613)	(17,178)	(3,490)
Operating free cash flow	**$ 16,254**	**$ 10,723**	**$ 58,240**	**$ 44,845**
Operating free cash flow per share - basic	1.37	0.91	4.92	3.83
Operating free cash flow per share - diluted	1.35	0.91	4.86	3.81
Operating free cash flow conversion	72%	53%	68%	68%

Net Debt to Adjusted EBITDA

	September 30, 2024	September 30, 2023
Cash	$ 51,788	$ 33,734
Debt facility	89,750	37,750
Net debt (net cash)	37,962	4,016
Trailing twelve month adjusted EBITDA	85,535	65,987
Net debt to adjusted EBITDA	0.4	0.1

Operating free cash flow measures the company's cash profitability after required capital spending when excluding working capital changes. The Company's ability to convert adjusted EBITDA[1] to operating free cash flow is critical for the long term success of its strategic growth. 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. 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.

Risk and Uncertainties

1. Economic uncertainty
2. Sustainability and management of recent growth
3. Acquisitions (none available, we don't grow, we don't integrate)
4. Access to Capital
5. Negative covenants in credit facilities
6. Availability of commodities and inflationary prices
7. Security breaches – cyber attacks
8. Competition within key markets
9. Availability of qualified professionals
10. Government contracts
11. Defense industry
12. Non-Performance of a key supplier or contractor
13. Senior management personnel and succession planning
14. Concentration of key revenues
15. Performance on Fixed-Priced Contracts
16. Rapidly changing technologies and customer demands
17. Outsourcing/subcontracting
18. Historical pricing trends
19. Customer's ability to retain market share
20. Consolidation of customer base
21. Backlog
22. Accounts Receivable collection risk
23. Foreign currency
24. Foreign operations
25. Dependence on Subsidiaries' Cash Flows
26. Reputational and brand risks
27. Errors and defects in technology
28. Tax consequences
29. Privacy concerns
30. Intellectual property infringement and protection
31. Manufacturing limitations
32. Use of open-source software
33. Use of licensed technology
34. Insurance sufficiency
35. Medical malpractice
36. Negotiation of facilities leases
37. Warranty and product liability claims
38. Litigation
39. Climate risks
40. Environmental and Health & Safety risks
41. Events out of the Company's control (natural disasters, war, terrorism, illness, etc.,)
42. Fraud
43. Corruption
44. Conflicts of Interest
45. Product obsolesce
46. Changes in Laws, Rules and Regulations
47. SRED or other R&D tax credits
48. Transfer pricing
49. Investment in R&D
50. Compliance with ESG reporting requirements
51. Price fluctuations of common shares
52. Dilution of common shares

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.

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 judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent 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

The Company enters into 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. Management's approach to revenue recognition is tightly linked to detailed project management processes and controls. The information provided by the project managers combined with a knowledgeable assessment of technical complexities and risks are used in estimating the percentage complete. Specifically for the Advanced Technologies fixed-price contracts, there is significant judgement and estimation uncertainty in determining the estimated costs to complete, including materials, labour and subcontractor costs.

Impairment of goodwill and intangible assets

Determining whether goodwill or acquired intangible assets are impaired requires an estimation of the recoverable amount of the cash-generating units or groups of cash-generating units. This was done through a value in use calculation. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit or groups of cash-generating units, and a suitable discount rate in order to calculate the 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.

Judgments

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 estimated fair values. The identification of assets purchased and liabilities assumed and the valuation thereof can require specialized skills and knowledge. Where appropriate, the Company engages external business valuators to assist in the valuation of tangible and intangible assets acquired.

When a business combination involves contingent consideration, an amount equal to the estimated fair value of the contingent consideration is recorded as a liability at the time of acquisition and is measured at the estimated fair value at each reporting period. The key assumptions utilized in determining estimated fair value of contingent consideration may include probabilities associated with the occurrence of specified future events, financial projections of the acquired business including forecasted revenue and EBITDA, the timing of future cash flows, cash flow volatility and the appropriate discount rate.

Deferred income taxes

The Company's accounting policy with regards to income taxes is described in Note 2 of the September 30, 2024 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.

Disclosure Controls and Internal Controls over Financial Reporting

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, 2024 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, 2024, 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, 2024, 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.

On behalf of Management,

(s) Patrick Houston
Chief Financial Officer

November 26, 2024