



Calian Reports Results for the First Quarter

(All amounts in release are in Canadian dollars)

OTTAWA, Ontario, Feb. 13, 2025 -- 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 first quarter ended December 31, 2024.

Q1-25 Highlights:

- Revenue up 3% to \$185 million
- Gross margin at 31.8%, slightly down from 32.5% last year
- Adjusted EBITDA¹ of \$18 million, down from \$21 million last year
- Operating free cash flow¹ of \$13 million, down from \$17 million last year
- Net debt to adjusted EBITDA¹ ratio of 0.6x
- Repurchased 101,350 shares in consideration of \$4.9 million
- Guidance reiterated
- Announced new U.S. subsidiary to focus on U.S. government and defence

Financial Highlights (in millions of \$, except per share & margins)	Three months ended December 31,		
	2024	2023 ²	%
Revenue	185.0	179.2	3%
Adjusted EBITDA ¹	17.8	21.4	(17) %
Adjusted EBITDA % ¹	9.6%	11.9%	(230)bps
Adjusted Net Profit ¹	10.5	14.0	(25) %
Adjusted EPS Diluted ¹	0.88	1.17	(25) %
Operating Free Cash Flow ¹	13.1	17.2	(24) %

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.

² Certain comparative figures have been reclassified to align with the current year's presentation. For more information, please see the selected consolidated financial information section of the management discussion and analysis.

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

[Register for the conference call](#) on Thursday, February 13, 2025, 8:30 a.m. Eastern Time.

"We closed the quarter as expected and are seeing positive momentum across our diverse end markets, while continuing to benefit from the strong contributions of our recent acquisitions in UK, the U.S. and Canada," said Kevin Ford, Calian CEO. "The accelerating global demand for defence solutions positions Calian's expanding footprint to play a critical role in the years ahead. Additionally, discussions among Canadian leaders about increasing military investment and accelerating initiatives are a welcome development. We remain on track to deliver another record year and are making progress against our long-term objectives."

First Quarter Results

Revenues increased 3%, from \$179 million to \$185 million, representing the highest first quarter revenue on record. Acquisitive growth was 8% and was generated by the acquisitions of Decisive Group, the nuclear assets from MDA Ltd and Mabway. Organic growth was down 5%, as growth generated in global Defence was offset by declines in the pace of domestic Defence training and delays in large projects in its Space and IT infrastructure markets.

Gross margin stood at 31.8% and represents the 11th quarter above the 30% mark. Adjusted EBITDA¹ stood at \$18 million, down 17% from \$21 million last year, primarily impacted by revenue mix and increased investments in our sales and delivery capacity. As a result, adjusted EBITDA¹ margin decreased to 9.6%, from 11.9% last year.

Net profit stood at \$(1) million, or \$(0.08) per diluted share, down from \$6 million, or \$0.46 per diluted share last year. This decrease in profitability is primarily due to increases in accounting charges related to amortization and deemed compensation expenses from acquisitions as well as increased operating expenses, which was offset by higher gross profit. Adjusted net profit¹ was \$10 million, or \$0.88 per diluted share, down from \$14 million, or \$1.17 per diluted share last year.

Liquidity and Capital Resources

"In the first quarter we generated \$13 million in operating free cash flow¹, representing a 73% conversion rate from adjusted EBITDA¹," said Patrick Houston, Calian CFO. "We used our cash and a portion of our credit facility to pay contingent earn out liabilities for \$11 million and make capital expenditure investments for \$1 million. We also provided a return to shareholders in the form of dividends for \$3 million and share buybacks for \$5 million. We ended the quarter with a net debt to adjusted EBITDA¹ ratio of 0.6x, well-positioned to pursue our growth objectives," concluded Mr. Houston.

Normal Course Issuer Bid

In the three-month period ended December 31, 2024, the Company repurchased 101,350 shares for cancellation in consideration of \$4.9 million.

Announced U.S. Subsidiary to Focus on U.S. Government and Defence

On December 4, 2024, Calian announced the launch of an independent U.S.-focused subsidiary, Calian US, Inc. It is committed to securing U.S. government contracts by ensuring full compliance with all relevant regulations. To facilitate this, Calian US will be established as an independent subsidiary and will pursue the necessary certifications to operate effectively within the U.S. market.

Quarterly Dividend

On February 12, 2025, Calian declared a quarterly dividend of \$0.28 per share. The dividend is payable March 12, 2025, to shareholders of record as of February 26, 2025. Dividends paid by the Company are considered "eligible dividend" for tax purposes.

Guidance Reiterated

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

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

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

At the midpoint of the range, this guidance reflects revenue and adjusted EBITDA¹ growth of 12% and 10%, respectively, and an adjusted EBITDA¹ margin of 12.0%. It would represent the 8th consecutive year of double-digit revenue growth and record revenue and adjusted EBITDA¹ 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.

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

Media inquiries:

media@calian.com

613-599-8600

Investor Relations inquiries:

ir@calian.com

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.

Calian · Head Office · 770 Palladium Drive · Ottawa · Ontario · Canada · K2V 1C8
Tel: 613.599.8600 · Fax: 613-592-3664 · General info email: info@calian.com

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

	December 31, 2024	September 30, 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 61,040	\$ 51,788
Accounts receivable	157,542	157,376
Work in process	20,205	20,437
Inventory	29,442	23,199
Prepaid expenses	23,805	23,978
Derivative assets	31	32
Total current assets	292,065	276,810
NON-CURRENT ASSETS		
Property, plant and equipment	41,234	40,962
Right of use assets	41,746	36,383
Prepaid expenses	7,157	7,820
Deferred tax asset	3,376	3,425
Investments	3,875	3,875
Acquired intangible assets	123,297	128,253
Goodwill	213,925	210,392
Total non-current assets	434,610	431,110
TOTAL ASSETS	\$ 726,675	\$ 707,920
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 123,945	\$ 124,884
Provisions	2,454	3,075
Unearned contract revenue	40,263	41,723
Lease obligations	5,556	5,645
Contingent earn-out	29,709	39,136
Derivative liabilities	169	92
Total current liabilities	202,096	214,555
NON-CURRENT LIABILITIES		
Debt facility	115,750	89,750
Lease obligations	39,425	33,798
Unearned contract revenue	17,256	14,503
Contingent earn-out	2,773	2,697
Deferred tax liabilities	23,738	25,862
Total non-current liabilities	198,942	166,610
TOTAL LIABILITIES	401,038	381,165
SHAREHOLDERS' EQUITY		
Issued capital	227,561	225,747

Contributed surplus	4,555	6,019
Retained earnings	84,038	91,268
Accumulated other comprehensive income (loss)	9,483	3,721
TOTAL SHAREHOLDERS' EQUITY	325,637	326,755
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 726,675	\$ 707,920
Number of common shares issued and outstanding	<u>11,765,055</u>	<u>11,802,364</u>

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

	Three months ended December 31,	
	2024	2023
Revenue	\$ 185,047	\$ 179,179
Cost of revenues	126,246	120,961
Gross profit	58,801	58,218
Selling, general and administrative	38,105	34,145
Research and development	2,896	2,719
Share based compensation	1,091	1,190
Profit before under noted items	16,709	20,164
Restructuring expense	692	—
Depreciation and amortization	11,540	9,006
Mergers and acquisition costs	2,320	1,980
Profit before interest income and income tax expense	2,157	9,178
Interest expense	1,783	1,547
Income tax expense	1,350	2,106
NET PROFIT (LOSS)	\$ (976)	\$ 5,525
<u>Net profit (loss) per share:</u>		
Basic	\$ (0.08)	\$ 0.47
Diluted	\$ (0.08)	\$ 0.46

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

	Three months ended December 31,	
	2024	2023
CASH FLOWS GENERATED FROM (USED IN) OPERATING ACTIVITIES		
Net profit	\$ (976)	\$ 5,525
Items not affecting cash:		
Interest expense	1,295	1,098
Changes in fair value related to contingent earn-out	558	726
Lease obligations interest expense	488	449
Income tax expense	1,350	2,106
Employee share purchase plan expense	174	162
Share based compensation expense	917	1,013
Depreciation and amortization	11,540	9,006
Deemed compensation	1,563	604
	16,909	20,689
Change in non-cash working capital		

Accounts receivable	(167)	(11,189)
Work in process	232	(898)
Prepaid expenses and other	(2,739)	(74)
Inventory	(6,241)	(2,590)
Accounts payable and accrued liabilities	(858)	15,516
Unearned contract revenue	1,294	206
	8,430	21,660
Interest paid	(1,783)	(1,547)
Income tax paid	(2,265)	(2,575)
	4,382	17,538
CASH FLOWS GENERATED FROM (USED IN) FINANCING ACTIVITIES		
Issuance of common shares net of costs	881	694
Dividends	(3,292)	(3,314)
Draw on debt facility	26,000	56,000
Payment of lease obligations	(1,442)	(1,171)
Repurchase of common shares	(4,926)	(1,357)
	17,221	50,852
CASH FLOWS USED IN INVESTING ACTIVITIES		
Business acquisitions	(11,215)	(47,457)
Property, plant and equipment	(1,136)	(2,400)
	(12,351)	(49,857)
NET CASH INFLOW (OUTFLOW)	\$ 9,252	\$ 18,533
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	51,788	33,734
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 61,040	\$ 52,267

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 December 31,	
	2024	2023¹
Net profit	\$ (976)	\$ 5,525
Share based compensation	1,091	1,190
Restructuring expense	692	—
Depreciation and amortization	11,540	9,006
Mergers and acquisition costs	2,320	1,980
Interest expense	1,783	1,547
Income tax	1,350	2,106
Adjusted EBITDA	\$ 17,800	\$ 21,354

Adjusted Net Profit and Adjusted EPS

	Three months ended December 31,	
	2024	2023¹

Net profit	\$	(976)	\$	5,525
Share based compensation		1,091		1,190
Restructuring expense		692		—
Mergers and acquisition costs		2,320		1,980
Amortization of intangibles		7,334		5,325
Adjusted net profit		10,461		14,020
Weighted average number of common shares basic		11,773,465		11,812,574
Adjusted EPS Basic		0.89		1.19
Adjusted EPS Diluted	\$	0.88	\$	1.17

Operating Free Cash Flow

	Three months ended December 31,	
	2024	2023 ¹
Cash flows generated from operating activities (free cash flow)	\$ 4,382	\$ 17,538
Adjustments:		
M&A costs included in operating activities	199	650
Change in non-cash working capital	8,479	(971)
Operating free cash flow	\$ 13,060	\$ 17,217
Operating free cash flow per share - basic	1.11	1.46
Operating free cash flow per share - diluted	1.10	1.44
Operating free cash flow conversion	73%	81%

Net Debt to Adjusted EBITDA

	December 31, 2024	September 30, 2023 ¹
Cash	\$ 61,040	\$ 52,267
Debt facility	115,750	93,750
Net debt (net cash)	54,710	41,483
Trailing twelve month adjusted EBITDA	88,602	65,987
Net debt to adjusted EBITDA	0.6	0.6

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.