August 12, 2025

Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine months ended June 30, 2025



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CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at June 30, 2025 and September 30, 2024
(Canadian dollars in thousands, except per share data)

	NOTES	June 30, 2025	September 30, 2024
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	$ 58,013	$ 51,788
Accounts receivable		160,149	157,376
Work in process	5	20,475	20,437
Inventory		25,459	23,199
Prepaid expenses		24,403	23,978
Derivative assets	17	122	32
Total current assets		288,621	276,810
NON-CURRENT ASSETS			
Property, plant and equipment	6	44,999	40,962
Right of use assets	7	40,362	36,383
Prepaid expenses		6,456	7,820
Deferred tax asset		3,415	3,425
Investments		3,875	3,875
Acquired intangible assets	8	113,383	128,253
Goodwill	10	222,479	210,392
Total non-current assets		434,969	431,110
TOTAL ASSETS		$ 723,590	$ 707,920
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 131,713	$ 124,884
Provisions		2,189	3,075
Unearned contract revenue	5	34,912	41,723
Lease obligations	7	5,625	5,645
Contingent earn-out	20	29,898	39,136
Derivative liabilities	17	35	92
Total current liabilities		204,372	214,555
NON-CURRENT LIABILITIES			
Debt facility	11	141,000	89,750
Lease obligations	7	38,058	33,798
Unearned contract revenue	5	14,938	14,503
Contingent earn-out	20	2,693	2,697
Deferred tax liabilities		21,274	25,862
Total non-current liabilities		217,963	166,610
TOTAL LIABILITIES		422,335	381,165
SHAREHOLDERS' EQUITY			
Issued capital	12	220,247	225,747
Contributed surplus		6,306	6,019
Retained earnings		67,111	91,268
Accumulated other comprehensive income		7,591	3,721
TOTAL SHAREHOLDERS' EQUITY		301,255	326,755
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 723,590	$ 707,920
Number of common shares issued and outstanding		11,345,860	11,802,364

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 nine months ended June 30, 2025 and 2024
(Canadian dollars in thousands, except per share data)

	NOTES	Three months ended June 30, 2025	Three months ended June 30, 2024 (Note 21)	Nine months ended June 30, 2025	Nine months ended June 30, 2024 (Note 21)
Revenue	14	$ 192,216	$ 184,998	$ 570,930	$ 565,445
Cost of revenues		125,361	123,163	380,632	375,355
Gross profit		**66,855**	**61,835**	**190,298**	**190,090**
Selling, general and administrative		44,682	38,455	127,264	112,792
Research and development		3,208	3,506	8,875	8,920
Share based compensation	13	1,354	1,370	3,394	3,688
Profit before under noted items		**17,611**	**18,504**	**50,765**	**64,690**
Restructuring expense		1,414	1	2,478	1,496
Depreciation and amortization	9	11,635	10,796	34,649	29,915
Mergers and acquisition costs	19	1,102	3,320	5,795	10,629
Profit before interest income and income tax expense		**3,460**	**4,387**	**7,843**	**22,650**
Interest expense		1,932	1,366	5,826	4,647
Income tax expense		938	1,723	2,108	6,255
NET PROFIT (LOSS)		**$ 590**	**$ 1,298**	**$ (91)**	**$ 11,748**
Net profit (loss) per share:					
Basic	15	$ 0.05	$ 0.11	$ (0.01)	$ 0.99
Diluted	15	$ 0.05	$ 0.11	$ (0.01)	$ 0.98

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

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three and nine months ended June 30, 2025 and 2024
(Canadian dollars in thousands)

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
NET PROFIT (LOSS)	$ 590	$ 1,298	$ (91)	$ 11,748
Cumulative translation adjustment	(5,091)	1,260	3,657	1,027
Change in deferred gain (loss) on derivatives designated as cash flow hedges, net of tax of $325 and $77 (2024 - ($56) and $86)	902	(156)	213	239
Other comprehensive income (loss), net of tax	(4,189)	1,104	3,870	1,266
COMPREHENSIVE INCOME (LOSS)	**$ (3,599)**	**$ 2,402**	**$ 3,779**	**$ 13,014**

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 nine months ended June 30, 2025 and 2024
(Canadian dollars in thousands)

		Three months ended June 30,		Nine months ended June 30,	
		2025	2024	2025	2024
CASH FLOWS GENERATED FROM (USED IN) OPERATING ACTIVITIES					
Net profit (loss)		$ 590	$ 1,298	$ (91)	$ 11,748
Items not affecting cash:					
Interest expense		1,406	892	4,313	3,416
Changes in fair value related to contingent earn-out	20	(775)	1,458	341	6,272
Lease obligations interest expense	7	526	474	1,513	1,231
Income tax expense		938	1,723	2,108	6,255
Employee share purchase plan expense	13	144	131	433	427
Share based compensation expense	13	1,210	1,239	2,961	3,262
Depreciation and amortization	9	11,635	10,796	34,649	29,915
Deemed compensation	18, 19, 20	1,334	1,010	4,367	2,525
		17,008	19,021	50,594	65,051
Change in non-cash working capital					
Accounts receivable		60,453	88,441	4,351	27,256
Work in process		(938)	(1,829)	(38)	(1,386)
Prepaid expenses and other		2,363	886	3,509	(2,671)
Inventory		1,837	813	(1,768)	1,793
Accounts payable and accrued liabilities		(41,618)	(84,893)	5,592	(10,196)
Unearned contract revenue		(8,761)	(3,059)	(6,375)	1,681
		30,344	19,380	55,865	81,528
Interest paid		(1,932)	(1,366)	(5,826)	(4,647)
Income tax paid		(3,626)	(3,536)	(11,011)	(9,077)
		24,786	14,478	39,028	67,804
CASH FLOWS GENERATED FROM (USED IN) FINANCING ACTIVITIES					
Issuance of common shares net of costs	12, 13	490	529	2,035	2,168
Repurchase of common shares	12	(15,887)	(1,472)	(25,197)	(2,829)
Dividends		(3,183)	(3,321)	(9,767)	(9,954)
Net draw on debt facility	11	20,250	25,000	51,250	56,250
Payment of lease obligations	7	(1,619)	(1,371)	(4,725)	(3,971)
		51	19,365	13,596	41,664
CASH FLOWS USED IN INVESTING ACTIVITIES					
Business acquisitions	18, 20	(27,196)	(29,565)	(39,089)	(87,862)
Property, plant and equipment	6	(3,778)	(4,145)	(7,310)	(9,341)
		(30,974)	(33,710)	(46,399)	(97,203)
NET CASH INFLOW (OUTFLOW)		$ (6,137)	$ 133	$ 6,225	$ 12,265
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		64,150	45,866	51,788	33,734
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 58,013	$ 45,999	$ 58,013	$ 45,999

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

CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended June 30, 2025 and 2024
(Canadian dollars in thousands, except per share data)

	NOTES	Issued capital	Contributed surplus	Retained earnings	Other comprehensive income	Total
Balance October 1, 2024		**$ 225,747**	**$ 6,019**	**$ 91,268**	**$ 3,721**	**$ 326,755**
Net profit and comprehensive income		—	—	(91)	3,870	3,779
Dividend paid ($0.84 per share)		—	—	(9,767)	—	(9,767)
Share repurchase	12	(10,898)	—	(14,299)	—	(25,197)
Shares issued under employee share plans	12	3,076	(2,674)	—	—	402
Shares issued under employee share purchase plan	13	2,066	—	—	—	2,066
Share-based compensation expense	13	—	2,961	—	—	2,961
Share buyback tax		(419)	—	—	—	(419)
Change in obligation related to share repurchase	12	675	—	—	—	675
Balance June 30, 2025		**$ 220,247**	**$ 6,306**	**$ 67,111**	**$ 7,591**	**$ 301,255**

	NOTES	Issued capital	Contributed surplus	Retained earnings	Other comprehensive income	Total
Balance October 1, 2023		**$ 225,540**	**$ 4,856**	**$ 96,859**	**$ 1,117**	**$ 328,372**
Net profit and comprehensive income		—	—	11,748	1,266	13,014
Dividend paid ($0.84 per share)		—	—	(9,954)	—	(9,954)
Share repurchase	12	(1,036)	—	(1,793)	—	(2,829)
Shares issued under employee share plans	12	2,131	(2,603)	—	—	(472)
Share issued through acquisition		34	—	—	—	34
Shares issued under employee share purchase plan	13	2,160	—	—	—	2,160
Share based compensation expense	13	—	3,613	—	—	3,613
Balance June 30, 2024		**$ 228,829**	**$ 5,866**	**$ 96,860**	**$ 2,383**	**$ 333,938**

The accompanying notes are an integral part of the unaudited interim condensed 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 unaudited interim condensed consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These unaudited interim condensed consolidated financial statements have been prepared using accounting policies consistent with the International Financial Reporting Standards ("IFRS") and in accordance with the accounting policies the Company adopted in its annual consolidated financial statements for the year ended September 30, 2024, and should be read in conjunction with the audited consolidated financial statements and notes thereto, with the exception of a change in the Company's accounting policy under IAS1, presentation of financial statements, and changes to intangible amortization as described in note 8 to these financial statements. The Company revised its classification of certain expenses, and the inclusion of certain expenses into different subtotals in the statement of net profit in the fiscal year. The change in policy applies retrospectively where the impacts to the June 30, 2024 statement of profit are disclosed in note 21 to these financial statements. These unaudited interim condensed consolidated financial statements do not include all of the information required in annual financial statements.

These consolidated financial statements were approved by the Board of Directors on August 12, 2025.

2. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

There were no other significant changes in estimates or approaches in the current period when compared to the estimates or approaches used to prepare the annual consolidated financial statements for the year ended September 30, 2024, other than as disclosed in note 10.

3. 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.

4. Cash and Cash Equivalents

The following table presents cash and cash equivalents for the period ended:

	Cash and Cash Equivalents	
	June 30, 2025	September 30, 2024
Cash	$ 56,834	$ 51,788
Restricted cash	1,179	—
Total cash and cash equivalents	$ 58,013	$ 51,788

5. Contract Assets and Liabilities

The following table presents net contract liabilities as at:

	Net Contract Liabilities	
	June 30, 2025	September 30, 2024
Work in process	$ 20,475	$ 20,437
Unearned contract revenue (current)	(34,912)	(41,723)
Unearned contract revenue (non-current)	(14,938)	(14,503)
Net contract liabilities	$ (29,375)	$ (35,789)

The following table presents changes in net contract liabilities for nine months ended June 30, 2025, and twelve months ended September 30, 2024:

	Changes in Net Contract Liabilities	
	June 30, 2025	September 30, 2024
Opening balance, October 1	$ (35,789)	$ (31,435)
Revenue recognized for net contract liabilities	111,003	126,970
Billings	(104,589)	(125,088)
Acquisitions (Note 18)	—	(6,236)
Ending balance	$ (29,375)	$ (35,789)

6. Property, Plant and Equipment

A continuity of the main components included in property, plant and equipment for the nine months ended June 30, 2025 is as follows:

	Cost				Depreciation		Carrying Value	
	Cost	Additions/ Disposals	Acquisitions (Note 18)	Total	Depreciation	Accumulated Depreciation	June 30, 2025	September 30, 2024
Leasehold improvements	$ 5,075	$ 18	$ 100	$ 5,193	$ (185)	$ (3,209)	$ 1,984	$ 2,031
Land and Building	2,276	(13)	3,985	6,248	(36)	(64)	6,184	2,248
Equipment	62,681	5,187	893	68,761	(6,536)	(43,018)	25,743	26,156
Application software	15,838	886	45	16,769	(1,092)	(8,180)	8,589	8,775
Capitalized research and development	5,139	1,032	—	6,171	(63)	(4,882)	1,289	319
Intellectual property rights	1,482	—	—	1,482	(222)	(272)	1,210	1,433
Total	$ 92,491	$ 7,110	$ 5,023	$ 104,624	$ (8,134)	$ (59,625)	$ 44,999	$ 40,962

6. Property, Plant and Equipment (continued)

Additions in the table above amount to $7,351 ($9,642) for the nine months ended June 30, 2025 (2024). The Company recognized foreign exchange of $(2,412) in the cost and $602 in the depreciation of property, plant and equipment in the three months ended June 30, 2025. The Company recognized foreign exchange of $(105) in the cost and $(57) in the depreciation of equipment in the nine months ended June 30, 2025.

7. Right of Use Assets and Lease Obligations

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

	Nine months ended	
	June 30, 2025	June 30, 2024
Balance at October 1	$ 36,383	$ 34,637
Additions	7,542	3,908
Disposals and foreign exchange adjustments	339	(385)
Depreciation	(4,987)	(4,456)
Acquisitions (Note 18)	1,085	2,294
	$ 40,362	$ 35,998

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.

The following table presents lease obligations for the Company:

	Nine months ended	
	June 30, 2025	June 30, 2024
Balance at October 1	$ 39,443	$ 37,006
Additions	7,542	3,913
Disposals and foreign exchange adjustments	338	(239)
Principal payments	(4,725)	(3,971)
Acquisitions (Note 18)	1,085	2,231
	$ 43,683	$ 38,940
Current	$ 5,625	$ 4,957
Non-current	38,058	33,983
Total	$ 43,683	$ 38,940

The following table presents the contractual undiscounted cash flows for lease obligations as at June 30, 2025:

	Total Undiscounted Lease Obligations
Less than one year	$ 7,086
One to five years	23,015
More than five years	26,037
Total undiscounted lease obligations	$ 56,138

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

Total cash outflow for leases in the three months ended June 30, 2025 (2024) is $2,145 ($1,845), including principal payments relating to lease obligations of $1,619 ($1,371), interest expense on lease obligations is $526 ($474). Total cash outflow for leases in the nine months ended June 30, 2025 (2024) is $6,238 ($5,202) , including principal payments relating to lease obligations of $4,725 ($3,971), interest expense on lease obligations is $1,513 ($1,231). Expenses relating to short-term leases recognized in general and administration expenses was $38 ($40) for the three months ended June 30, 2025 (2024) and $116 ($121) for the nine months ended June 30, 2025 (2024).

8. Acquired Intangible Assets

A continuity of the acquired intangible assets for the nine months ended June 30, 2025 is as follows:

	June 30, 2025				
	Opening Balance	Additions (Note 16)	Amortization	Foreign Exchange Revaluation	Closing Balance
Customer relationships	$ 118,482	$ 6,100	$ (17,729)	$ 558	$ 107,411
Discrete contracts with customers & non-competition agreements	1,862	—	(1,343)	—	519
Technology and trademarks	7,909	—	(2,456)	—	5,453
	$ 128,253	$ 6,100	$ (21,528)	$ 558	$ 113,383

In the nine months ended June 30, 2025 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.

In the nine months ended June 30, 2025, the Company conducted a comprehensive review of its intangible assets and determined that the estimated useful life of certain assets required revision. Consequently, the amortization period for certain assets has been revised to reflect a revised assessment of their expected economical benefits. The adjustment is considered a change in accounting estimate, which is applied prospectively. The impact of the change on the amortization expense is $303 for the three months ended, and $909 for the nine months ended June 30, 2025.

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

	September 30, 2024				
	Opening Balance	Additions (Note 18)	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

9. Depreciation and Amortization

The following table presents the depreciation and amortization for the Company for the three and nine months ended June 30, 2025 (2024):

	Notes	Three months ended		Nine months ended	
		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Depreciation of property, plant and equipment	6	$ 2,827	$ 2,494	$ 8,134	$ 7,298
Depreciation of right of use assets	7	1,680	1,525	4,987	4,456
Amortization of acquired intangible assets	8	7,128	6,777	21,528	18,161
		$ 11,635	$ 10,796	$ 34,649	$ 29,915

10. Goodwill

The following table presents the goodwill for the Company for the nine months ended June 30, 2025:

	June 30, 2025
Opening balance, October 1	$ 210,392
Additions:	
Acquisition of AMS	10,518
Adjustments:	
Foreign Exchange	1,569
	$ 222,479

In the nine months ended June 30, 2025 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.

There were no changes to the Company's identified cash generating units (CGUs) in the period.

As at June 30, 2025, the Company identified potential indicators of impairment within the ITCS segment. To assess recoverability, the Company developed key assumptions, including projected after-tax cash earnings, discount rate, terminal growth rate, working capital requirements, and capital expenditures. Multiple scenarios were considered, incorporating mid-term cash flow growth rates for forecasted revenue of 3% and 5%, a terminal growth rate of 3%, reflecting Management's best estimate for long term growth, and a discount rate of 12.5%. Based on this analysis, no impairment was identified. However, any adverse movement in a key assumption would result in impairment.

10. Goodwill (continued)

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		29,959
Acquisition of MDA Nuclear Division		1,039
Acquisition of Mabway		16,159
Adjustments:		
Acquisition of Hawaii Pacific Teleport		2,767
Foreign Exchange		1,335
	$	210,392

11. 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. The Company has commenced the renewal process with existing lenders and anticipates closing by the end of the fiscal year 2025. At June 30, 2025 (September 30, 2024), the Company utilized $141,000 ($89,750) 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 June 30, 2025 the Company is in compliance with all applicable covenants under the debt facility.

12. 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 June 30, 2025.

12. Issued Capital and Reserves (continued)

Common shares issued and outstanding:

	June 30, 2025		June 30, 2024	
	Shares	Amount	Shares	Amount
Balance October 1	11,802,364	$ 225,747	11,812,650	$ 225,540
Shares issued under employee share plans	55,409	3,076	42,707	2,131
Shares issued under employee share purchase plan	44,395	2,066	39,140	2,160
Shares issued through acquisition	—	—	566	34
Shares repurchased	(556,308)	(10,898)	(53,826)	(1,036)
Obligation related to share repurchase	—	675	—	—
Share buyback tax	—	(419)	—	—
Issued capital	11,345,860	$ 220,247	11,841,237	$ 228,829

On September 1, 2024, the Company entered into a normal course issuer bid ("NCIB") 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 nine months ended June 30, 2025 (2024), the Company repurchased and cancelled 556,308 (53,826) common shares for total cash consideration of $25,197 ($2,829) at an average purchase price per share of $45.29 ($52.56).

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 June 30, 2025 (September 30, 2024), an obligation for the repurchase of shares of $2,400 ($3,075) 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 August 12, 2025, the Company declared a dividend of $0.28 per common share payable on September 9, 2025 payable to shareholders on record as at August 26, 2025.

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.

13. 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 June 30, 2025 (2024), the Company can issue 271,091 (326,912) shares.

13. Share-Based Compensation (continued)

During the three months ended June 30, 2025 (2024) under the 2020 Employee Share Purchase Plan, the Company issued 14,966 (11,841) shares at an average price of $42.83 ($55.78). The Company received $484 ($525) in proceeds and recorded an expense of $144 ($131). During the nine months ended June 30, 2025 (2024) under the 2020 Employee Share Purchase Plan, the Company issued 44,395 (39,140) shares at an average price of $46.53 ($55.19). The Company received $1,638 ($1,706) in proceeds and recorded an expense of $433 ($427).

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% (794,210) 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 June 30, 2025 (2024), the Company has 516,332 (448,611) stock options and restricted share units ("RSUs") outstanding. As a result, the Company could grant up to 277,878 (380,276) additional stock options or RSUs pursuant to the plan.

The weighted average fair value of options granted during the nine months ended June 30, 2025 (2024) was $9.74 ($11.05) 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 behavioral 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 3 years after vesting.

The following assumptions were used to determine the fair value of the options granted in the nine months ended June 30, 2025:

	Weighted Average Options Granted			
	June 30, 2025		June 30, 2024	
Grant date share price	$	48.76	$	52.26
Exercise price	$	48.76	$	52.26
Expected price volatility	%	27.4	%	27.21
Expected option life	yrs	3.54	yrs	3.42
Expected dividend yield	%	2.3	%	2.14
Risk-free interest rate	%	3.22	%	4.23
Forfeiture rate	%	—	%	—

13. Share-Based Compensation (continued)

The following table summarizes information about the options for the nine months ended June 30, 2025:

	June 30, 2025		June 30, 2024	
	Number of Options	Weighted Avg. Exercise Price	Number of Options	Weighted Avg. Exercise Price
Outstanding October 1	220,410	$ 57.84	212,416	$ 56.22
Exercised	(11,000)	36.49	(15,500)	29.55
Forfeited	—	—	(216)	60.43
Granted	51,241	48.76	31,138	52.26
Outstanding June 30	260,651	$ 56.95	227,838	$ 57.49

The following options are outstanding at June 30, 2025:

Option issuance:	Number of Options	Grant date	Expiry date	Exercise price	Fair value at grant date
(1) Issued August 13, 2020	94,615	August 13, 2020	August 13, 2025	$ 60.30	$ 8.44
(2) Issued November 24, 2020	21,222	November 24, 2020	November 24, 2025	$ 61.16	$ 10.24
(3) Issued February 9, 2021	1,817	February 9, 2021	February 9, 2026	$ 60.35	$ 9.92
(4) Issued November 24, 2021	37,260	November 24, 2021	November 24, 2026	$ 58.90	$ 10.66
(5) Issued March 9, 2022	1,536	March 9, 2022	March 9, 2027	$ 60.55	$ 10.33
(6) Issued November 24, 2022	20,636	November 24, 2022	November 24, 2027	$ 60.43	$ 14.26
(7) Issued February 15, 2023	1,186	February 15, 2023	February 15, 2028	$ 60.44	$ 14.20
(8) Issued November 27, 2023	31,138	November 27, 2023	November 27, 2028	$ 52.26	$ 11.05
(9) Issued November 25, 2024	51,241	November 25, 2024	November 25, 2029	$ 48.76	$ 9.74

For the options issued on November 25, 2024, vesting occurs through to November 25, 2026.

At June 30, 2025 (2024) the weighted average remaining contractual life of options outstanding is 1.76 (2.01) years of which 204,211 (202,321) options are exercisable at a weighted average price of $59.13 ($58.00). The Company has recorded $107 ($74) of share-based compensation expense in the three months ended and $287 ($293) in the nine months ended June 30, 2025 (2024). At June 30, 2025 (2024) the Company has total unrecognized compensation expense of $253 ($120) that will be recorded in the next two fiscal years.

13. Share-Based Compensation (continued)

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 nine months ended June 30, 2025:

	June 30, 2025		June 30, 2024	
	Number of RSUs	Weighted Avg. Grant Date Fair Value	Number of RSUs	Weighted Avg. Grant Date Fair Value
Balance at October 1	189,961	$ 58.92	191,413	$ 59.18
Exercised	(44,409)	58.94	(27,207)	59.15
Forfeited	(4,218)	55.58	(1,613)	59.11
Granted	114,347	41.96	58,180	58.90
Outstanding June 30	255,681	$ 51.39	220,773	$ 59.11

Of the units issued in the nine months ended June 30, 2025 under the RSU plan, 160 units have vested as of June 30, 2025. The Company has recorded $1,103 ($1,165) of share-based compensation expense in the three months ended and $2,674 ($2,969) in the nine months ended June 30, 2025 (2024) related to the RSUs that have been granted. At June 30, 2025 (2024) the Company has total unrecognized compensation expense of $2,847 ($3,045) that will be recorded over the next three years. The following unvested RSU-based payment arrangements are in existence:

13. Share-Based Compensation (continued)

RSU issuance:		Number of units	Grant date	Vest through	Fair value at grant date
(1) Issued November 24, 2022	RSU	7,940	November 24, 2022	November 15, 2025	$ 59.18
	PSU	92,582	November 24, 2022	November 15, 2025	$ 59.18
(2) Issued February 14, 2024	RSU	684	February 14, 2024	February 14, 2027	$ 58.68
(3) Issued February 23, 2024	RSU	2,537	February 23, 2024	February 28, 2026	$ 59.00
(4) Issued March 15, 2024	RSU	22,263	March 15, 2024	November 15, 2026	$ 59.00
	PSU	6,929	March 15, 2024	November 15, 2025	$ 59.00
(5) Issued May 14, 2024	RSU	1,081	May 14, 2024	May 14, 2027	$ 55.98
(6) Issued June 26, 2024	PSU	8,620	June 26, 2024	November 15, 2025	$ 56.00
(7) Issued August 14, 2024	RSU	158	August 7, 2024	May 14, 2027	$ 53.62
(8) Issued November 25, 2024	RSU	68,106	November 25, 2024	November 25, 2027	$ 48.76
	PSU	32,813	November 25, 2024	November 25, 2025	$ 24.44
(9) Issued February 12, 2025	RSU	2,751	February 12, 2025	February 12, 2027	$ 50.46
	PSU	7,432	February 12, 2025	November 15, 2027	$ 50.46
(10) Issued May 13, 2025	RSU	1,046	May 13, 2025	May 13, 2027	$ 50.40
	PSU	739	May 13, 2025	November 15, 2027	$ 50.40

Deferred Share Unit Plan

At June 30, 2025 (2024) the Company has 21,141 (25,969) Deferred Share Units ("DSU") outstanding, of which 21,141 (24,009) have vested. The Company recorded share-based compensation of $132 ($212) related to the DSUs in the three months and $198 ($754) in the nine months ended June 30, 2025 (2024). 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 June 30, 2025 (2024) was $44.73 ($50.92) per unit using the fair value of a Common Share at period end.

14. Revenue

The following table presents the revenue of the Company for the three and nine months ended June 30, 2025 and 2024:

	Three months ended		Nine months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Product revenue				
Advanced Technologies	$ 33,213	$ 37,234	$ 90,688	$ 105,898
Health	598	173	1,510	936
Learning	2,101	1,941	5,284	6,218
ITCS	13,174	12,879	48,329	58,897
Total product revenue	$ 49,086	$ 52,227	$ 145,811	$ 171,949
Service revenue				
Advanced Technologies	$ 20,218	$ 15,356	$ 64,123	$ 49,087
Health	59,788	55,883	162,758	158,855
Learning	32,357	25,454	101,487	76,447
ITCS	30,767	36,078	96,751	109,107
Total service revenue	$ 143,130	$ 132,771	$ 425,119	$ 393,496
Total revenue	$ 192,216	$ 184,998	$ 570,930	$ 565,445

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 June 30, 2025 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:

	June 30, 2025
Less than 24 months	$ 673,840
Thereafter	426,050
Total	$ 1,099,890

15. Net Profit per Share

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

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
Weighted average number of common shares – basic	11,475,347	11,856,132	11,658,313	11,838,348
Additions to reflect the dilutive effect of employee stock options and RSUs	154,660	171,917	133,720	161,493
Weighted average number of common shares – diluted	11,630,007	12,028,049	11,792,033	11,999,841

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 three months ended June 30, 2025 (2024), 260,651 (181,700) options and 1,785 (1,847) RSUs were excluded from the above computation. For the nine months ended June 30, 2025 (2024), 260,651 (212,838) options and 70,099 (3,090) RSUs were excluded from the above computation.

16. 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.

The chief operating decision maker reviews adjusted EBITDA as the key measure of profit for the purposes of evaluating performance and allocating resources.

For the three months ended June 30, 2025:

For the three months ended June 30, 2025	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 53,431	$ 60,386	$ 34,458	$ 43,941	$ —	$ 192,216
Cost of revenues	28,124	45,976	23,302	27,959	—	125,361
Operating costs	12,746	5,033	4,505	15,557	10,049	47,890
Adjusted EBITDA	$ 12,561	$ 9,377	$ 6,651	$ 425	$ (10,049)	$ 18,965
Adjusted EBITDA %	24 %	16 %	19 %	1 %	N/A %	10 %
Share based compensation						1,354
Restructuring expense						1,414
Depreciation and amortization						11,635
Mergers and acquisitions costs						1,102
Profit before interest and income tax expense						3,460
Interest expense						1,932
Income tax expense						938
NET PROFIT FOR THE PERIOD						$ 590

16. Segmented Information (continued)

For the three months ended June 30, 2024:

For the three months ended June 30, 2024	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 52,590	$ 56,056	$ 27,395	$ 48,957	$ —	$ 184,998
Cost of revenues	31,894	41,483	19,848	29,938	—	123,163
Operating costs	10,136	4,231	4,090	16,018	7,486	41,961
Adjusted EBITDA	$ 10,560	$ 10,342	$ 3,457	$ 3,001	$ (7,486)	$ 19,874
Adjusted EBITDA %	20 %	18 %	13 %	6 %	N/A %	11 %
Share based compensation						1,370
Restructuring expense						1
Depreciation and amortization						10,796
Mergers and acquisitions costs						3,320
Profit before interest and income tax expense						4,387
Interest expense						1,366
Income tax expense						1,723
NET PROFIT FOR THE PERIOD						$ 1,298

For the nine months ended June 30, 2025:

For the nine months ended June 30, 2025	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 154,811	$ 164,268	$ 106,771	$ 145,080	$ —	$ 570,930
Cost of revenues	89,298	125,466	74,052	91,816	—	380,632
Operating costs	33,137	13,686	12,386	45,007	31,923	136,139
Adjusted EBITDA	$ 32,376	$ 25,116	$ 20,333	$ 8,257	$ (31,923)	$ 54,159
Adjusted EBITDA %	21 %	15 %	19 %	6 %	N/A %	9 %
Share based compensation						3,394
Restructuring expense						2,478
Depreciation and amortization						34,649
Mergers and acquisitions costs						5,795
Profit before interest and income tax expense						7,843
Interest expense						5,826
Income tax expense						2,108
NET PROFIT (LOSS) FOR THE PERIOD						$ (91)

16. Segmented Information (continued)

For the nine months ended June 30, 2024:

For the nine months ended June 30, 2024	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 154,985	$ 159,791	$ 82,665	$ 168,004	$ —	$ 565,445
Cost of revenues	94,367	118,030	61,685	101,273	—	375,355
Operating costs	29,462	12,244	9,265	44,341	26,400	121,712
Adjusted EBITDA	$ 31,156	$ 29,517	$ 11,715	$ 22,390	$ (26,400)	$ 68,378
Adjusted EBITDA %	20 %	18 %	14 %	13 %	N/A %	12 %
Share based compensation						3,688
Restructuring expense						1,496
Depreciation and amortization						29,915
Mergers and acquisitions costs						10,629
Profit before interest and income tax expense						22,650
Interest expense						4,647
Income tax expense						6,255
NET PROFIT FOR THE PERIOD						$ 11,748

The Company operates in Canada but provides services to customers in various countries. Revenues from external customers for the nine months ended June 30, 2025 (2024) are attributed as follows:

	June 30, 2025	June 30, 2024
Canada	56 %	67 %
United States	25 %	23 %
Europe	17 %	9 %
Other	2 %	1 %

Revenues are attributed to foreign countries based on the location of the customer. Revenues from various government departments and agencies, including both domestic and foreign government bodies, for the nine months ended June 30, 2025 (2024) represented 54% (50%) of the Company's total revenues. All four operating segments conduct business with this category of customer.

17. 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.

At June 30, 2025, the Company had the following forward foreign exchange contracts:

Type	Notional	Currency	Maturity	Equivalent Cdn. Dollars	Fair Value June 30, 2025
SELL	$ 25,108	USD	August 2025	$ 34,093	$ 104
SELL	2,568	EURO	August 2025	4,124	18
Derivative assets					$ 122
BUY	$ 5,241	USD	August 2025	$ 7,116	$ (21)
BUY	2,008	EURO	August 2025	3,224	(14)
Derivative liabilities					$ (35)

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 June 30, 2025 (2024), 36% (41%) 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.

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. Bad debt expense recognized in the three months ended June 30, 2025 (2024) is $146 ($85). Bad debt expense recognized in the nine months ended June 30, 2025 (2024) is $146 ($110).

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

17. Financial Instruments and Risk Management (continued)

	June 30, 2025	September 30, 2024
Cash and cash equivalents	$ 58,013	$ 51,788
Accounts receivable	160,149	157,376
Derivative assets	122	32
Total	$ 218,284	$ 209,196

The aging of accounts receivable at the reporting date was:

	June 30, 2025	September 30, 2024
Current	$ 148,267	$ 145,855
Past due (61-120 days)	7,901	6,526
Past due (> 120 days)	3,981	4,995
Total	$ 160,149	$ 157,376

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At June 30, 2025, 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 June 30, 2025, the Company had $58,013 cash on hand and $141,000 was drawn on the facility for current operations and for use in business acquisitions.

Fair Value

The carrying amount of 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 June 30, 2025 and represents the difference between the hedge rate and the exchange rate at the end of the reporting period.

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.

17. Financial Instruments and Risk Management (continued)

	June 30, 2025		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 58,013	$ —	$ —
Investments	—	—	3,875
Derivative assets	—	122	—
Debt facility	—	(141,000)	—
Contingent earn-out	—	—	(32,591)
Derivative liabilities	—	(35)	—
Total	$ 58,013	$ (140,913)	$ (28,716)

	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)

There were no transfers between Level 1, Level 2 and level 3 during the nine month period ended June 30, 2025.

18. 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) was 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.

The Company recognized a gain of $349 in the nine months ended June 30, 2025 related to a lower anticipated payment achievement of the second year target along with changes in foreign exchange and recorded deemed compensation expense of $1,780.

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.

Under the contingent consideration arrangement, the Company is obligated to pay the former shareholders of Decisive an additional amount up to $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 achieved as assessed on the purchase date.

18. Acquisitions (continued)

As at June 30, 2025, the Company has completed its preliminary review of the earn out and the minimum threshold of EBITDA has not been met. The Company will work with the former shareholders as outlined in the purchase agreement to conclude on the EBITDA calculation and achievement during the remainder of the current fiscal year. The liability will be reassessed and may be adjusted as the calculation of earn out achievement is finalized.

In the nine months ended June 30, 2025, the Company recognized a reduction of the liability in the amount of $1,075 to bring the liability to the lower threshold of achievement.

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 and 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.

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. In the three months ended June 30, 2025, a payment of $6,233 was paid to Mabway for the achievement of the earnout, $1,816 of which is considered deemed compensation.

The Company recognized $1,091 in the nine months ended June 30, 2025 related to changes in fair value of contingent earn out or changes in foreign exchange and recorded deemed compensation expense of $2,142.

Advanced Medical Solutions Inc. "AMS"

On May 14, 2025, the Company acquired all outstanding shares of AMS for consideration of $27,226, which is inclusive of future contingent earn-out payments of $5,000, the extinguishment of AMS' outstanding indebtedness of $6,476 at closing as well as the settlement of transaction expenses and post-closing working capital adjustments of $826. Management has assessed the likelihood of the contingent consideration and recorded a liability of $4,840 which is discounted and included in the purchase price under IFRS 3. The difference between the contingent consideration that is included in the purchase price and the total potential liability is due to some amounts being considered deemed compensation.

18. Acquisitions (continued)

AMS is a Canadian based business that specializes in the delivery of operational and medical support across Canada's northern regions, including the Northwest Territories, Yukon, Nunavut and parts of Canada's northern provinces. The acquisition enhances Calian's ability to deliver integrated healthcare solutions across a broader geography, increase its service offerings and diversify Calian's customer base. AMS also brings long-standing partnerships with Indigenous communities, an area where Calian remains committed to building deeper engagement, trust and culturally respectful care. AMS is reported as part of the Health operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of AMS an additional $5,000 if AMS attains specific EBITDA targets for the six-months ended November 30, 2025. Of this amount, $160 is subject to the retention of principal employees. This amount is deemed to represent deferred compensation payable to such employees 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.

Final valuation of the acquisition and the allocation between intangible assets and goodwill will be completed during the remainder of the 2025 fiscal year, the numbers presented below represent management's best estimate pending finalization of closing procedures with the selling party.

The Company recognized $50 in the nine months ended June 30, 2025 related to changes in fair value of contingent earn out and recorded deemed compensation expense of $27.

	Net Assets Acquired	Goodwill and Intangibles Accounting	Total Net Assets Acquired
Cash and cash equivalents	$ 108	$ —	$ 108
Accounts receivable	8,456	—	8,456
Inventory	491	—	491
Prepaid expenses	700	—	700
	$ 9,755	$ —	$ 9,755
Property, plant and equipment	$ 5,023	$ —	$ 5,023
Right of use assets	1,085	—	1,085
Intangibles	—	6,100	6,100
Goodwill	—	10,518	10,518
	$ 15,863	$ 16,618	$ 32,481
Accounts payable and accrued liabilities	$ 2,853	$ —	$ 2,853
Lease obligations	1,085	—	1,085
Deferred tax liability	1,617	—	1,617
	$ 5,555	$ —	$ 5,555
Net purchase price			$ 26,926
Discount on contingent consideration			300
Total purchase price			$ 27,226

The goodwill of $10,518 is comprised of 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.

19. Mergers and Acquisition Expenses

The following table presents the mergers and acquisition expenses for the Company for the three and nine months ended June 30, 2025 (2024):

	Notes	Three months ended June 30, 2025	Three months ended June 30, 2024	Nine months ended June 30, 2025	Nine months ended June 30, 2024
Deemed compensation	18	$ 1,334	$ 1,010	$ 4,367	$ 2,525
Changes in fair value related to contingent earn-out	18, 20	(775)	1,458	341	6,272
Other acquisition related costs		543	852	1,087	1,832
		$ 1,102	$ 3,320	$ 5,795	$ 10,629

20. Contingent Earn-Out

The following shows the contingent consideration activity for the nine months ended June 30, 2025:

Company Acquired	Beginning balance	Acquisition	Payments	Change in Fair Value	Adjustments	Ending balance
Alio/Allphase	$ 841	$ —	$ —	$ —	$ —	$ 841
Hawaii Pacific Teleport	15,972	—	(11,215)	243	1,188	6,188
Decisive	18,672	—	—	—	(1,075)	17,597
Mabway	6,348	—	(6,233)	690	2,543	3,348
AMS	—	4,540	—	50	27	4,617
Total	$ 41,833	$ 4,540	$ (17,448)	$ 983	$ 2,683	$ 32,591

As at June 30, 2025, the total gross value of all contingent consideration outstanding is $43,987. 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 and changes relating to foreign exchange. Contingent consideration estimates are based on the forecasted earnings before interest, tax, depreciation and amortization ("EBITDA") 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 11% and 20%, depending on the acquired entity.

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

21. Comparative Figures

As initially disclosed in the Company's unaudited interim condensed consolidated financial statements dated December 31, 2024, certain comparative figures have been reclassified to align with the current year's presentation. The Company has combined the presentation of selling and marketing and general and administration expenses on the statement of net profit. For the three months ended June 30, 2024, $852 of expense was reclassified from the selling, general and administration line to the mergers and acquisitions expense line to better reflect expenditures related to items outside of direct operations. For the nine months ended June 30, 2024, $1,832 of expense was reclassified from the selling, general and administration line to the mergers and acquisitions expense line.

Furthermore, the Company reclassified $1,370 of share based compensation expense for the three months ended June 30, 2025, as a separate line in the statement of net profit from the selling, general and administration expense line. The Company reclassified $3,688 of share based compensation expense for the nine months ended June 30, 2025. This change aims to present stock-based compensation as a distinct expense category for financial statement users.

Lastly, the Company has combined certain line items previously disclosed. Deemed compensation, changes in fair value associated with contingent earn-out and mergers and acquisitions costs previously presented in general and administration expense are now reported under the mergers and acquisitions expense line item. The combination of depreciation and amortization includes depreciation expense, depreciation of right of use asset expense, and amortization and impairment of intangibles expense.

For further details, please refer to Notes 9 and 19, which provide additional information on these reclassified expenses. These changes have been made to enhance the relevance of information presented to the users of these financial statements.