

NEWS RELEASE



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Calian Reports Results for the Third Quarter

(All amounts in release are in Canadian dollars)

OTTAWA, August 7, 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 third quarter ended June 30, 2024.

Q3-24 Highlights:

- Revenue up 11% to \$185 million
- Gross margin at 33.4%, up from 30.7% last year
- Adjusted EBITDA¹ up 22% to \$17.7 million
- Operating free cash flow¹ of \$10.0 million
- Net liquidity of \$132 million
- Repurchased 26,600 shares in consideration of \$1.5 million
- Renewed and won several contracts
- Backlog increased to \$1.2 billion
- Completed the acquisition of Mabway on May 9, 2024
- The Company intends to renew its NCIB in August 2024, subject to TSX approval

Financial Highlights <i>(in millions of \$, except per share & margins)</i>	Three months ended			Nine months ended		
	2024	2023	%	2024	2023	%
Revenue	185.0	166.6	11 %	565.4	482.6	17 %
Adjusted EBITDA ¹	17.7	14.5	22 %	62.9	45.6	38 %
Adjusted EBITDA % ¹	9.5 %	8.7 %	83bps	11.1 %	9.4 %	167bps
Net Profit	1.3	4.7	(72)%	11.7	13.8	(15)%
EPS Diluted	0.11	0.40	(73)%	0.98	1.17	(16)%
Operating Free Cash Flow ¹	10.0	11.3	(12)%	42.0	34.1	23 %

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 Thursday, August 8, 2024, 8:30 a.m. Eastern Time.

"In the third quarter, we continued our growth journey towards becoming a global business with over \$1 billion in revenues," said Kevin Ford, Calian Chief Executive Officer. "We completed the strategic acquisition of Mabway, signed and acquired new contracts valued at over \$300 million and reported revenue and adjusted EBITDA¹ growth of 11% and 22%, respectively. We did encounter some headwinds as the result of short-term budget reductions from the Canadian Armed Forces, and we expect this to persist for a few quarters. Despite this, after nine months, our revenues are up 17%, adjusted EBITDA is up 38%, and we are on track for our seventh consecutive record year," stated Mr. Ford.

Third Quarter Results

Revenues increased 11%, from \$167 million to \$185 million. This represents the highest third quarter revenue in the Company's history. Acquisitive growth was 11% and was generated by the acquisitions of Hawaii Pacific Teleport ("HPT"), Decisive, the nuclear assets from MDA Ltd and Mabway. Organic growth was flat as double-digit growth generated in the Health segment was offset by declines in the other segments.

Gross margin reached 33.4%, representing its 9th consecutive quarter above 30%. Adjusted EBITDA¹ reached \$17.7 million, up 22% from the same period last year, driven by the higher margin contribution from acquisitions, revenue growth across all segments and progress to expand geographically and increase share of product revenue. Adjusted EBITDA¹ margin reached 9.5%, up from 8.7% in the same period last year, as a result of a favorable revenue mix and increased volume.

Net profit reached \$1.3 million, or \$0.11 per diluted share, down from \$4.7 million, or \$0.40 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 EBITDA¹ and lower income tax expense.

Liquidity and Capital Resources

"In the third quarter we generated \$10.0 million in operating free cash flow¹, representing a 57% conversion rate from adjusted EBITDA¹," said Patrick Houston, Calian CFO. "We used our cash and a portion of our credit facility to invest in our business with the acquisition of Mabway for \$29.6 million and capital expenditures of \$4.1 million. We also provided a return to shareholders in the form of dividends of \$3.3 million and share buybacks of \$1.5 million. We ended the quarter with \$132 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 \$47.0 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 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.

Contract Signings - Renewing and Winning New Customers

Calian renewed and won several contracts during the third quarter including:

On May 7, 2024 Calian renewed a contract worth \$10 million to provide military training support for the Canadian Defence Academy (CDA) and Military Personnel Generation Group (MPGG).

On May 1, 2024 Calian was awarded a major new contract valued up to \$90 million over six years with General Dynamics Mission Systems - Canada (GDMS-C) to enhance the Canadian Army's capabilities through advanced land command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) systems.

On April 25, 2024 Calian was awarded a significant contract by the Canadian Armed Forces' Canadian Forces Health Services Group (CFHSG), valued at \$17 million for three years with an option to extend for a fourth year, potentially increasing the total value to \$23 million.

Normal Course Issuer Bid

In the three-month period ended June 30, 2024, as part of its Normal Course Issuer Bid, the Company repurchased 26,600 shares for cancellation in consideration of \$1.5 million. Since the launch of the Normal Course Issuer Bid on September 1, 2023, the Company repurchased 85,920 common shares for cancellation in consideration of \$4.5 million.

The Company intends to renew its NCIB in August 2024, subject to TSX approval.

Quarterly Dividend

Today, Calian declared a quarterly dividend of \$0.28 per share. The dividend is payable September 4, 2024, to shareholders of record as of August 21, 2024. Dividends paid by the Company are considered "eligible dividend" for tax purposes.

Guidance

Calian's guidance, which was raised last quarter and marks its seventh consecutive record year of revenue and adjusted EBITDA¹ growth, is now anticipated to be at the bottom of its guidance range. This adjustment is due to short-term operating budget cuts from the Canadian Armed Forces, which have affected the latter half of its third quarter and are expected to continue into the fourth quarter.

<i>(in thousands of \$)</i>	Guidance for the year ended September 30, 2024			FY23 Results	YOY Growth at Low Point
	Low	Midpoint	High		
Revenue	750,000	780,000	810,000	658,584	14%
Adj. EBITDA ¹	86,000	89,000	92,000	65,987	30%

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 also includes one-

time transaction and integration costs related to these acquisitions of approximately \$2 million. The guidance reflects another record year for the Company and positions it well to achieve its long-term growth targets.

At the bottom of the range, this guidance reflects revenue and adjusted EBITDA¹ growth of 14% and 30%, respectively, and an adjusted EBITDA¹ margin of 11.5%. 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 the Ontario Securities Commission. Calian disclaims any intention or obligation to update or revise any forward-

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

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

	June 30, 2024	September 30, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 45,999	\$ 33,734
Accounts receivable	147,745	173,052
Work in process	19,314	16,580
Inventory	24,202	21,983
Prepaid expenses	25,886	19,040
Derivative assets	23	155
Total current assets	263,169	264,544
NON-CURRENT ASSETS		
Property, plant and equipment	41,135	37,223
Right of use assets	35,998	34,637
Prepaid expenses	8,598	10,386
Deferred tax asset	1,264	967
Investments	3,673	3,673
Acquired intangible assets	135,323	75,160
Goodwill	209,969	159,133
Total non-current assets	435,960	321,179
TOTAL ASSETS	\$ 699,129	\$ 585,723
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Debt facility	\$ —	\$ 37,750
Accounts payable and accrued liabilities	112,040	105,550
Provisions	2,180	2,848
Unearned contract revenue	40,066	32,423
Lease obligations	4,957	4,949
Contingent earn-out	32,150	11,263
Derivative liabilities	56	353
Total current liabilities	191,449	195,136
NON-CURRENT LIABILITIES		
Debt facility	94,000	—
Lease obligations	33,983	32,057
Unearned contract revenue	17,847	15,592
Contingent earn-out	5,475	2,535
Deferred tax liabilities	22,437	12,031
Total non-current liabilities	173,742	62,215
TOTAL LIABILITIES	365,191	257,351
SHAREHOLDERS' EQUITY		
Issued capital	228,829	225,540
Contributed surplus	5,866	4,856
Retained earnings	96,860	96,859
Accumulated other comprehensive income (loss)	2,383	1,117
TOTAL SHAREHOLDERS' EQUITY	333,938	328,372
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 699,129	\$ 585,723
Number of common shares issued and outstanding	11,841,237	11,812,650

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT
For the three and nine months ended June 30, 2024 and 2023
(Canadian dollars in thousands, except per share data)

	Three months ended		Nine months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Revenue	\$ 184,998	\$ 166,550	\$ 565,445	\$ 482,635
Cost of revenues	123,163	115,443	375,355	334,219
Gross profit	61,835	51,107	190,090	148,416
Selling and marketing	14,284	11,891	41,649	34,865
General and administration	26,393	21,437	76,663	59,329
Research and development	3,506	3,273	8,920	8,616
Profit before under noted items	17,652	14,506	62,858	45,606
Depreciation of property, plant and equipment	2,494	2,361	7,298	6,910
Depreciation of right of use assets	1,525	1,127	4,456	3,149
Amortization of acquired intangible assets	6,777	3,603	18,161	10,414
Restructuring expense	1	—	1,496	—
Deemed compensation	1,010	—	2,525	147
Changes in fair value related to contingent earn-out	1,458	138	6,272	3,442
Profit before interest income and income tax expense	4,387	7,277	22,650	21,544
Interest expense	1,366	(115)	4,647	103
Income tax expense	1,723	2,719	6,255	7,675
NET PROFIT	\$ 1,298	\$ 4,673	\$ 11,748	\$ 13,766
Net profit per share:				
Basic	\$ 0.11	\$ 0.40	\$ 0.99	\$ 1.18
Diluted	\$ 0.11	\$ 0.40	\$ 0.98	\$ 1.17

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three and nine months ended June 30, 2024 and 2023
(Canadian dollars in thousands)

	Three months ended		Nine months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
CASH FLOWS GENERATED FROM (USED IN)				
OPERATING ACTIVITIES				
Net profit	\$ 1,298	\$ 4,673	\$ 11,748	\$ 13,766
Items not affecting cash:				
Interest expense	892	(254)	3,416	(269)
Changes in fair value related to contingent earn-out	1,458	138	6,272	3,442
Lease obligations interest expense	474	139	1,231	372
Income tax expense	1,723	2,719	6,255	7,675
Employee share purchase plan expense	131	166	427	467
Share based compensation expense	1,239	673	3,262	1,655
Depreciation and amortization	10,796	7,091	29,915	20,473
Deemed compensation	1,010	—	2,525	147
	19,021	15,345	65,051	47,728
Change in non-cash working capital				
Accounts receivable	88,441	3,105	27,256	10,364
Work in process	(1,829)	9,536	(1,386)	17,119
Prepaid expenses and other	886	2,234	(2,671)	3,019
Inventory	813	(190)	1,793	(5,213)
Accounts payable and accrued liabilities	(84,893)	(19,883)	(10,196)	(27,422)
Unearned contract revenue	(3,059)	(6,891)	1,681	(3,990)
	19,380	3,256	81,528	41,605
Interest paid	(1,366)	114	(4,647)	(104)
Income tax paid	(3,536)	(825)	(9,077)	(7,430)
	14,478	2,545	67,804	34,071
CASH FLOWS GENERATED FROM (USED IN)				
FINANCING ACTIVITIES				
Issuance of common shares net of costs	529	366	2,168	2,141
Dividends	(3,321)	(3,286)	(9,954)	(9,828)
Draw on debt facility	25,000	—	56,250	(7,500)
Payment of lease obligations	(1,371)	(1,199)	(3,971)	(3,121)
Repurchase of common shares	(1,472)	—	(2,829)	—
	19,365	(4,119)	41,664	(18,308)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Investments	—	—	—	(2,689)
Business acquisitions	(29,565)	—	(87,862)	(8,660)
Property, plant and equipment	(4,145)	(3,341)	(9,341)	(6,072)
	(33,710)	(3,341)	(97,203)	(17,421)
NET CASH INFLOW (OUTFLOW)	\$ 133	\$ (4,915)	\$ 12,265	\$ (1,658)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	45,866	45,903	33,734	42,646
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 45,999	\$ 40,988	\$ 45,999	\$ 40,988

Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures

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

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

Adjusted EBITDA

	Three months ended		Nine months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net profit	\$ 1,298	\$ 4,673	\$ 11,748	\$ 13,766
Depreciation of equipment and application software	2,494	2,361	7,298	6,910
Depreciation of right of use asset	1,525	1,127	4,456	3,149
Amortization of acquired intangible assets	6,777	3,603	18,161	10,414
Restructuring expense	1	—	1,496	—
Interest expense	1,366	(115)	4,647	103
Changes in fair value related to contingent earn-out	1,458	138	6,272	3,442
Deemed Compensation	1,010	—	2,525	147
Income tax	1,723	2,719	6,255	7,675
Adjusted EBITDA	\$ 17,652	\$ 14,506	\$ 62,858	\$ 45,606

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.

Operating Free Cash Flow

	Three months ended		Nine months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Cash flows generated from operating activities	\$ 14,478	\$ 2,545	\$ 67,804	\$ 34,071
Property, plant and equipment	(4,145)	(3,341)	(9,341)	(6,072)
Free cash flow	\$ 10,333	\$ (796)	\$ 58,463	\$ 27,999
Free cash flow	\$ 10,333	\$ (796)	\$ 58,463	\$ 27,999
Adjustments:				
Change in non-cash working capital	(359)	12,089	(16,477)	6,123
Operating free cash flow	\$ 9,974	\$ 11,293	\$ 41,986	\$ 34,122
Operating free cash flow per share	0.84	0.96	3.55	2.92
Operating free cash flow conversion	57 %	78 %	67 %	75 %

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.

Net Debt to Adjusted EBITDA

	June 30, 2024	September 30, 2023
Cash	\$ 45,999	\$ 33,734
Debt facility	94,000	37,750
Net debt (net cash)	48,001	4,016
Trailing twelve month adjusted EBITDA	82,239	65,987
Net debt to adjusted EBITDA	0.6	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.

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.