

NEWS RELEASE



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Calian Reports Record Results for the Second Quarter

(All amounts in release are in Canadian dollars)

OTTAWA, May 14, 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 second quarter ended March 31, 2024.

Q2-24 Highlights:

- Revenue up 19% to \$201 million
- Gross margin at 34.8%, up from 30.9% last year
- Adjusted EBITDA¹ up over 50% to \$25.7 million
- Operating free cash flow¹ of \$17.8 million
- Net liquidity of \$157 million
- Appointed President, Advanced Technologies
- Completed the acquisition of the nuclear assets of MDA Ltd. on March 5, 2024
- Completed the acquisition of Mabway on May 9, 2024
- FY24 guidance increased

Financial Highlights <i>(in millions of \$, except per share & margins)</i>	Three months ended			Six months ended		
	March 31,			March 31,		
	2024	2023	%	2024	2023	%
Revenue	201.3	168.5	19 %	380.4	316.1	20 %
Adjusted EBITDA ¹	25.7	16.8	53 %	45.2	31.1	45 %
Adjusted EBITDA % ¹	12.8 %	10.0 %	277bps	11.9 %	9.8 %	204bps
Net Profit	4.9	4.5	9 %	10.5	9.1	15 %
EPS Diluted	0.41	0.38	8 %	0.87	0.78	12 %
Operating Free Cash Flow ¹	17.8	10.7	67 %	32.0	22.8	40 %

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

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

[Register for the conference call](#) on Wednesday, May 15, 2024, 8:30 a.m. Eastern Time.

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We sealed the first half of the year with a record quarter,” said Kevin Ford, Calian Chief Executive Officer. “Revenues, gross margin and adjusted EBITDA all hit historical highs demonstrating the strength of our business model and the successful execution of our three-year strategic plan. Since the start of FY24, revenues are up 20%, profitability and margins have increased significantly and over one third of our 3-year M&A target agenda has been completed with three acquisitions. Given our solid results in the first half, our confidence for the balance of the year and the contribution from recent acquisitions, we increased our FY24 guidance. We are on track to deliver another record year and one step closer to our objective of reaching one billion dollars by the end of FY26,” stated Mr. Ford.

Second Quarter Results

Revenues increased 19%, from \$169 million to \$201 million. This represents the highest quarterly revenue in the Company’s history and the first time surpassing the \$200 million mark in a single quarter. Acquisitive growth was 16% and was generated by the acquisitions of Hawaii Pacific Teleport (“HPT”), Decisive and to a lesser extent the nuclear assets from MDA Ltd. Organic growth was 3% and was driven by double digit growth in Health.

Gross margin reached a record 34.8%, representing its 8th consecutive quarter above 30%. Adjusted EBITDA¹ reached a record \$25.7 million, up over 50% from the same period last year, driven by revenue growth and margin expansion as well as the benefits generated from the restructuring plan implemented midway through the fourth quarter. Adjusted EBITDA¹ margin reached a record 12.8%, up from 10.0% in the same period last year, as a result of a favorable revenue mix and increased volume.

Net profit reached \$4.9 million, or \$0.41 per diluted share, up from \$4.5 million, or \$0.38 per diluted share for the same period last year.

Liquidity and Capital Resources

“In the second quarter we generated \$17.8 million in operating free cash flow¹, representing a 69% conversion rate from adjusted EBITDA¹,” said Patrick Houston, Calian CFO. “We used our cash to repay \$25 million of our credit facility and to invest in our business with the acquisition of the nuclear assets of MDA and earnout payments on past acquisitions for a total of \$11 million and capital expenditures of \$3 million. We also provided a return to shareholders in the form of dividends of \$3 million. Given the current level of our share price, we will resume our share buyback program after a temporary pause. We ended the quarter with \$157 million in net liquidity, well-positioned to pursue our growth objectives,” concluded Mr. Houston.

Mabway Acquisition

On May 9, 2024 Calian agreed to acquire U.K.-based Mabway for up to \$46.4 million, including \$37.8 million of cash upfront on closing and \$8.6 million of earnouts. Mabway is a leader in the management of large-scale defence role-playing environments that simulate real-world operational environments and provides technical engineering education for naval and maritime communities. The company has been a prime supplier to the British Army since 2012. Mabway has several offices

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across the U.K., a workforce of more than 1,000 ex-military and civilian permanent staff and contractors, and services reaching into Europe and the Middle East. Mabway will be integrated in Calian's Learning segment.

Appointed President, Advanced Technologies

On March 27, 2024, Calian appointed Valerie Travain-Milone as President, Advanced Technologies. Travain-Milone brings extensive leadership experience across GNSS, telecom, space, cybersecurity and digital services. Known for her purpose-driven approach and passion for technology, she has consistently nurtured teams towards success and growth. Holding an MBA in aerospace and with global experience in the Pacific, Europe and North America, her visionary leadership in her past role as CEO of Atos Canada fuelled the company's expansion and accelerated revenue growth.

Acquired MDA Ltd. Nuclear Assets

On March 5, 2024, Calian and MDA Ltd. (MDA), a trusted global mission partner, have completed a transaction in which Calian has purchased assets associated with MDA's nuclear services. MDA has provided professional services to the Canadian nuclear industry for more than 30 years, supported by a highly specialized team of engineers delivering complex project planning and management for large nuclear outages and refurbishment projects, including experience in nuclear outage tooling. MDA's nuclear team will be integrated into Calian's existing Nuclear business within its Advanced Technologies segment.

Normal Course Issuer Bid

In the three-month period ended March 31, 2024, as part of its Normal Course Issuer Bid, the Company did not repurchase shares for cancellation. Since the launch of the Normal Course Issuer Bid on September 1, 2023, the Company repurchased 59,320 common shares for cancellation in consideration of \$3.0 million.

Quarterly Dividend

Today, Calian declared a quarterly dividend of \$0.28 per share. The dividend is payable June 11, 2024, to shareholders of record as of May 28, 2024. Dividends paid by the Company are considered "eligible dividend" for tax purposes.

Guidance Increased

<i>(in thousands of \$)</i>	Guidance for the year ended September 30, 2024			FY23 Results	Growth Midpoint vs FY23
	Low	Midpoint	High		
Revenue	750,000	780,000	810,000	658,584	18%
Adj. EBITDA ¹	86,000	89,000	92,000	65,987	35%

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This guidance includes the full-year contribution from the Hawaii Pacific Teleport acquisition, 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 EBITDA¹ growth of 18% and 35%, respectively, and an adjusted EBITDA¹ margin of 11.4%. It would represent the 7th consecutive year of double-digit growth and record levels.

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.

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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

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the Ontario Securities Commission. Calian disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. No assurance can be given that actual results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

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CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31, 2024 and September 30, 2023
(Canadian dollars in thousands, except per share data)

	March 31, 2024	September 30, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 45,866	\$ 33,734
Accounts receivable	231,379	173,052
Work in process	16,137	16,580
Inventory	25,015	21,983
Prepaid expenses	24,727	19,040
Derivative assets	41	155
Total current assets	343,165	264,544
NON-CURRENT ASSETS		
Property, plant and equipment	38,420	37,223
Right of use assets	35,239	34,637
Prepaid expenses	9,997	10,386
Deferred tax asset	1,551	967
Investments	3,673	3,673
Acquired intangible assets	119,804	75,160
Goodwill	193,333	159,133
Total non-current assets	402,017	321,179
TOTAL ASSETS	\$ 745,182	\$ 585,723
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Debt facility	\$ —	\$ 37,750
Accounts payable and accrued liabilities	188,680	105,550
Provisions	2,148	2,848
Unearned contract revenue	39,410	32,423
Lease obligations	5,106	4,949
Contingent earn-out	27,948	11,263
Derivative liabilities	108	353
Total current liabilities	263,400	195,136
NON-CURRENT LIABILITIES		
Debt facility	69,000	—
Lease obligations	32,942	32,057
Unearned contract revenue	21,561	15,592
Contingent earn-out	2,806	2,535
Deferred tax liabilities	20,106	12,031
Total non-current liabilities	146,415	62,215
TOTAL LIABILITIES	409,815	257,351
SHAREHOLDERS' EQUITY		
Issued capital	228,617	225,540
Contributed surplus	5,631	4,856
Retained earnings	99,840	96,859
Accumulated other comprehensive income (loss)	1,279	1,117
TOTAL SHAREHOLDERS' EQUITY	335,367	328,372
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 745,182	\$ 585,723
Number of common shares issued and outstanding	11,854,851	11,812,650

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

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT
For the three and six months ended March 31, 2024 and 2023
(Canadian dollars in thousands, except per share data)

	Three months ended		Six months ended	
	March 31,		March 31,	
	2024	2023	2024	2023
Revenue	201,268	\$ 168,543	\$ 380,447	\$ 316,086
Cost of revenues	131,231	116,452	252,192	218,776
Gross profit	70,037	52,091	128,255	97,310
Selling and marketing	15,014	11,831	27,365	22,974
General and administration	26,636	20,493	50,270	37,893
Research and development	2,695	2,922	5,414	5,343
Profit before under noted items	25,692	16,845	45,206	31,100
Depreciation of property, plant and equipment	2,496	2,252	4,804	4,549
Depreciation of right of use assets	1,468	1,015	2,931	2,022
Amortization of acquired intangible assets	6,149	3,450	11,384	6,811
Restructuring expense	1,495	—	1,495	—
Deemed compensation	911	50	1,515	147
Changes in fair value related to contingent earn-out	4,088	2,562	4,814	3,304
Profit before interest income and income tax expense	9,085	7,516	18,263	14,267
Interest expense	1,734	95	3,281	218
Income tax expense	2,426	2,904	4,532	4,956
NET PROFIT	\$ 4,925	\$ 4,517	\$ 10,450	\$ 9,093
Net profit per share:				
Basic	\$ 0.42	\$ 0.39	\$ 0.88	\$ 0.78
Diluted	\$ 0.41	\$ 0.38	\$ 0.87	\$ 0.78

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

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three and six months ended March 31, 2024 and 2023
(Canadian dollars in thousands)

	Three months ended March 31,		Six months ended March 31,	
	2024	2023	2024	2023
CASH FLOWS GENERATED FROM (USED IN)				
OPERATING ACTIVITIES				
Net profit	\$ 4,925	\$ 4,517	\$ 10,450	\$ 9,093
Items not affecting cash:				
Interest expense	1,426	(27)	2,524	(15)
Changes in fair value related to contingent earn-out	4,088	2,562	4,814	3,304
Lease obligations interest expense	308	122	757	233
Income tax expense	2,426	2,904	4,532	4,956
Employee share purchase plan expense	134	138	296	301
Share based compensation expense	1,010	575	2,023	982
Depreciation and amortization	10,113	6,717	19,119	13,382
Deemed compensation	911	50	1,515	147
	25,341	17,558	46,030	32,383
Change in non-cash working capital				
Accounts receivable	(49,996)	(27,455)	(61,185)	7,259
Work in process	1,341	758	443	7,583
Prepaid expenses and other	(3,483)	(2,879)	(3,557)	785
Inventory	3,570	2,942	980	(5,023)
Accounts payable and accrued liabilities	59,181	19,729	74,697	(7,539)
Unearned contract revenue	4,534	472	4,740	2,901
	40,488	11,125	62,148	38,349
Interest paid	(1,734)	(95)	(3,281)	(218)
Income tax paid	(2,966)	(4,827)	(5,541)	(6,605)
	35,788	6,203	53,326	31,526
CASH FLOWS GENERATED FROM (USED IN)				
FINANCING ACTIVITIES				
Issuance of common shares net of costs	945	865	1,639	1,775
Dividends	(3,319)	(3,280)	(6,633)	(6,542)
Draw on debt facility	(24,750)	(7,500)	31,250	(7,500)
Payment of lease obligations	(1,429)	(913)	(2,600)	(1,922)
Repurchase of common shares	—	—	(1,357)	—
	(28,553)	(10,828)	22,299	(14,189)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Investments	—	—	—	(2,689)
Business acquisitions	(10,840)	(5,735)	(58,297)	(8,660)
Property, plant and equipment	(2,796)	(1,931)	(5,196)	(2,731)
	(13,636)	(7,666)	(63,493)	(14,080)
NET CASH INFLOW (OUTFLOW)	\$ (6,401)	\$ (12,291)	\$ 12,132	\$ 3,257
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	52,267	58,194	33,734	42,646
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 45,866	\$ 45,903	\$ 45,866	\$ 45,903

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

Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures

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

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

Adjusted EBITDA

	Three months ended		Six months ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Net profit	\$ 4,925	\$ 4,517	\$ 10,450	\$ 9,093
Depreciation of equipment and application software	2,496	2,252	4,804	4,549
Depreciation of right of use asset	1,468	1,015	2,931	2,022
Amortization of acquired intangible assets	6,149	3,450	11,384	6,811
Restructuring expense	1,495	—	1,495	—
Interest expense	1,734	95	3,281	218
Changes in fair value related to contingent earn-out	4,088	2,562	4,814	3,304
Deemed Compensation	911	50	1,515	147
Income tax	2,426	2,904	4,532	4,956
Adjusted EBITDA	\$ 25,692	\$ 16,845	\$ 45,206	\$ 31,100

Operating Free Cash Flow

	Three months ended		Six months ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Cash flows generated from operating activities	\$ 35,788	\$ 6,203	\$ 53,326	\$ 31,526
Property, plant and equipment	(2,796)	(1,931)	(5,196)	(2,731)
Free cash flow	\$ 32,992	\$ 4,272	\$ 48,130	\$ 28,795
Free cash flow	\$ 32,992	\$ 4,272	\$ 48,130	\$ 28,795
Adjustments:				
Change in non-cash working capital	(15,147)	6,433	(16,118)	(5,966)
Operating free cash flow	\$ 17,845	\$ 10,705	\$ 32,012	\$ 22,829
Operating free cash flow per share	1.51	0.91	2.71	1.96
Operating free cash flow conversion	69 %	64 %	71 %	73 %

Net Debt to Adjusted EBITDA

	March 31, 2024	September 30, 2023
Cash	\$ 45,866	\$ 33,734
Debt facility	69,000	37,750
Net debt (net cash)	23,134	4,016
Trailing twelve month adjusted EBITDA	80,093	65,987
Net debt to adjusted EBITDA	0.3	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.