2022 ANNUAL REPORT

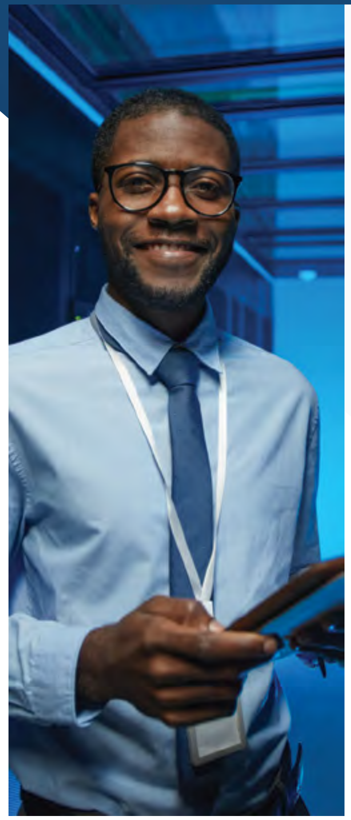
Moving the World Forward

CALIAN®
Confidence. Engineered.

40 YEARS OF CALIAN

Calian® keeps the world moving forward.

We help the world communicate, innovate, learn and lead safe and healthy lives—today and tomorrow.



“Coterra trusts Calian with our cybersecurity 24x7. This means we can focus on our business—hydrogen exploration operations. We depend on Calian because we cannot fail.”

—Chip Dyson, Vice President, Information Technology, Coterra Energy

“Our mission is to make early detection part of routine healthcare.

Our partnership with Calian brings us a big step forward in Canada to impact the way cancer is detected here and around the world.”

—Dr. Kristina Rinker, Co-Founder and Chief Scientific Officer, Syantra Inc.

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5-YEAR FINANCIAL HIGHLIGHTS

For the years ended September 30

(in millions of dollars, except per share amounts and percentages)

	2022	2021	2020	2019	2018
	$	$	$	$	$
OPERATING RESULTS					
Revenue	582.2	518.4	432.3	343.0	305.1
Gross profit	169.2	126.7	89.2	74.7	64.1
Adjusted EBITDA[1]	65.9	51.9	36.8	27.1	25.3
Net profit	13.6	11.2	20.4	20.0	16.3
Adjusted net profit[1]	44.0	37.2	23.5	19.0	17.5
PER SHARE DATA					
Adjusted EBITDA per share—basic[1]	5.81	4.89	4.08	3.46	3.28
Adjusted EBITDA per share—diluted[1]	5.79	4.85	4.02	3.45	3.26
Net profit per share—basic	1.19	1.08	2.25	2.55	2.11
Net profit per share—diluted	1.19	1.07	2.23	2.54	2.10
Adjusted EPS—basic[1]	3.88	3.51	2.60	2.43	0.61
Adjusted EPS—diluted[1]	3.87	3.50	2.59	2.41	0.60
Dividends per share	1.12	1.12	1.12	1.12	1.12
FINANCIAL RATIOS					
Gross profit margin	29.1%	24.4%	20.6%	21.8%	21.0%
Adjusted EBITDA margin[1]	11.3%	10.0%	8.5%	7.9%	8.3%
Current ratio	1.4	2.2	2.2	1.8	2.3
FINANCIAL POSITION					
Cash and cash equivalents	42.6	78.6	24.2	17.1	21.8
Current assets	296.5	262.2	202.6	129.0	114.7
Total assets	547.2	458.0	331.1	195.0	152.1
Current liabilities	211.7	121.2	92.7	69.8	49.9
Shareholders' equity	305.2	292.4	200.4	115.1	100.1
CASH FLOW					
Cash flows generated from operating activities	43.1	46.5	(2.8)	13.5	11.4
Cash flows generated from financing activities	(6.2)	64.4	45.0	7.4	(6.5)
Cash flows used in investing activities	(72.9)	(56.6)	(35.2)	(25.6)	(11.6)

1) This is a non-GAAP measure mainly derived from the consolidated financial statements, but do not have a standardized meaning prescribed by IFRS. Please refer to the Reconciliation of non-GAAP measures to most comparable IFRS measures section of the Management's Discussion and Analysis.

CALIAN AT A GLANCE

Profile

Calian (TSX: CGY) is a diverse products and services company providing innovative healthcare, communications, learning and cybersecurity solutions. The company is headquartered in Ottawa, Ontario with locations across Canada and in the U.S., Germany, Norway and U.K. The company is uniquely positioned to solve the significant and complex problems its customers face so that these companies are better able to succeed and deliver on their objectives. The company's shares are listed on the Toronto Stock Exchange.

Values

Customer-First Commitment, Teamwork, Integrity and Innovation

$1.3B
Backlog

$582M
Revenues

$699M
New contract signings

18%
5 year Revenue CAGR

4,500
Workforce

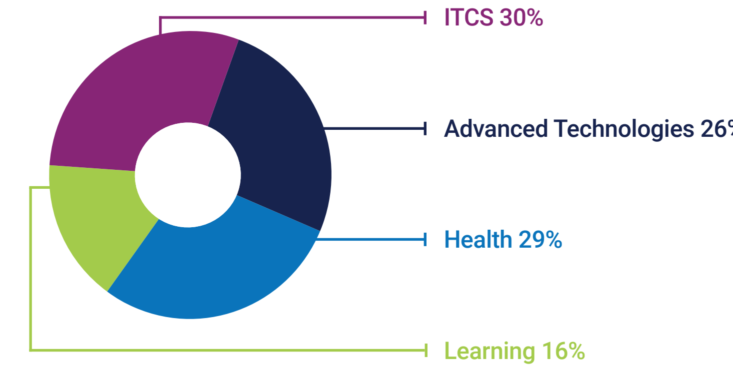
27%
5 year EBITDA CAGR

CGY
TSX

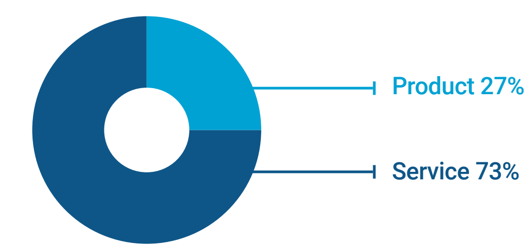
1) percentages may not add up due to rounding

Revenue segmentation

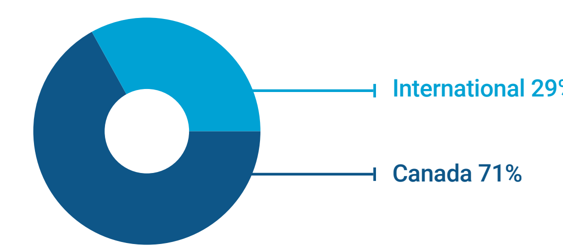
SEGEMENTED BY SEGMENT[1]



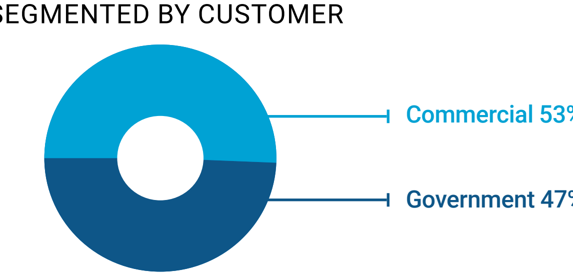
SEGMENTED BY OFFERING



SEGMENTED BY GEOGRAPHY



SEGMENTED BY CUSTOMER



CALIAN AT A GLANCE
Key milestones of the past 40 years

Establishing profitable foundation

1982
Calian Technology Ltd. established

1990
Acquisition of SED Systems Inc. (Advanced Technologies)

1993
Initial public offering, TSX: CTY

1993
Acquisitioin of Skywave (Advanced Technologies)

1995
First strategic DND training contract win (Learning)

2004
Strategic health contract win for DND (HSSC) (Health)

2005
Ray Basler becomes CEO

Transformation to a growing technology company

2015
Kevin Ford becomes President and CEO

2016
Name changed to Calian Group Ltd. stock ticker now CGY

2019
Calian re-aligns business to four segments to drive next phase of growth

2020
Bought deal public offering of $69M at $44.00/share

2020
Acquisition of Tallysman Wireless, Inc. (Advanced Technologies)

2020
Acquisition of Allphase Clinical Research Services, Inc. and Allo Health Services, Inc. (Health)

2021
Revenues exceed the half-billion-dollar mark

2021
Bought deal public offering of $80M at $60.50/share

2021
Acquisition of Dapasoft and iSecurity (ITCS)

2022
Acquisition of SimFront Simulation Systems Corp. (Learning)

2022
Acquisition of Computex Technology Solutions (ITCS)

CHAIR'S MESSAGE

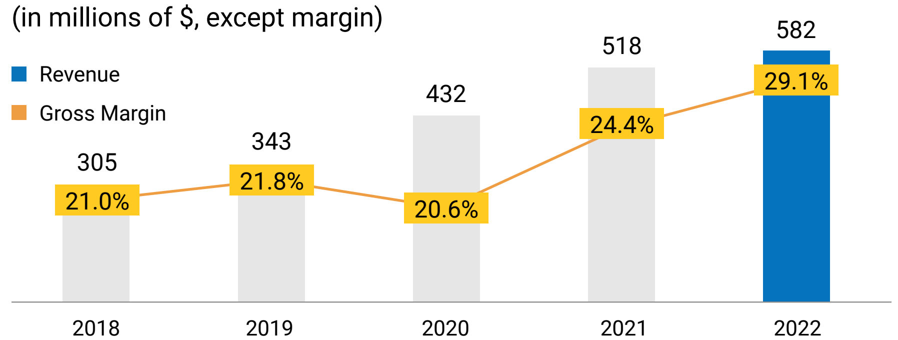
It has been 40 years since a small professional services firm came to life in 1982. An initial public offering in 1993 debuted Calian on the Toronto Stock Exchange. On September 27, 2022, Calian marked its 40-year milestone with a second consecutive year of a half-billion dollars in revenue—a testament to resilience and consistent, profitable growth.

Calian faced both calm and storm over four decades. The last few years presented both headwinds and tailwinds. In fiscal year 2022 (FY22), Calian persevered through another year of global pandemic, supply chain issues, inflation and tight labour markets. The conflict in Ukraine further squeezed the supply chain and exacerbated inflationary pressures. COVID-19 variants continued to affect nations, our customers and our operations.

The four operating segments, or "four-piston engine," that make up Calian—IT and Cyber Solutions (ITCS), Health, Advanced Technologies and Learning—provided the stability, resilience and adaptability necessary to power through the challenges of FY22. Diversity was a key driver of this success. When one segment experienced headwinds, other segments rose to compensate, contributing to consistent performance. Calian closed FY22 with record revenues and gross margins and remained on course to propel Calian to become a one-billion-dollar company.

Revenue and Gross Margin

(in millions of $, except margin)



An Innovative Global Technology Company

Acquisitions continued to be key to growth in FY22. Calian acquired SimFront Simulation Systems Corporation and Computex Technology Solutions, bringing the total number of acquisitions over the past four years to 13. Through acquisitive growth, Calian offered additional and complementary skillsets and technologies to customers in Canada, the U.S. and Europe.

Computex, a U.S.-based IT solution provider and cybersecurity company, was a strategic acquisition to expand geographically and diversify offerings. Calian launched its expansion into the U.S. market, gained 1,100 customers, gained a robust sales distribution engine, bolstered access to cybersecurity talent, and reinforced its transformation from a professional services firm to a global technology company.

As a technology company, Calian introduced innovative solutions—Calian Nexi™ for healthcare, Calian managed detection and response (MDR) for cybersecurity, and Calian synthetic and distributed training solutions for learning. The burgeoning number of solutions meant Calian could now fulfill its strategy to answer the needs of global customers' multiple complex challenges with solutions that crossed segments. This diversification resulted in our commercial business outweighing our government business for the first time in our history. It also allowed us to continue to grow our revenues outside Canada. Revenue from outside Canada increased 48% as a result of expansion into the U.S. IT and cybersecurity sector and the European defence sector.

"Calian marked its 40-year milestone with a second consecutive year of a half-billion dollars in revenue—a testament to resilience and consistent, profitable growth."

53% Commercial

47% Government

71% Canada

29% International

An Evolving Company

This year saw changes at the board level. Long-serving board member and former Chair, Ken Loeb, retired from the board of directors and Valerie Sorbie joined. We thank Ken for his contributions and years of service. Valerie's extensive experience in government, strategy, operations and human resources strengthens the capabilities of the Calian board. With these latest changes, the board is now comprised of seven directors, of which six are independent and three are women.

Calian CARES™

Our mission—to help the world communicate, innovate, learn and lead safe and healthy lives, today and tomorrow—is the basis for our ESG strategy. Our ESG framework, Calian CARES™ (Collaboration to Advance Resilience Excellence and Sustainability), aligns with eight of the internationally recognized United Nations Sustainable Development Goals that correspond to our mission. **Read the Calian ESG Report** to learn more about how Calian embeds ESG priorities into its business practices and where Calian made an impact in the communities it serves. This inaugural report from Calian lays the foundation for the future.

40 Years of Calian—and Many More

As Calian celebrates its 40-year anniversary, it is an opportunity to reflect on the journey this company travelled. From a small consulting start-up in Canada to a company with a talented and dedicated workforce of 4,500 people around the globe, of which 3,100 are employees and approximately 1,400 are contractors—Calian successfully transformed into a provider of diverse technology solutions that solve complex problems and help the world move forward.

I continue to be optimistic about the future of Calian. I am confident the company's formidable track record of profitable growth, strong balance sheet and backlog, rigorous capital employment methodology and capable, experienced leadership team—led by a highly effective and energetic CEO committed to progress and innovation—will continue to carry Calian to new heights.

Thank you to our shareholders for your ongoing support of Calian.

George Weber
Chair

CEO'S MESSAGE

Two years into our current three-year strategic plan—Imagine 2023—two key points come to mind. First, we had a phenomenal record year once again. Revenues increased to $582 million and gross margin attained its highest level ever at 29%, representing the 21st year of consecutive profit. These results were accomplished despite the lingering pandemic, supply chain issues, global conflict and inflation. The second is why we had a phenomenal year. The amazing team at Calian focused their attention on the company's four pillars of growth—innovation, customer diversification, continuous improvement and customer retention. Achieving our goals this year is a testament to strong leadership, committed employees and loyal customers.

Four Pillars of Growth

Innovation

This year, with the newly created CTO office, Calian formalized a strategic innovation playbook that thoroughly details how we generate innovation across the depth and breadth of a business as diverse and multi-faceted as Calian. Further, the playbook provides an innovation management framework aligned with the principles of ISO56001, yet uniquely tailored to Calian. This playbook harmonizes and aligns all innovation-related initiatives across Calian under a common framework, enhancing our strong culture of innovation while creating efficiencies and building scale by more tightly interconnecting the different parts of our business.

On this front, we launched Nexi™, an automated patient support program that enhances the patient's experience throughout their treatment journey. We re-launched Corolar Virtual Care™, a platform that enables healthcare providers to deliver high-quality virtual care to their patients. We expanded capabilities in the space market—designing, developing, manufacturing and delivering ground-based solutions to support space applications for communications, earth observation, precision global navigational satellite solutions and space exploration. We expanded our offerings with synthetic training environments, virtual reality and immersive training technologies. We continued to innovate through advanced software engineering programs, and we evolved our cybersecurity platforms to meet today's complex cyber challenges.

Customer Diversification

We had an exceptional year on the customer diversification front. Our revenue streams from the government sector and commercial sector were more balanced. We increased revenue from the U.S. and Europe. We expanded capacity to serve learning, training and defence markets in Europe and beyond as we moved towards our goal of being a global company.

Continuous Improvement

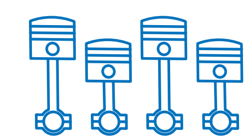
We continued to achieve our improvement goals in FY22. We went live with a new SAP enterprise resource planning (ERP) system, with the Ottawa and Saskatoon offices now running on the same platform for the first time in the company's history. We continued to invest in our cybersecurity platform and adopted company-wide communications tools, such as Microsoft Teams. Our U.S. cybersecurity team achieved ISO 27001 certification, while our Canadian cybersecurity team achieved SOC II Type 1. And, as part of our ESG strategy, we completed our first emissions inventory, which will help us establish plans to improve the company's carbon footprint.

Customer Retention

Customer retention continued to be a strong pillar for Calian. We remain proud and humbled by our long-standing customers' confidence in us. For example, Calian signed an agreement for a third high-performance antenna for NASA's very long baseline interferometry (VLBI) Global Observing System (VGOS) and also signed a three-year contract for the Royal Canadian Air Force, a long-time customer, to deliver e-learning.

Four-Piston Engine

You have likely heard me reference our "four-piston engine," which is the four operating segments that make up Calian: ITCS, Health, Advanced Technologies and Learning. When a piston encounters headwinds, the other pistons work harder to keep Calian as a whole on track to our growth objectives.



Four-Piston Engine: Calian Operating Segments

Health

Learning

IT and Cyber Solutions

Advanced Technologies

This year, Calian demonstrated the strength and value of the four-piston business model that provides four separate, yet complementary, operating segments. The diversity of this model allowed us to capitalize on market trends as they occurred in FY22. During the pandemic, for example, the healthcare segment benefited from the immediate need for clinics, vaccine delivery and virtual care. During the Ukraine conflict, our training and defence capabilities were immediately deployed because the people, the skills and the capabilities were already in place.

This four-piston engine creates a unique opportunity for shareholders. Not many companies provide investors with access to four distinct markets that can balance out market opportunities and challenges the way this model does.

Moving the World Forward: Focus on Defence

In times of political and social unrest, our core purpose of helping the world communicate, innovate, learn and lead safe and healthy lives is paramount. After 30 years as a trusted partner to the Canadian military, we have a unique understanding of the challenges our military customers face. That understanding helped us effectively transition this year from a Canadian defence company to a global defence company. Our strategic focus on defence contributes to a safer world by keeping militaries ready to respond to threats.

Defence is one industry that utilizes the gamut of Calian services, from healthcare and training to cyber and manufacturing. This is a great example of a single customer that may have multiple challenges that can all be addressed through cross-segment solutions.

Leveraging the latest technology in synthetic training environments—gained from this year's acquisition of SimFront and vehicle electronics (vetronics)—we are well positioned to support the women and men of the militaries around the world. In partnership with defence vehicle prime contractors, we develop key vetronics components for armoured vehicle safety, control and monitoring. Our composites group is developing upgraded components as an alternate to heavier steel structures to make transportable or mobile equipment more agile. Global navigation satellite system (GNSS) geomatics technologies have the potential to assist prime contractors with precise timing and location solutions for drones, electronic vehicles and other defence applications.

Alongside our support for military customers, Calian also supports Canadian military members and veterans as a key component of our ESG initiative. By hiring veterans, we leverage their intellectual capital in supporting the military and allow them to give back to the community. We also provide access to healthcare to military families by matching them with family doctors through our Military Family Doctor Network (MFDN) initiative. Supporting the health of military members, veterans and their families aligns again with our core purpose of helping the world lead safe and healthy lives.

Moving the World Forward: Focus on Digital Health

Another strategic focus for us this year was digital health. The launch of Nexi and new opportunities to leverage Corolar Virtual Care were pivotal in this initiative. In a turbulent healthcare market, Calian differentiates itself by approaching healthcare through a practitioner's lens. We understand the system and how it works from a process viewpoint, as well as how practitioners are engaged with supporting patients. And we've taken that intellectual capital and developed intellectual property that provides real, measurable value because we have a deep understanding of how the healthcare ecosystem works. With a view to helping the world lead safe and healthy lives, we will continue to invest in our healthcare products and capabilities.

Moving the World Forward: Focus on Space

We reorganized our Advanced Technologies segment to focus on three markets: space, terrestrial and defence. Adding products and capabilities through innovation and acquisition, Calian increased its value in the total value chain. As a Canadian company, we will turn this into a global market advantage. As such, Calian became a founding member of the new space industry group, Space Canada, which will raise awareness and commercialize Canada's growing space ecosystem. We expect space to continue to be a growth segment for Calian for the long term.

"We had a phenomenal record year once again. Revenues increased to $582 million and gross margin attained its highest level ever at 29%, representing the 21st consecutive year of profit."

An Evolving Company

This year saw changes at the leadership level. Sacha Gera, President ITCS, joined Calian at the start of FY22 and led the Computex acquisition. Jerry Johnson, CIO, retired and handed the reins to Michael Muldner, at the end of FY22. In addition, Gordon McDonald, President Health, announced his plan to retire in FY23.

Looking Ahead

This year, Calian executed a branding strategy to position itself as a single company to customers, partners and employees, allowing the company as a whole to better address the multiple challenges a single customer faces. As a diverse products and services company providing innovative healthcare, communications, learning and cybersecurity solutions, Calian solves not one, but many complex challenges for any customer. Looking ahead, this cross-selling approach, our four pillars of growth and our diverse four-piston engine will help us continue to enjoy positive and growing cash flows and a pristine balance sheet. We will continue to look in new areas across the globe for opportunities and ways to capitalize on those opportunities.

I thank our incredibly talented and dedicated team for creating record results for the company, capping five years of double-digit growth and getting us ever-closer to the billion-dollar mark. I thank our customers for placing their continued trust in us to solve their most critical challenges. With our ESG strategic framework now in place, we look forward to working with our stakeholders to validate our plans and refine our priorities. And I thank our board of directors for their ongoing support during very turbulent times. Our success this year is the result of a lot of hard work and dedication, and I couldn't be prouder of our people, who work every day to make Calian a great company that continues to move the world forward.

Kevin Ford
CEO

Calian Annual Report 2022

IT AND CYBER SOLUTIONS

HIGHLIGHTS

What We Do.

Profile of ITCS

Offers IT services to support customers in their digital transformation from advisory through to implementation, delivery, management, monitoring and securing of complex IT solutions.

2022 Results

$173M
Revenues

35%
Gross margin

$30M
EBITDA

17%
EBITDA margin

$97M
Backlog

The ITCS segment entered FY22 with a strong backlog and a recent acquisition—Dapasoft and its wholly owned subsidiary, iSecurity. This strong start to the year was further strengthened by the acquisition of award-winning Computex, which had a 35-year history in the U.S.

AT&T Cybersecurity Growth Partner of the Year - 2021

Cisco Innovator of the Year 2021

THE CHANNEL CO CRN MSP 500 2022

THE CHANNEL CO CRN MSP 500 Elite 150

Microsoft Canada IMPACT AWARDS

CROWDSTRIKE Partner of the Year (Canada) 2022

Our strategy to become a leading provider in information technology and cybersecurity, meet customers' needs across Canada and the U.S., and increase recurring revenue streams took shape this year. Further, our efforts to expand our ecosystem and partnerships bolstered our offerings and capability.

Growth

One of four pillars of growth for Calian is customer diversification. Acquiring Computex bolstered the company's capabilities and offerings with a direct sales force, engineering and cybersecurity experts coined "Brainware", enterprise-grade hardened network operations centre (NOC) and security operations centre (SOC), more than 1,100 U.S. customers, including EnerVest, Omni Logistics and Coterra, and best-in-breed technology partners. The Computex acquisition in March 2022 contributed C$71 million of revenue during seven months of fiscal year 2022, while expanding into the U.S. everything-as-a-services (Xaas) market with a full suite of managed services.

In support of our customer retention pillar, Immigration, Refugees and Citizenship Canada (IRCC) renewed a contract with ITCS to support modernization and transformation of its eServices. And Coterra renewed a contract to provide cybersecurity technology and professional services to build a data centre.

When the CIO of Coterra Energy came to Calian, he understood that cyberattacks don't always happen during business hours.

They happen on weekends and holidays. Coterra wanted a trusted partner that would be there when they were not. The Calian SOC-as-a-Service offering provides Coterra with artificial intelligence and human-integrated threat hunting, awareness training and, most importantly, remediation when a cyber attack happens. As Coterra acquired companies, Calian was at the forefront of integrating the companies and building their IT infrastructure. Coterra trusts Calian with their cybersecurity 24x7. This means they can focus on their business—hydrogen exploration operations. Coterra depends on Calian because they cannot fail.

Confidence. Engineered.

As a trusted IT partner, it is important for Calian to demonstrate competence, experience and deep knowledge of cybersecurity best practices. This year, the ITCS U.S. division achieved ISO 27001 certification, an international standard ensuring organizations follow best practices for securing assets such as financial information, intellectual property, employee details or information entrusted by third parties. In addition, the Canadian division achieved SOC II, Type 1. These certifications position Calian for further growth and expansion in the Canadian, U.S. and global markets.

Moving the World Forward

Cybersecurity is critical to organizations around the world. Calian not only helps customers solve current-day cybersecurity challenges, we invest in research to stay ahead of the curve.

As cybercrime—especially against large healthcare and government entities—increases globally, there is a growing need for effective and timely incident response to cyber attacks. This year, Calian led a facilitated incident response to a ransomware attack for a healthcare customer in Canada. The purpose of this type of exercise is to help protect a customer from a real-life ransomware attack scenario.

Looking ahead to what could be a cybersecurity challenge in the future, Calian partnered with Canadian quantum cybersecurity innovator Quantropi® Inc. to sound the alarm about the looming cryptographic threat known as "Y2Q" and spotlight the company's end-to-end quantum cybersecurity solutions. Groundbreaking research demonstrates the company's commitment to cyber innovation and positions Calian effectively for early-stage deployments in defence and critical infrastructure applications.

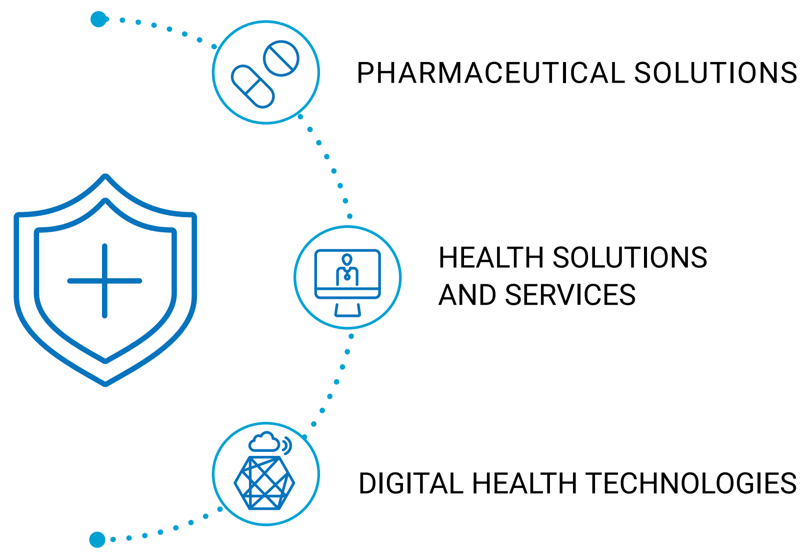
Also on the groundbreaking research front, ITCS funded researchers at Dalhousie University CyberLabs to study data exhaust. The research will ultimately lead to applications that help organizations continually enhance their security postures. Through this initiative, Calian hopes to create an efficient and effective system and process to test internet of things (IoT) devices for risks and vulnerabilities before deploying them.

What is Data Exhaust?

Internet of things (IoT) devices have the potential to learn about their users and their surrounding environments by combining sensor information from cameras, microphones and internet connectivity. Byproducts from online actions, known as data exhaust, can be a security threat. As the defence sector looks to use IoT data points in various applications, it is critical to manage this risk.

HEALTH
HIGHLIGHTS

What We Do.



Profile of Health

Manages a network of more than 2,400 healthcare professionals delivering primary care and occupational health services to public and private sector clients across Canada as well as provides management and strategy services to pharmaceutical companies conducting clinical trials and patient support programs.

2022 Results

$167M Revenues	25% Gross margin
$28M EBITDA	17% EBITDA margin
$707M Backlog	

As the pandemic stretched into a third fiscal year, the Health segment continued to support Canada's COVID-19 response with screening, testing and vaccination programs. And the company's approach to drive future growth through the Health segment took shape: technology, retention and focus on the pharmaceutical market.

Innovation

Working with our ITCS segment, a highlight this year was the introduction of Nexi™, which was the first product released under our new cloud initiative. Nexi included Microsoft Azure Communications Services integration for virtual care delivery.

The company re-launched Corolar Virtual Care™ to unlock the potential of digital transformation to deliver care beyond clinic walls, enable data interoperability across disparate systems, shorten wait times, and improve collaboration for more than 3,000 frontline workers, hundreds of community partners and more than five million Canadians.

As a Microsoft Gold Partner, Calian continued to be a trusted technology partner across the healthcare ecosystem. Delivering digital health solutions in a software-as-a-service (SaaS) business model enabled rapid deployment and reduced total cost of ownership (TCO) for healthcare providers by enabling a pay-per-consumption commercial model. This frictionless business model enabled hospitals, clinics, labs, pharmacies, regional health systems, provincial agencies and the private sector to purchase our digital solutions through the Azure Marketplace.

Customer Retention

With customer retention as one of the four pillars for growth, Calian saw increased demand from existing customers for clinician services, clinical research for major pharmaceutical customers, and services to remote locations in Northern Canada. At the same time, the shortage of healthcare professionals in Canada fuelled continuing demand for COVID-19 support from the large network of Calian health practitioners.

The company's largest health customer, the Department of National Defence, continued to benefit from the provision of Calian nurses, doctors, dentists, psychological support and other healthcare professionals throughout FY22. Calian also provided psychological services to police, correctional institutions and border services agencies in the Canadian market.

The Fraser Health Authority expanded its existing Corolar subscription to include three additional clinics and added the secure online chat module to support administrative and therapeutic communications.

Other new contracts with existing customers—Statistics Canada for the Canadian Health Measures Survey and 10 medical services contracts with correctional institutions across Canada—also supported the customer retention element of our growth strategy.

Aline-Chrétien Health Hub*

A unique and innovative model that shares a wide range of specialized and community healthcare services to provide everyone from newborns to seniors with high-quality care close to home, focused on their needs and in both official languages. A solution was needed to improve coordination of services as partner patient systems existed in separate silos, creating a barrier to collaboration. Calian Corolar platform was leveraged to provide a collaborative environment that powered hospital and community care providers to create a seamless experience for patients.

" I think that the fact that you can combine multiple services for the same client in one place, I think that's just beyond value." – Dr. Frank Knoefel, Physician, Bruyère Memory Program | Aline-Chrétien Health Hub

video case study

* Previously known as Orléans Health Hub

Pharmaceutical

This year, Syantra Inc. chose Calian to provide a digital platform (Nexi) and nursing network for the mobile test administration of Syantra's innovative blood test that can detect breast cancer. As pharmaceutical companies develop innovative and life-changing solutions, Calian is well positioned to help them develop and bring those medications to market.

The Vaccine and Infectious Disease Organization (VIDO), part of University of Saskatchewan, engaged Calian to manage COVID-19 vaccine clinical trials: Phase I/II Booster and Phase II trial in Uganda.

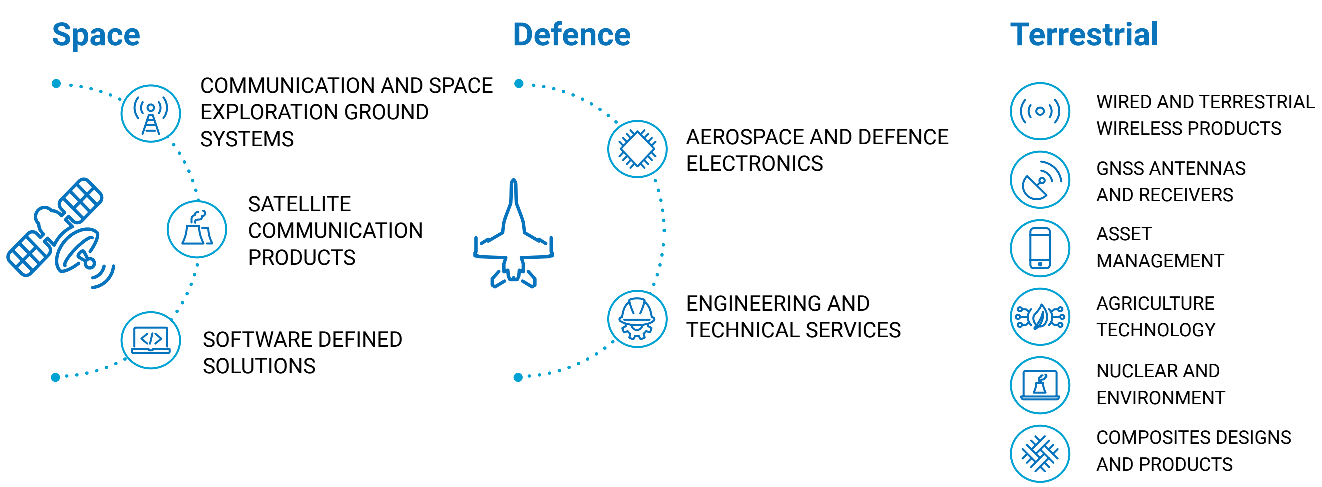
Moving the World Forward

ITCS and Health partnered with L-SPARK, Canada's largest SaaS accelerator, to launch a joint program, the Calian L-SPARK MedTech Accelerator. So far, Calian and L-SPARK have successfully launched the first cohort to help Canadian digital health start-ups grow their businesses and bring innovative, high-value solutions to healthcare organizations across the country. Three companies in the program—Coalese Health, Lime Health and Virtual Hallway—signed commercial teaming agreements to leverage the Corolar Virtual Care platform.

The Vaccine and Infectious Disease Organization (VIDO) engaged Calian to manage COVID-19 vaccine clinical trials.

ADVANCED TECHNOLOGIES
HIGHLIGHTS

What We Do.



Profile of Advanced Technologies

Offers internally developed products, engineering services and solutions for the space, defence and terrestrial sectors. Capabilities are wide-ranging, covering software development, product development, custom manufacturing, full lifecycle support, studies, requirements analysis, project management, multi-discipline engineered system solutions and training.

2022 Results

$150M Revenues	29% Gross margin
$21M EBITDA	14% EBITDA margin
$160M Backlog	

The Advanced Technologies (AT) segment continued to increase backlog through signing new work with existing customers. Repeat business continues to be the mainstay of the AT segment. In addition, an increasing number of our sub-segments had excellent opportunities to acquire new customers as a step function to growth. This included the composites business's entry into defence and other commercial applications to increase their utilization (defence). Our GNSS antenna business saw excellent growth through customer acquisition in the electronic vehicle and drone markets (terrestrial). The Calian Decimator™ communications spectrum analysis solution continued to be adopted by new and existing customers as the "standard" for satellite communications monitoring. A strategy adopted by the AT businesses was cross-collaboration with other operating segments to provide additional value to customers, for example, composites and GNSS antennas for defence applications, and custom technology development and composite designs for the agriculture technology market. Cross-segment collaboration will continue to unlock new value for Calian.

As we delivered the final parts of our largest ever ground system to a North American carrier, we saw a slow-down in the timing between RFP and project award for new ground system projects due to a more difficult financing environment for large capital projects.

Our investments in the last five years to diversify our advanced technology business into new adjacent sectors was evident this year and will be key in the coming years. Our growth into custom software development, global positioning antennas and telecommunication products all bring with them higher margin profiles and lower unit prices.

Gross margins increased in FY22 from 25% to 29%, and EBITDA margins increased by 1%.

Diversity and Resilience

With AT now organized into space, defence and terrestrial businesses, we saw diversity and resilience in all three of these areas.

Within the space business, our software defined solutions team diversified customers, applications and geographical locations. The new drive in the satellite communications market is for orchestration of the space, gateway and user equipment to gain peak efficiency using advanced software-defined satellite payloads. Our subject expertise in this area, gathered over decades of work with various satellite payloads and gateway configurations, allowed us to make an early entrance into this market. As such, we won development contracts with global players, as well as regional satellite operators as they invest in growing their capabilities. These customers saw our track record of performance and our accumulated knowledge as key assets they could trust to deliver the solutions they need. Our software defined solutions business continues to grow at an unprecedented rate, limited only by our ability to acquire and train new talent.

The state-of-the art navigation and timing antenna solutions continuously being evolved and improved by Calian not only provided excellent margins to AT, but also provided a foundation for resilient architectures for customer applications. We provide a line of GNSS antennas that null interfering (jamming) signals low to the horizon that are likely from an adversarial source and favour signals directly above, likely to be the true GNSS signal. In addition, GNSS solutions employ untethered dead reckoning to assist applications to continue to navigate despite the loss of signal. These capabilities are useful for a great number of market verticals, including electronic vehicles, defence and mining.

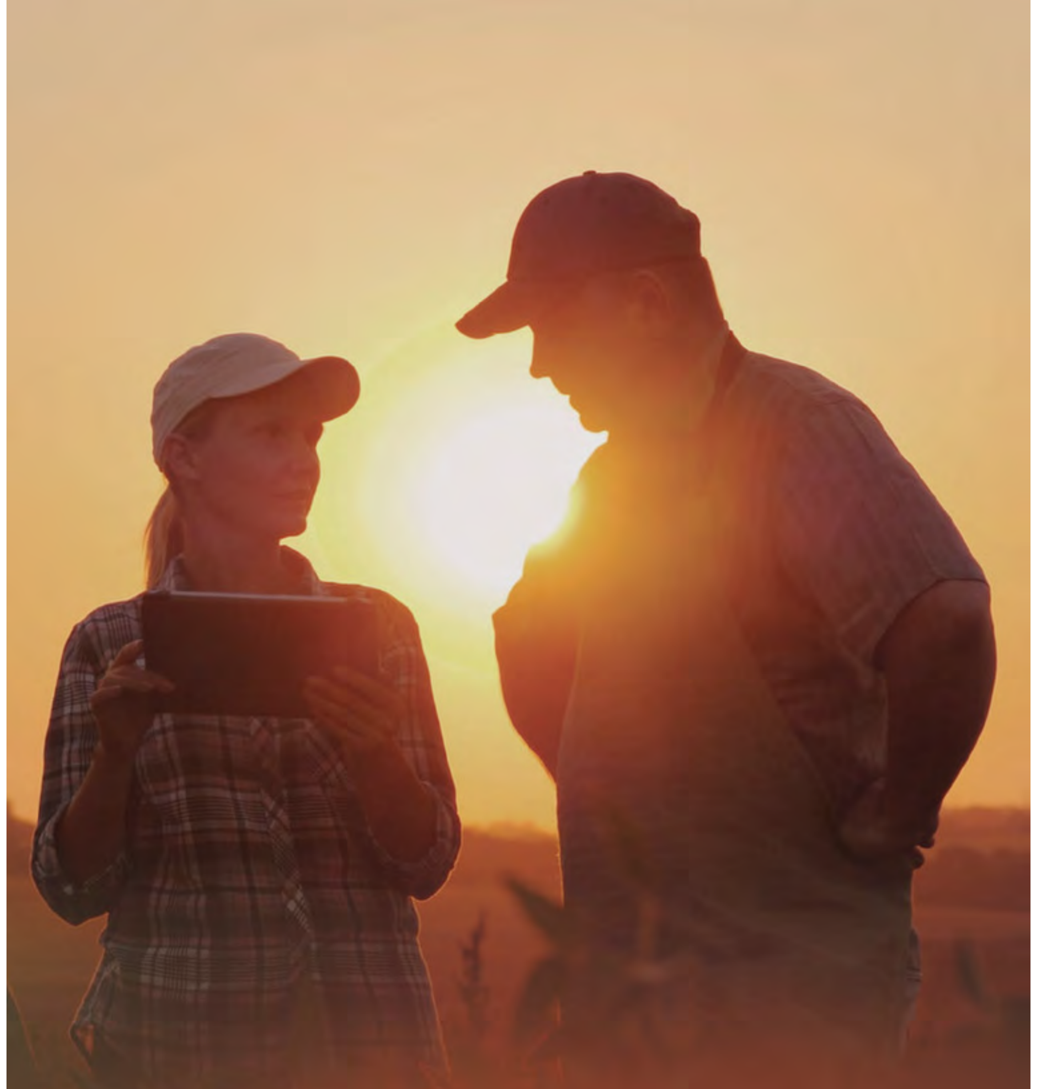
At first glance, composites capabilities might not seem well aligned with AT's technology focus, however, it is clear that composites are now involved in as many market verticals as our electronics capability. When combined with our electronics capabilities, their ability to increase value grows. Composites are a lightweight, but extremely strong alternative to steel and, as a result, can help many sectors decrease their carbon footprint through decreased transportation costs, extended battery lifetime and fewer manufacturing byproducts. This year saw the price of composites materials rise substantially due to the war in Ukraine, making it more difficult to compete against steel on a price point. However, this was likely a short-term challenge and the other benefits to using composites outweigh the use of steel in many cases. In FY22, we increased our composites manufacturing area by 30,000 square feet in order to meet the growing demand for this capability. This creates a complementary diversity to our core engineering business.

Calian demonstrated its own operational resilience as supply chain shortages threatened revenues and profitability throughout the year. In a continuous struggle of parts availability, our procurement groups relentlessly pursued alternative sources while our engineering groups worked to find alternative components to meet our production demands. While we faced challenges, we tackled them creatively and were largely successful. We managed to produce a significant amount of product to shore up revenues and profits. In addition, logistics continued to be a struggle. Finding new delivery routes and constantly searching for cost-effective logistics hit new levels of effort during this year.

In addition to the introduction of a new low-cost grain monitoring solution, Bin-Sense® Solo, customer field trials opened a new market for Bin-Sense products in the monitoring of harvested almonds.

Moving the World Forward

The use of lightweight composite materials, development of image processing modules for artificial intelligence (AI) applications and high precision GNSS antennas are helping to create a cleaner, safer planet, paving the way for electronic vehicles and autonomous vehicles and a reduction in the amount of herbicides used. Our agriculture technologies help to secure our world's food supply by keeping it safe in storage. Our technologies like Fuel Lock® protect the assets of producers, ultimately helping to reduce production costs.



Farming is a high-risk business.

When Blake Bergen of 3B Acres in Drake, SK, bought Bin-Sense, a Calian Agriculture product, to monitor the grain bins at his family farm, he suspected that it would be a wise purchase. "We knew if we had a train-wreck, we'd buy a system so it wouldn't happen again, so why not buy the system before the train-wreck and then it pays for itself?" says Bergen. The Bergens purchased Bin-Sense Live to monitor their 30 grain bins.

It wasn't long before the purchase paid off. While the family was on vacation in Florida, Bergen got a notification on his phone that one of his canola bins was heating up. "We decided to watch it for two or three days and could see a constant climb of one to 1.5 degrees every day. We phoned home and asked some friends to take a semi-load out of the bin. They took it to the elevator, and we saved that bin of canola."

Even though heat rose in the smallest of bins, the save justified the cost of monitoring the entire yard. "I look at grain monitoring as a solid return on investment," says Bergen, estimating that Bin-Sense Live paid for itself twofold in that one instance.

Calian is proud to provide a part of NASA's Space Geodesy Project's infrastructure. Including the award this year of another 12m high-performance antenna, Calian has provided a total of three antennas to support their Geodesy Project through the use of very long baseline interferometry (VLBI). VLBI is unique in its ability to define an inertial reference frame and to measure the Earth's orientation in this frame. Changes in the Earth's orientation in inertial space have two causes: the gravitational forces of the sun and moon and the redistribution of total angular momentum among the solid Earth, ocean and atmosphere. VLBI makes a direct measurement of the Earth's orientation in space from which geoscientists then study such phenomena as atmospheric angular momentum, ocean tides and currents, and the elastic response of the solid Earth.

Calian is a global leader in designing, developing, manufacturing and delivering ground-based solutions to support space applications for communications, earth observation and space exploration. Our development of Q/V band solutions resulted in Calian leading the race to demonstrate the use of Q and V radio frequency bands in satellite communication solutions. The race continues with Calian developing a 4m low earth orbit (LEO) class antenna to demonstrate Q/V band communications over a LEO satellite communications network. Calian played a part in a historic moment in 2022: the first time the European Space Agency (ESA) successfully captured views of the planet Mercury. As part of the ESA/JAXA BepiColombo mission, our 35m antennas transmitted commands to the spacecraft as it tracked a probe through space and received images back to the ground station. The black and white images, taken 1,000km from Mercury's surface, will help ESA better understand the "mysterious" planet.

In addition, Calian became a founding member of Space Canada, a new space industry group created to raise awareness for Canada's growing space sector. Through this industry association Calian intends to foster Canadian industry collaboration, and government support for Canada's space industry as well as help motivate Canada's youth towards careers in STEM.

Our nuclear business is helping the world adopt the use of small nuclear reactors in a clean and safe way. Calian helps our customers select the appropriate nuclear technologies and develop the processes to safely manage the nuclear waste.

The strategies executed in FY22 by the AT operating segment make it well positioned to gain traction in the space, defence and terrestrial markets.

Calian is a champion for the advancement of women in STEM.

As one of the technology pioneers at Calian, the Advanced Technologies segment offers a breadth and depth of STEM roles not easily found in other organizations. Helen Percival, systems engineering lead, provides her in-depth knowledge of satellite communication payload capacity management to define innovative solutions to meet our customer needs. "It has been a really comfortable place to be heard and I've been given plenty of opportunities—the same opportunities as all my other peers," says Percival. Jordyn Rohel designs, tests and integrates radio frequency systems with satellite ground stations. "I have not been treated differently, or given different work, as a result of being a woman. I am proud to say that Calian and our customers are very inclusive in this way," says Rohel.

LEARNING
HIGHLIGHTS

What We Do.

MILITARY TRANING AND SYNTHETIC TRAINING SIMULATION ENVIRONMENTS

EMERGENCY MANAGEMENT

DIGITAL LEARNING SOLUTIONS

Profile of Learning

Provider of specialized training solutions for the Canadian Armed Forces and other primarily government clients in the domestic market. Internationally, the company is growing its footprint in Europe servicing NATO and NATO member countries with a variety of learning services. Calian also provides consulting services in emergency management, training and advanced training technologies to federal and provincial governments, municipalities, Indigenous communities and the private sector, primarily in Canadian domestic markets.

2022 Results

$92M Revenues	25% Gross margin
$17M EBITDA	18% EBITDA margin
$328M Backlog	

The Learning segment concluded a strong year with healthy revenue growth, both organic and acquisitive. Organic growth resulted from new and existing customers, through current long-term vehicles and a focus on winning new customers. Growth in Europe continued with NATO and other defence-based agencies, where Calian continued to win work based on its brand recognition in the area. This was significant for the Learning segment, which did not have a footprint in Europe three years ago, and sets the stage for continued expansion in Europe and beyond.

Technology

Calian acquired Canadian-based SimFront. Calian and SimFront had a 15-year collaborative relationship within the Department of National Defence. During this 15-year period, the SimFront Virtual Command and Control Interface (VCCI) Tool Suite served as the cornerstone for simulation-to-command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) integration/interoperability and after-action review (AAR). The VCCI Tool Suite combined with Calian MaestroEDE™ enabled Calian to provide end-to-end military training and simulation capabilities and pursue new opportunities with customers seeking integration and immersive training support.

Cutting-edge technologies with artificial intelligence elevated the company's capabilities and provided opportunities to deliver a wide range of complete solutions. The immersive technologies acquired through SimFront boosted Calian capabilities to explore real-world learning and training scenarios in safe and controlled environments for both commercial and military training applications.

Diversification

Calian continued to diversify within military and public sector agencies in Canada and Europe.

The Royal Canadian Air Force (RCAF) chose Calian for eLearning services. And, shortly after acquiring SimFront, Calian won a contract with the Royal Canadian Navy (RCN) to create a high-fidelity 3D virtual fleet for four RCN ships.

E.U./U.K. ministries of defence selected Calian to develop scenario and exercise scripts for upskilling troops as part of one of their core 2022-2023 defence exercise programs. Ministries of

The Village of Telkwa, British Columbia, wanted to support its community and protect the mental and physical health of residents if faced with a major disruptive event that could result in community evacuations.

Telkwa is exposed to several potential hazards, including wildland-urban interface fires and flooding. Calian worked closely with the community to develop a guiding document that would support effective and appropriate decision-making in Telkwa's emergency operations centre (EOC), which would be responsible for making evacuation-related decisions. The emergency plan conformed to provincial evacuation procedures and included detailed flowcharts to help Telkwa officials make decisions during an emergency event and/or evacuation. The comprehensive plan delivers order and efficiency in response to a disaster, allowing the leaders and people of Telkwa to feel confident in their choices during an emergency situation.

defence, new defence customers, made their decisions based on the Calian solid track record of managing complex training requirements while ensuring reduced time to competency.

Within its emergency management solutions offerings, Calian continues to book key wins to perform needs assessments for public safety training.

Retention and Expansion

Joint Warfare Centre NATO 360 chose Calian for collaborative production environment development and delivery support. Calian continued to play a leading role in NATO exercise support as a mission partner for the Joint Warfare Centre (JWC). JWC, located in Stavanger, Norway, is a hub for collective training at both the operational and strategic levels of warfare and supports NATO readiness. This contract represented an expansion of the military training and exercise support Calian provided to NATO. Our solutions prepared NATO high readiness forces at strategic, operational and tactical levels. Over the past 13 years, Calian supported the design and delivery of more than 70 NATO exercises, with exercise planning, computer-assisted technologies, role-playing, mentoring and advising. Calian played key roles in delivering pre-deployment exercise and training events for NATO International Security Assistance Force (ISAF), NATO Mission Iraq and NATO Mission Georgia deployments.

On behalf of the Department of National Defence, Canadian Defence Academy (CDA)/Military Personnel Generation Group (MPGG) renewed a contract with Calian to support four activity streams: administration, training, instruction and e-learning development. The administrative processes involved in turning civilians into military members are complex and numerous. Canadian Forces Leadership and Recruit School (CFLRS) must be able to rely on a professional team of highly competent administrative and training support personnel to run smoothly. For more than 12 years, CDA and MPGG have trusted Calian to augment training support during their current CAF personnel shortages: onboarding new recruits efficiently, staging realistic exercises, delivering high-calibre training and adapting to offer e-learning.

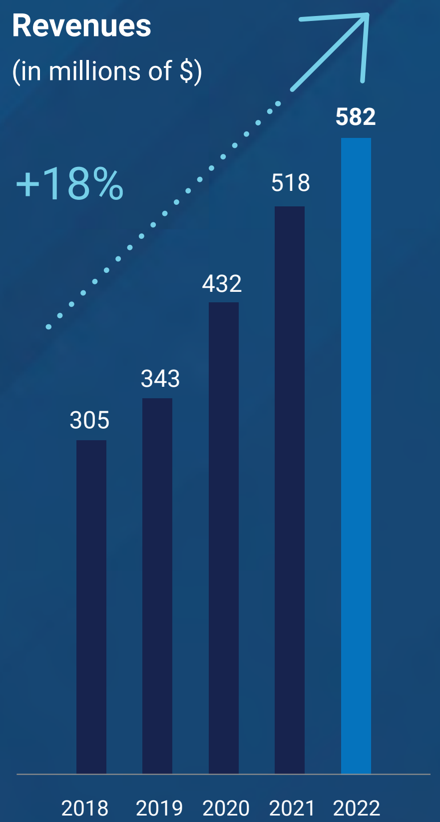
Moving the World Forward

As a Microsoft Gold Partner, Calian is trusted across the military ecosystem. Calian plans to deliver next-generation synthetic training in the Microsoft Azure cloud environment. Significantly for military customers, this will enable cost-effective and time-efficient high-quality training for disparate units, including reservist units, regardless of location. Our company's synthetic training environment is a collective training experience focused on mission-critical decision-making in the face of live and simulated data. When deployed via Azure, any element of the synthetic training environment—such as cloud computing, virtual and augmented reality, wargaming, data analytics, after-action reviews, collective training and individual engagement—are accessible to geographically distributed military personnel. Individual, collective and command training supported by the cloud enhances readiness and decision-making for real-life situations.

With tailwinds in the Learning segment, Calian anticipates continued organic growth from new and existing customers in Canada and Europe.

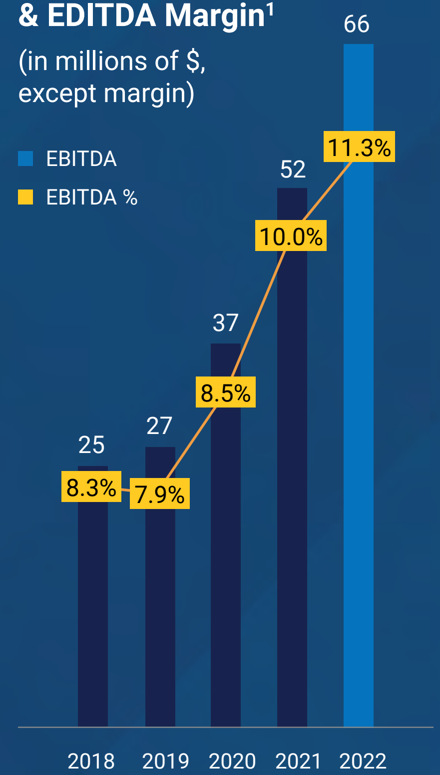
KEY PERFORMANCE INDICATORS

Revenues
(in millions of $)



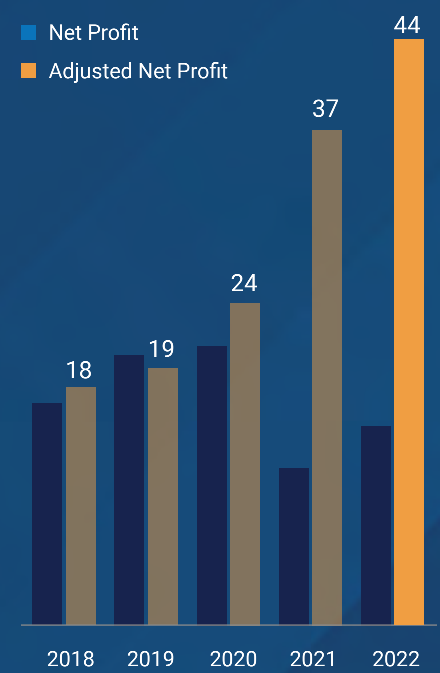
Revenues increased 12% to $582 million in fiscal 2022 when compared to fiscal 2021. Revenue growth was driven by our entry into the U.S. IT market and the expansion of our learning technology portfolio.

EBITDA[1] & EDITDA Margin[1]
(in millions of $, except margin)



EBITDA increased 27% from $52 million in fiscal 2021 to $66 million in fiscal 2022, significantly outpacing top line growth. This growth was mainly driven by higher margins from a better business mix of market verticals and the introduction of innovative products with higher margins. As a result, the EBITDA margin improved from 10.0% in fiscal 2021 to 11.3% in fiscal 2022, a historic record.

Net Profit & Adjusted Net Profit[1]
(in millions of $)



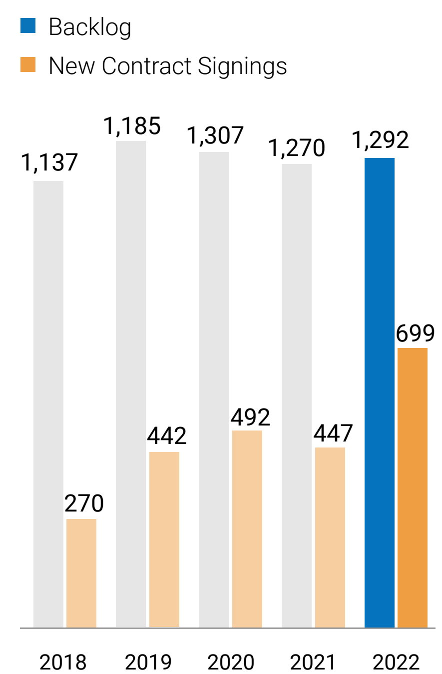
Driven by higher EBITDA, adjusted net profit increased 18% to $44 million, or $3.87 per diluted share, in fiscal 2022, from $37 million, or $3.50 per diluted share, in fiscal 2021.

1 This is a non-GAAP measure. Please refer to the MD&A.

KEY PERFORMANCE INDICATORS

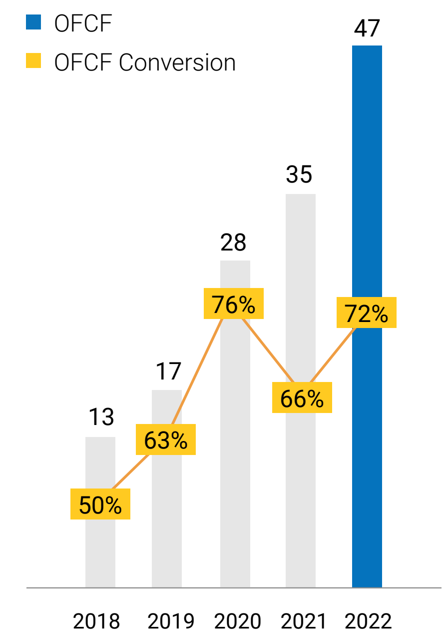
Continued

Backlog and New Contract Signings
(in millions of $)



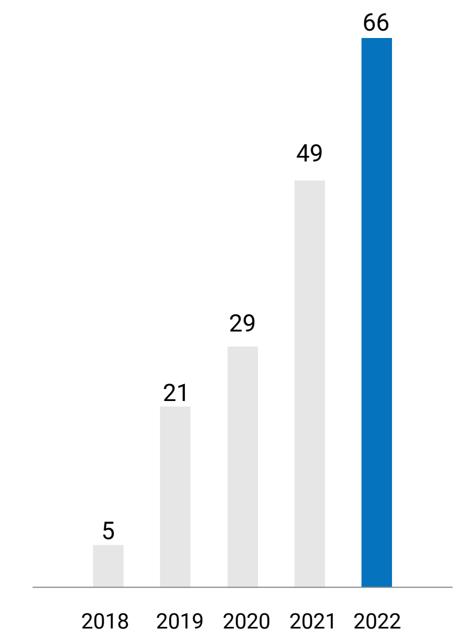
In fiscal 2022, Calian signed $699 million in new contracts to increase realizable backlog to $1.3 billion which spans over 10 years in length. Of this amount, $412 million is expected to be recognized in fiscal 2023, $208 million in fiscal 2024 and the balance beyond fiscal 2024.

Operating Free Cash Flow[1] & Operating Free Cash Flow Conversion
(in millions of $, except %)



We generated $47 million of operating free cash flow in fiscal 2022 compared to $35 million last year. This represents an operating free cash flow conversion rate from adjusted EBITDA of 72%.

Investments in Acquisitions
(in millions of $)



During fiscal 2022, Calian pursued its growth through acquisitions with the addition of SimFront to bolster its learning capabilities and Computex to expand its IT practice into the U.S. These acquisitions support the company's growth objective to become a one-billion-dollar global company.

Key milestones

(Calian fiscal year Oct 1 to Sept 30th)

In 2021, Calian embarked on an initiative to formalize our environmental, social and governance (ESG) strategy. While Calian has always had a strong commitment to social responsibility, we recognized the need to look beyond corporate giving and community engagement to develop a more fulsome strategy related to our socioeconomic and environmental commitments as well as to prepare for future regulation and disclosure requirements.

Defining our ESG Journey

Our inaugural ESG report describes our journey, as we work towards embedding ESG best practices in our business. In 2022, we focused on internal discovery and conducted our initial scope 1, 2 and 3 emissions inventory. We developed an ESG strategic framework to help establish key priorities, set targets and drive value for our stakeholders.

Download ESG report

1

Starting point Calian mission

Where can Calian have an impact in the world?

We help the world communicate, innovate, learn and lead safe and healthy lives—today and tomorrow.

2

Setting priorities

What is important to our stakeholders?

Environmental: Responsible consumption

Social: Innovative, impactful collaboration to support a more resilient world for all our stake-holders by leveraging Calian solutions and expertise

Governance: Ethical, transparent tracking, reporting and eventual disclosure based on industry best practices

3

We are here.

Sharing the Calian ESG story

What does the world need to know?

ESG is more than a phrase—it is embedding sustainability in everything we do.

- Board-approved ESG strategic framework
- ESG vision: Calian CARES
- Alignment to UN Sustainable Development Goals (SDGs)
- IFRS/ISSB standards to guide future disclosure
- Emissions inventory initiated
- Social themes: DEI, Indigenous, innovation (advancing STEM), community resilience
- Internal communications launched
- ESG launched on calian.com
- Year end 2022: inaugural ESG Report

4

Defining key metrics

How will we measure our success?

- Set baselines
- Define key metrics
- Establish long-term goals
- Develop plans to achieve goals
- Embed ESG in business and strategic planning processes

5

Track progress

Where are we having an impact?

- Improved emissions
- Innovative solutions
- Support to advance key social themes and target communities
- Ongoing reporting to meet constituent needs

Developing our ESG Vision

Calian CARES™–Collaboration to Advance Resilience Excellence and Sustainability, builds on our mission, values, historical commitment to social responsibility and key competencies. It provides a framework and focus for our activities and corporate communications related to ESG.

- **C**ollaboration: Working hard and working together for a common purpose or benefit
- **A**dvance: Moving the world forward in a purposeful, innovative way
- **R**esilience: The ability to adapt in the face of adversity by solving complex problems that stand in the way of better health, communications, learning and security
- **E**xcellence: A quality, which is unusually good, surpassing ordinary standards
- **S**ustainability: Meeting Calian needs without compromising the ability of future generations to meet their needs by protecting social, economic and natural resources

Determining our ESG Approach

As Calian continues to grow, we recognize a strategic approach to ESG is paramount to our success, and to meeting stakeholder expectations. Over the past 18 months, we performed internal discovery, to understand our ESG strengths, challenges and business opportunities in this space.

In looking at best practices, the United Nations Sustainable Development Goals (SDGs) provide a blueprint to achieving a more sustainable future for all. Calian has aligned our ESG efforts to the following SDGs:

GOAL 3
Good health & well-being
Ensure healthy lives and promote well-being for all at all ages

GOAL 4
Quality education
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

GOAL 5
Gender equality
Achieve gender equality and empower all women and girls

GOAL 8
Decent work & economic growth
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

GOAL 9
Industry, innovation & infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

GOAL 11
Sustainable cities & communities
Make cities and human settlements inclusive, safe, resilient and sustainable

GOAL 12
Responsible consumption & production
Ensure sustainable consumption and production patterns

GOAL 13
Climate action
Take urgent action to combat climate change and its impacts

Calian Annual Report 2022

LOOKING FORWARD

As Calian celebrates its 40th year in business, it is important to reflect on the journey and the challenges we overcame along the way. While no one could have predicted the onset of a global health crisis in 2020, companies that were able to adapt and leverage their strengths to respond to the needs created by the crisis tended to fare better.

Calian demonstrated exceptional resilience throughout the pandemic, stepping up to provide solutions to some of the world's most difficult challenges, especially in healthcare, training and emergency management. This is not a one-time thing; resilience is embedded in our DNA and speaks to 40 years of success. Resilience will underpin our growth as we move forward.

Calian sustained our growth momentum in FY22 while remaining profitable. We accomplished this by making strategic investments in acquisitions and expanding into new markets and geographies. Stability through diversity and growth through innovation remained key drivers of this success.

At Calian, we help the world communicate, innovate, learn and lead safe and healthy lives—today and tomorrow. We are proud of the impact we have on society and our customers while fulfilling this mission. Our ESG framework and vision—Calian CARES—demonstrates our commitment to moving the world forward in a responsible, sustainable way. We will continue to embed ESG practices in the coming years to support all Calian stakeholders and balance the triple bottom line of people, planet and profit.

The Calian leadership team is committed to continuing the momentum of the past years. This includes advancing the pursuit of our four pillars of growth in a sustainable way. We are confident and excited about the future of Calian and the impact our solutions and engagements deliver for our fellow global citizens and stakeholders as we continue our mission to move the world forward.

Corporate Leadership Team

Kevin Ford, CEO

Patrick Houston, CFO and Corporate Secretary

Sue Ivay, CHRO

Michael Muldner, CIO

Michele Bedford, CCO

Seann Hamer, CTO

Sacha Gera, President, IT and Cyber Solutions

Gordon McDonald, President, Health

Patrick Thera, President, Advanced Technologies

Don Whitty, President, Learning

SHARE INFORMATION

For the years ended September 30

	2018	2019	2020	2021	2022
Trading data on common shares					
52-week high ($)	34.95	36.00	68.50	71.91	**72.11**
52-week low ($)	28.25	25.76	31.29	53.27	**51.99**
Closing ($)	30.00	35.12	67.25	61.00	**55.93**
Total volume	1,471,200	1,442,900	3,225,200	4,574,900	**4,929,800**
Average daily volume	5,885	5,749	12,798	18,227	**19,641**
Other statistics					
Dividends on common shares (in millions $)	8.7	8.8	9.9	11.8	**12.8**
Dividends per share ($)	1.12	1.12	1.12	1.12	**1.12**
Dividend yield (%)	3.7%	3.2%	1.7%	1.8%	**2.0%**
Shares outstanding (000's)	7,765	7,929	9,760	11,286	**11,607**
Weighted average shares outstanding—basic (000's)	7,723	7,843	9,045	10,600	**11,344**
Weighted average shares outstanding—diluted (000's)	7,767	7,863	9,104	10,640	**11,383**
Market capitalization (in millions $)	233	278	656	688	**649**

Closing Share Price Volume

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND TWELVE MONTHS ENDED SEPTEMBER 30, 2022

The following Management's Discussion and Analysis (MD&A) is dated November 24, 2022 and should be read in conjunction with the audited annual consolidated financial statements. Calian aligns its accounting policies in accordance with IFRS. As in the audited annual consolidated financial statements, all dollar amounts in this MD&A are expressed in thousands of Canadian dollars unless otherwise noted.

This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of the Company. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee.

IFRS and non-GAAP Measures

This MD&A contains both IFRS and non-GAAP measures. Non-GAAP measures are defined and reconciled to the most comparable IFRS measure.

Forward-Looking Statements

The Company cautions that this MD&A contains forward-looking statements. These forward-looking statements are based on certain assumptions made by the Company that may prove to be inaccurate. Forward-looking statements include those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend," and similar expressions. Forward-looking statements are not historical facts, but reflect the Company's current intentions, plans, expectations, and assumptions regarding future results or events. Forward-looking statements are intended to assist readers in understanding management's expectations as of the date of this MD&A and may not be suitable for other purposes.

Forward-looking statements are based on assumptions, including assumptions as to the following factors:

- Customer demand for the Company's services.
- The Company's ability to maintain and enhance customer relationships.
- Market conditions.
- Levels of government spending.
- The Company's ability to bring to market products and services.
- The Company's ability to execute on its acquisition program including successful integration of previously acquired businesses.
- The Company's ability to deliver to customers throughout the COVID-19 pandemic, and any government regulations limiting business activities.
- The Company's ability to deliver to customers throughout the Russia/Ukraine conflict, and any government regulations limiting business activities.

The Company cautions that the forward-looking statements in this MD&A are based on current expectations as at November 24, 2022, that are subject to change, and to risks and uncertainties, including those set out under the heading "Risks and Uncertainties" below, many of which are outside the Company's control. Actual results may materially differ from such forward-looking information due to factors such as customer demand, customer relationships, new service offerings, delivery schedules, revenue mix, competition, pricing pressure, foreign currency fluctuations, and uncertainty in the markets in which the Company conducts business. Additional information identifying risks and uncertainties is contained in the Company's filings with securities regulators. The Company does not assume any intention or obligation to publicly update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers should not place undue reliance on the Company's forward-looking statements.

Coronavirus

The outbreak of the coronavirus, or COVID-19, was declared a pandemic by the World Health Organization on March 11, 2020. The virus spread across the globe and impacted worldwide economic activity. The public health pandemic may continue to pose the risk that the Company and its employees, contractors, suppliers and other partners may be prevented from conducting business activities. This can especially be the case where government authorities mandate shutdowns. Certain countries may continue to be more heavily impacted where travel restrictions continue for longer periods and full quarantines are in effect. The extent to which the COVID-19 outbreak impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of a variant and the actions to contain its impact. The Company and its employees transitioned to working remotely where possible and customer delivery was not materially impacted. The Company remains reliant on this alternative work arrangement to minimize the impact of outbreak on its financial results and will continue to monitor the appropriate time to adjust our work and delivery model. The Company is also exposed to effects from supply chain disruptions as a result of COVID-19. Inability to obtain components in a timely manner can impact the timing of our delivery to our customers.

Russia/Ukraine Conflict

On February 24, 2022, Russia attacked Ukraine. Impact on worldwide economic activity may occur. It is possible that the Company may experience, among other things, supply chain disruptions, shipping delays, labour shortages, and inflationary pricing pressures adversely affecting the business as a result of the conflict. These risks may be further exacerbated by the COVID-19 market impacts discussed above. The extent to which the conflict impacts the Company's results will depend on future developments that are uncertain and cannot be predicted. A donation made to support Ukrainians demonstrates our social responsibility principles. In Q2, Calian donated $63,000 to the Canadian Red Cross Ukrainian Humanitarian Crisis Appeal.

Seasonality

The Company's operations are subject to some quarterly seasonality due to the timing of vacation periods, statutory holidays, industry-specific seasonal cycles and the timing and delivery of milestones for significant projects. Typically, the Company's first and last quarters will be negatively impacted because of the Christmas season and summer vacation period. During these periods, the Company can only invoice or recognize revenue for work performed and is also required to pay for statutory holidays. This seasonality may not be apparent in the overall results of the Company, depending on the impact of the realized sales mix of its various projects.

Executive Overview

Calian is a diversified and growing company that operates in Canada, the U.S. and Europe. Its growth strategy is achieved organically and through disciplined capital deployment on M&A. Calian has acquired 13 companies in the past four years.

Four-Piston Engine

The Company's four-segment operating model—referred to as its four-piston engine of diversity—is pivotal to its transformational success. The four operating segments include:

- Advanced Technologies (AT)
- Health
- IT and Cyber Solutions (ITCS)
- Learning

This model provides diversity and stability. The model enables Calian to capitalize on unique opportunities during upturns in some markets while weathering downturns in others.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Four-Piston Engine. One Company.

Today, Calian is a diverse products and services company providing innovative healthcare, communications, learning and cybersecurity solutions. The Company is headquartered in Ottawa, Ontario, and also has locations in the U.S., Germany, Norway, and the U.K. The Company is uniquely positioned to solve the significant and complex problems its customers face so that these companies are better able to succeed and deliver on their objectives.

Mission: Calian helps the world communicate, innovate, learn and lead safe and healthy lives—today and tomorrow.

Values: The principles of customer-first commitment, teamwork, integrity and innovation guide the decisions made by Calian.

Culture: Every Calian employee brings their "A" game for every client, works hard and works together using collaboration to powerful advantage. Calian attracts and challenges great people and great partners.

Four Pillars of Growth

While the four operating segments are diverse, each is anchored by the Company's common four-pillar framework for growth.

- **Customer Retention:** Through continued delivery excellence, each segment maintains relationships with their valued customer bases, thus earning more revenue through expanded scopes of existing contracts.
- **Customer Diversification:** Through continued diversification, each segment increases its percentage of revenue derived from winning non-government contracts, from commercial activity in global markets, and from increasing product offerings—both acquisitive and organic.
- **Innovation:** Through continued investment in acquisitive and organic growth, each segment increases its differentiation thus improving gross margins.
- **Continuous Improvement:** Through continued leverage of innovation, the Company streamlines processes and scales its back-office support capability.

Q4 Consolidated Dashboard

The four segments operate as a single company. Key performance indicators (KPIs) for the Company are highlighted in this dashboard.

Q4

$161M
Revenue

31%
Gross margin

12%
EBITDA Margin

$161M
New contract signings

TRAILING TWELVE MONTHS

$582M
Revenues
(+12% Growth)

$169M
Gross profit
(+24% Growth)

$699M
New contract signings
(+56% Growth)

Q4 BALANCE SHEET/OTHER

$1.3B
Backlog

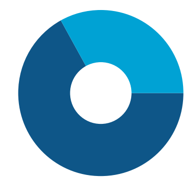
$115M
Net liquidity
(Cash less debt plus unused debt capacity)

-11%/-6%
Q4/TTM
Organic growth

36%/19%
Q4/TTM
Acquisition growth

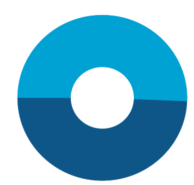
DIVERSITY PRIORITIES

SEGMENTED BY GEOGRAPHY



International 29%
Canada 71%

SEGMENTED BY CUSTOMER



Commercial 53%
Government 47%

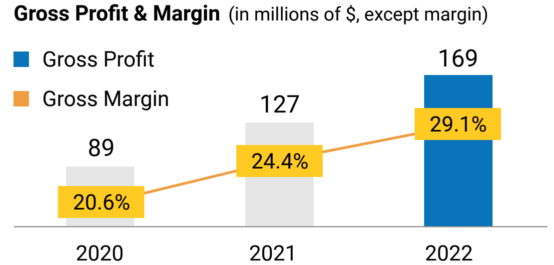
Q4 and Annual Highlights

This quarter continues the pattern of all-time high results with revenues of $161 million, which represents a 26% increase year-over-year, and a new record high for the Company in a single quarter. For the 2022 fiscal year, the Company had revenues of $582 million, a 12% increase from the previous year and a new record high. This represents the Company's fifth consecutive year of double-digit revenue growth.

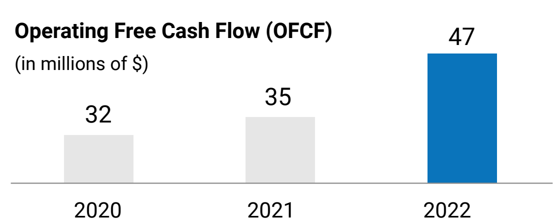
Gross margin performance this quarter was also at an all-time high, surpassing 31% for the first time in Company history. Gross margin on a year-to-date basis was 29%, which is an increase of five points from our consolidated margin for fiscal 2021. Our multi-pronged effort to diversify into new markets and investments and to introduce new products and differentiated services has allowed us to grow our gross margins.

Our ability to convert revenue and adjusted EBITDA performance into operationg free cash flow continued to be strong. Operating free cash flow in the fourth quarter of 2022 was $14.1 million, which resulted in operating free cash flow of $47.2 million for the 2022 fiscal year. This represents an increase of 36% from the prior year, and a 46% increase from two years ago.

Gross Profit & Margin (in millions of $, except margin)



Operating Free Cash Flow (OFCF)
(in millions of $)



Selected Quarterly Financial Data

(Canadian dollars in millions, except per share data)

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21
Revenues								
Advanced Technologies	$ 30.5	$ 39.2	$ 39.6	$ 41.1	$ 42.6	$ 43.8	$ 42.8	$ 37.3
Health	39.4	39.7	45.4	42.4	44.1	50.8	52.9	47.1
Learning	21.8	22.3	24.8	22.8	17.6	18.1	20.9	18.0
ITCS	68.8	48.8	32.3	23.2	23.2	23.4	21.9	13.8
Total revenue	$ 160.5	$ 150.0	$ 142.1	$ 129.5	$ 127.5	$ 136.1	$ 138.5	$ 116.2
Cost of revenue	110.4	104.5	102.2	95.8	94.5	102.2	105.0	90.0
Gross profit	50.1	45.5	39.9	33.7	33.0	33.9	33.5	26.2
Selling and marketing	13.1	9.6	5.3	4.5	4.4	4.5	4.0	3.4
General and administration	17.0	18.0	16.6	13.8	14.2	13.3	14.4	11.6
Research and development	1.0	1.8	1.2	1.4	2.0	1.2	1.0	0.8
Profit before under noted items	19.0	16.1	16.8	14.0	12.4	14.9	14.1	10.4
Depreciation of equipment and application software	2.4	2.3	1.4	1.2	1.2	1.1	1.0	1.0
Depreciation of right of use asset	1.0	1.0	0.9	0.8	0.8	0.7	0.8	0.7
Amortization of acquired intangible assets	3.5	3.4	10.1	3.6	3.4	3.2	3.0	2.1
Deemed compensation	3.3	-	0.2	0.7	0.8	0.8	0.5	1.9
Changes in fair value related to contingent earn-out	2.3	0.7	1.6	1.0	3.6	5.1	1.3	0.4
Profit before interest and income tax expense	6.5	8.7	2.6	6.7	2.6	4.0	7.5	4.3
Lease interest expense	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Interest expense (income)	-	0.1	0.1	0.1	0.2	0.1	0.2	-
Profit before income tax expense	6.4	8.5	2.4	6.5	2.3	3.8	7.2	4.2
Income tax expense	5.4	1.8	1.1	2.2	1.4	1.7	1.7	1.7
Net profit	$ 1.0	$ 6.7	$ 1.3	$ 4.3	$ 0.9	$ 2.1	$ 5.5	$ 2.5
Weighted average shares outstanding - Basic	11.4M	11.3M	11.3M	11.3M	11.3M	11.2M	10.1M	9.8M
Weighted average shares outstanding - Diluted	11.5M	11.4M	11.4M	11.4M	11.3M	11.3M	10.2M	9.9M
Net profit per share								
Basic	$ 0.10	$ 0.60	$ 0.11	$ 0.38	$ 0.10	$ 0.18	$ 0.55	$ 0.25
Diluted	$ 0.10	$ 0.60	$ 0.11	$ 0.38	$ 0.10	$ 0.18	$ 0.54	$ 0.25
Adjusted EBITDA per share								
Basic	$ 1.67	$ 1.48	$ 1.24	$ 1.24	$ 1.10	$ 1.33	$ 1.40	$ 1.06
Diluted	$ 1.66	$ 1.47	$ 1.23	$ 1.23	$ 1.09	$ 1.32	$ 1.39	$ 1.05

Fourth Quarter Financial Summary

This fourth quarter unaudited interim condensed consolidated financial summary should be read in conjunction with the annual financial statements along with accompanying notes thereto.

Consolidated Statements of Net Profit

For the years ended September 30, 2022 and 2021 (Canadian dollars in thousands, except per share data):

	Three months ended		Year ended	
	September 30, 2022	**September 30, 2021**	**September 30, 2022**	**September 30, 2021**
Revenue				
Advanced Technologies	$ 30,517	$ 42,728	$ 150,398	$ 166,591
Health	39,470	44,167	167,141	194,936
Learning	21,799	17,561	91,668	74,622
ITCS	68,764	23,183	172,965	82,255
Total Revenue	160,550	127,639	582,172	518,404
Cost of revenues	110,400	94,535	412,946	391,667
Gross profit	50,150	33,104	169,226	126,737
Selling and marketing	13,064	4,451	32,514	16,334
General and administration	17,004	14,223	65,408	53,454
Research and development	1,015	2,007	5,372	5,020
Profit before under noted items	19,067	12,423	65,932	51,929
Depreciation of equipment, application software and research and development	2,308	1,112	6,974	4,285
Depreciation of right of use asset	950	781	3,629	3,054
Amortization of acquired intangible assets	3,484	3,374	20,555	11,731
Deemed compensation	3,314	906	4,314	4,006
Changes in fair value related to contingent earn-out	2,289	3,556	5,555	10,336
Profit before interest income and income tax expense	6,722	2,694	24,905	18,517
Lease obligations interest expense	143	107	451	450
Interest expense (income)	7	63	295	360
Profit before income tax expense	6,572	2,524	24,159	17,707
Income tax expense – current	5,650	1,752	14,307	8,399
Income tax expense (recovery) – deferred	(273)	(321)	(3,752)	(1,847)
Total income tax expense	5,377	1,431	10,555	6,552
NET PROFIT	$ 1,195	$ 1,093	$ 13,604	$ 11,155
Net profit per share:				
Basic	$ 0.10	$ 0.10	$ 1.19	$ 1.08
Diluted	$ 0.10	$ 0.10	$ 1.19	$ 1.07

Consolidated Statements of Cash Flows

For the years ended September 30, 2022 and 2021 (Canadian dollars in thousands):

	Three months ended		Year ended	
	September 30, 2022	**September 30, 2021**	**September 30, 2022**	**September 30, 2021**
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES				
Net profit	$ 1,195	$ 1,093	$ 13,604	$ 11,155
Items not affecting cash:				
Interest expense (income)	7	63	295	360
Changes in fair value related to contingent earn-out	2,289	3,556	5,555	10,336
Lease obligations interest expense	143	107	451	450
Income tax expense	5,377	1,431	10,555	6,552
Employee share purchase plan expense	125	45	518	399
Share based compensation expense	571	428	1,927	1,935
Depreciation and amortization	6,742	5,267	31,158	19,070
Deemed compensation	3,314	906	4,314	4,006
	19,763	12,896	68,377	54,263
Change in non-cash working capital				
Accounts receivable	(41,755)	(384)	(28,822)	(24,114)
Work in process	13,785	29,052	15,444	30,934
Prepaid expenses	(10,443)	1,513	(20,137)	(2,752)
Inventory	681	(496)	(4,340)	(446)
Accounts payable and accrued liabilities	20,962	(10,022)	(15,142)	(6,381)
Unearned contract revenue	403	(3,297)	11,333	6,781
	3,396	29,262	56,997	58,285
Interest received (paid)	(150)	(170)	(747)	(810)
Income tax recovered (paid)	(3,258)	(1,426)	(13,109)	(10,933)
	(12)	27,666	43,141	46,542
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES				
Issuance of common shares net of costs	571	1,005	2,705	79,299
Dividends	(3,249)	(3,156)	(12,765)	(11,826)
Draw (repayment) on line of credit	-	-	7,500	-
Payment of lease obligations	(929)	(782)	(3,655)	(3,033)
	(3,607)	(2,933)	(6,215)	64,440
CASH FLOWS USED IN INVESTING ACTIVITIES				
Business acquisitions	(2,928)	351	(65,566)	(48,757)
Capitalized research and development	(2)	(93)	(177)	(430)
Equipment and application software	(2,240)	(2,430)	(7,148)	(7,419)
	(5,170)	(2,172)	(72,891)	(56,606)
NET CASH (OUTFLOW) INFLOW	$ (8,789)	$ (22,561)	$ (35,965)	$ 54,376
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	51,435	56,050	78,611	24,235
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 42,646	$ 78,611	$ 42,646	$ 78,611

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

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Weighted average number of common shares – basic	11,399,172	11,271,536	11,343,615	10,599,693
Additions to reflect the dilutive effect of employee stock options and RSU's	72,928	75,333	39,725	40,735
Weighted average number of common shares – diluted	11,472,100	11,346,869	11,383,340	10,640,428

The following table presents the revenue of the Company for the year ended September 30, 2022 and 2021 (Canadian dollars in thousands):

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Product revenue				
Advanced Technologies	$ 16,021	$ 29,731	$ 93,038	$ 113,878
Health	5	147	5	4,658
Learning	1,581	-	3,670	-
ITCS	37,311	3,391	62,542	13,088
Total product revenue	$ 54,718	$ 33,269	$ 159,255	$ 131,624
Service revenue				
Advanced Technologies	$ 14,496	$ 12,997	$ 57,360	$ 52,713
Health	39,465	44,020	167,136	190,278
Learning	20,218	17,561	87,998	74,622
ITCS	31,653	19,792	110,423	69,167
Total service revenue	$ 105,832	$ 94,370	$ 422,917	$ 386,780
Total revenue	$ 160,550	$ 127,639	$ 582,172	$ 518,404

Segmented information is as follows for three months ended September 30, 2022 (Canadian dollars in thousands):

	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 30,517	$ 39,470	$ 21,799	$ 68,764	$ -	$ 160,550
Cost of revenues	20,341	29,440	16,932	43,687	-	110,400
Gross profit	10,176	10,030	4,867	25,077	-	50,150
Gross profit %	33 %	25 %	22 %	36 %	N/A	31 %
Selling and marketing	2,764	749	457	8,293	801	13,064
General and administration	2,162	2,823	1,421	4,211	6,387	17,004
Research and development	734	101	-	180	-	1,015
Profit before under noted items	$ 4,516	$ 6,357	$ 2,989	$ 12,393	$ (7,188)	$ 19,067
Profit before under noted items %	15 %	16 %	14 %	18 %	N/A	12 %
Depreciation of equipment, application software and R&D						2,308
Depreciation of right of use asset						950
Amortization of acquired intangibles						3,484
Deemed compensation						3,314
Changes in fair value related to contingent earn-out						2,289
Profit before interest income and income tax expense						6,722
Lease obligations interest expense						143
Interest expense (income)						7
Profit before income tax expense						6,572
Income tax expense – current						5,650
Income tax expense – deferred						(273)
Total income tax expense						5,377
NET PROFIT FOR THE PERIOD						$ 1,195

Segmented information is as follows for three months ended September 30, 2021 (Canadian dollars in thousands):

	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 42,728	$ 44,167	$ 17,561	$ 23,183	$ -	$ 127,639
Cost of revenues	31,449	33,070	13,713	16,303	-	94,535
Gross profit	11,279	11,097	3,848	6,880	-	33,104
Gross profit %	26 %	25 %	22 %	30 %	N/A	26 %
Selling and marketing	1,975	790	181	653	852	4,451
General and administration	2,519	2,919	1,043	1,368	6,374	14,223
Research and development	1,243	115	-	649	-	2,007
Profit before under noted items	$ 5,542	$ 7,273	$ 2,624	$ 4,210	$ (7,226)	$ 12,423
Profit before under noted items %	13 %	16 %	15 %	18 %	N/A	10 %
Depreciation of equipment, application software and R&D						1,112
Depreciation of right of use asset						781
Amortization of acquired intangibles						3,374
Deemed compensation						906
Changes in fair value related to contingent earn-out						3,556
Profit before interest income and income tax expense						2,694
Lease obligations interest expense						107
Interest expense (income)						63
Profit before income tax expense						2,524
Income tax expense – current						1,752
Income tax expense – deferred						(321)
Total income tax expense						1,431
NET PROFIT FOR THE PERIOD						$ 1,093

Calian Consolidated Results

The Company continued its double-digit growth in the current year with consolidated revenues increasing by 12% when compared to the same period of the prior year. This comes even with strong headwinds faced in both Advanced Technologies and Health. This overall growth can be attributed to the increases in revenue that the Company achieved in both its ITCS and Learning segments, with growth of 110% and 23%, respectively. Not only is the Company growing its revenue base by delivering on its customer retention and customer diversification pillars, but through innovation and continuous improvement, the Company has been able to grow its gross margin to record amounts at 29% for the year ended September 30, 2022, up from 24% for the same period of the prior year.

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues	$ 160,550	$ 127,639	$ 582,172	$ 518,404
Gross profit	50,150	33,104	169,226	126,737
Selling and marketing	13,064	4,451	32,514	16,334
General and administration	17,004	14,223	65,408	53,454
Research and development	1,015	2,007	5,372	5,020
Profit before under noted items	$ 19,067	$ 12,423	$ 65,932	$ 51,929

Revenues

Consolidated revenues grew 26% in the three-month period, and 12% in the 12-month period ended September 30, 2022, when compared to the same periods in the previous year. This increase in revenue can be largely attributed to the additional revenues from acquired entities. Acquisitive growth was 36% for the three-month period and 19% for the 12-month period ended September 30, 2022, when compared to the same periods in the prior year. Calian measures growth through acquisition on a trailing 12-month basis; once the acquisition has been included in our results for 12 months, their contribution is included in the organic growth metric.

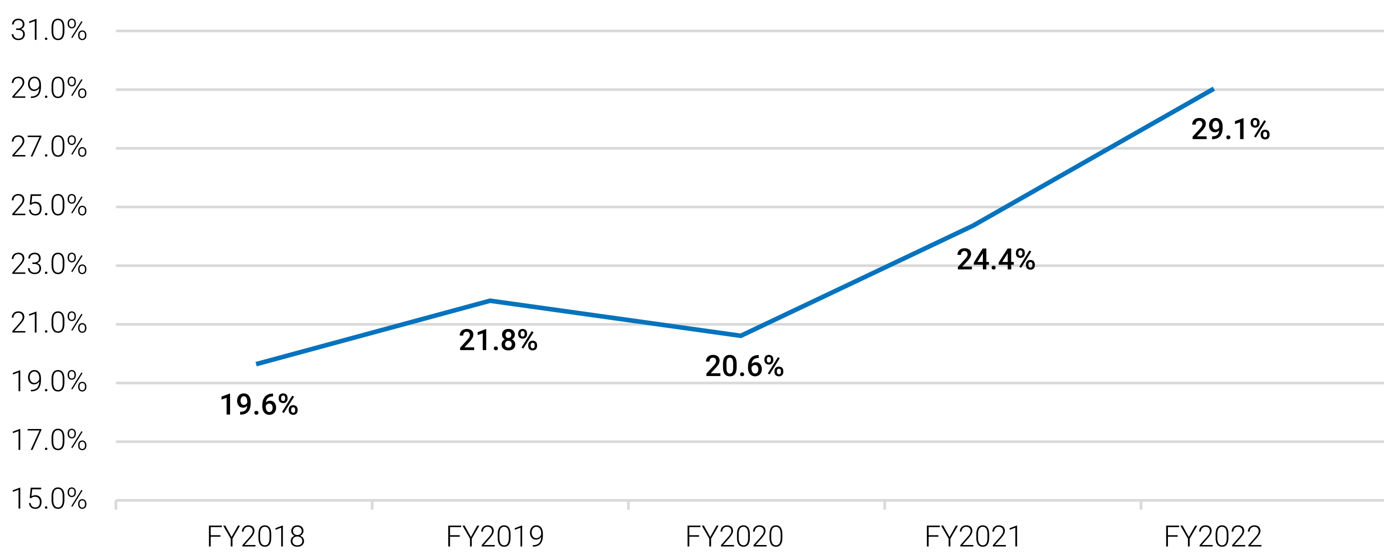
IT and Cyber Solutions saw an unprecedented 197% growth for the three-month, and a 110% growth for the year ended September 30, 2022, when compared to the same periods of the previous year. This growth was the result of its acquisition of Computex in March of 2022 along with continued strong performance of its overall cyber practice.

Learning showed strong revenue growth of 24% for the three-month, and 23% for the year ended September 30, 2022, when compared to the same periods of the previous year. This growth came from the acquisition of Simfront which brought new technologies to our segment to supplement the strong base of specialized learning services we deliver in North America and Europe.

Advanced Technologies experienced a revenue decline of 29% for the three-month period ended September 30, 2022, and a 10% decline for the year ended September 30, 2022, when compared to the same periods of the previous year. Supply chain issues have resulted in parts delays which have restricted our ability to deliver our products. In addition, delays in the award of new ground system projects had an impact on revenue.

Health revenue decreased by 11% for the three-month period, and decreased by 14% for the year ended September 30, 2022, when compared to the same periods of the previous year, which is primarily related to business the Company won to support various Canadian government agencies' responses to COVID-19, or increased demand on existing contracts with customers that were directly related to COVID-19. Those new engagements have reduced significantly as the response to the pandemic has evolved, and our existing vehicles have reduced to more normal run rates.

Gross Margin %



Gross Profit

As detailed below in each segment, performance and gross margin by segment varies from 22% to 36% and the business mix, in turn, affects the consolidated gross margin. Consolidated gross margin percentage for the Company's fourth quarter was 31%, and 29% for the 12 months ended September 30, 2022, which represents yet another record quarter and year for the Company. This is due to several factors, including higher margins derived from products and services which were acquired through the Company's M&A agenda, organic revenues with a focus on market verticals where margins are higher, along with sustained focus on innovation to introduce products which derive higher margins. Gross margin percentage has increased by nearly 10% in the last 5 fiscal years.

This has been achieved through several initiatives. These include expansion into new markets and new geographies, expansion into more commecial customers, investment in our own products and strategic M&A investments.

Operating Expenses

Selling and marketing costs increased $8,613 for the three-month period, and $16,180 for the 12-month period ended September 30, 2022, when compared to the same periods of the prior year. The overall increase in cost and activity is primarily due to selling and marketing costs from recent acquisitions with incentives on selling activities, in addition to continued spend on business development activities as government-imposed restrictions in response to COVID-19 were eased for conferences and travel.

General and administration costs increased by 20% for the three-month, and 22% for the 12-month periods ended September 30, 2022, when compared to the same periods of the previous year. The increase is the result of further investments within the four operating segments to enable strong project delivery, additional costs incurred through recent acquisitions, and enhancing capabilities in human resources and information technology. Information technology investments are critical for the company's sustained growth agenda.

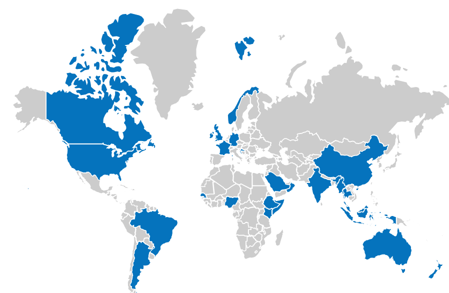
Research and development costs decreased by $992 in the three-month, and increased by $352 in the 12-month periods ended September 30, 2022, when compared to the same periods in the prior year. The reduction in research and development in the three-month period ended September 30, 2022 is primarily due to timing of development projects ending, and new project starts being delayed.

Below is a discussion of the performance of the four operating segments for the fourth quarter, including:

	Advanced Technologies			Health			Learning			IT & Cyber		
Revenue	$	30,517	↓29%	$	39,470	↓11%	$	21,799	+24%	$	68,764	+197%
Gross margin	$	10,176		$	10,030		$	4,867		$	25,077	
Organic/acquisitive		-31% / Nil			-11% / Nil			8% / 16%			12% / 185%	
New contract signings	$	$60,102		$	35,240		$	9,755		$	55,682	
Backlog	$	159,7625		$	707,084		$	328,330		$	96,515	

**Comparisons in the above table are made to the three month-period ended September 30, 2021*

ADVANCED TECHNOLOGIES



What We Do.

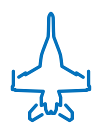
Space

COMMUNICATION AND SPACE EXPLORATION GROUND SYSTEMS

SATELLITE COMMUNICATION PRODUCTS

SOFTWARE DEFINED SOLUTIONS

Defence



AEROSPACE AND DEFENCE ELECTRONICS

ENGINEERING AND TECHNICAL SERVICES

Terrestrial

WIRED AND TERRESTRIAL WIRELESS PRODUCTS

GNSS ANTENNAS AND RECEIVERS

ASSET MANAGEMENT

AGRICULTURE TECHNOLOGY

NUCLEAR AND ENVIRONMENT

COMPOSITES DESIGNS AND PRODUCTS

For Whom.

INMARSAT
SiriusXM
Canada Center for Mapping and Earth Observation (CCMEO)
NASA Goddard Space Flight Center
ORBCOMM Inc.
MDA
Canadian Space Agency
European Space Agency

Q4 Snapshot.

-29%	-19%	$160M	$60M	4
$31M Revenue*	$4.5M EBITDA*	Backlog	New Contract Signings	Aquisitions Since 2018

* Compared to Q4 FY21

The Advanced Technologies segment operates in three distinct market verticals. It uses its deep experience and skills in software and development, radio frequency (RF) engineering, and hardware development to help customers across these market verticals.

Space	Defence	Terrestrial
Calian has been a global leader in the provision of sophisticated ground-based solutions to the satellite industry for over 50 years. The Company's solutions include sophisticated ground systems, services and products supporting space exploration, satellite communications, broadcast solutions, earth observation and defence.	Calian designs and manufactures aerospace and defence electronics including vetronics, subsystem assemblies, circuitry and cable harnesses built to meet military qualifications and to perform in the harshest of environments.	The Company's terrestrial segment provides solutions oriented to a variety of markets including cable networks and wireless, precision GNSS and timing antennas and receivers, asset management solutions, producer to consumer agriculture technology, along with environment and nuclear consulting.

Q4 and Full Fiscal Year Highlights

- Signed $185 million in new contracts in FY22, including $160 million with existing customers.
- Renewed contract with SaskPower for technical and engineering services to support planning for small modular reactors (SMRs) for an additional year.
- Won new business, including over $5 million worth of armoured vehicle cable and harness manufacturing business; additional antenna systems work from NASA, a long-standing customer; as well as a contract to develop a multi-camera high speed image processing module for drone applications worth $2 million.
- Became a founding member of the new space industry group "Space Canada." The national group will raise awareness for Canada's growing space sector.
- Played a role in a historic moment–the first time the European Space Agency (ESA) was able to successfully capture views of the planet Mercury. As part of the ESA/JAXA BepiColombo mission, our 35m antennas transmitted commands to the spacecraft as it tracked a probe through space and received images back to the ground station. These black-and-white images, taken 1,000 km from Mercury's surface, will help ESA better understand the "mysterious" planet.
- Launched several products including Bin-Sense® Solo, providing an affordable entry-level remote monitoring solution for small- to medium-sized grain bins; a new antenna receiver solution in partnership with u-blox which enables solution providers to obtain unprecedent precise location accuracy on a robust and affordable platform; as well as Decimator D4 product which was a huge success leading to record Decimator sales in 2022.
- Expanded composite capabilities to other aperture-size antenna reflectors and building large composite material structures for the military.

Financial Performance

	Three months ended				Year ended			
	September 30, 2022		September 30, 2021		September 30, 2022		September 30, 2021	
Revenues	$	30,517	$	42,728	$	150,398	$	166,591
Gross profit		10,176		11,279		43,335		41,576
Selling and marketing		2,764		1,975		9,224		7,496
General and administration		2,162		2,519		9,211		9,683
Research and development		734		1,243		4,243		3,542
Profit before under noted items	$	4,516	$	5,542	$	20,657	$	20,855

Advanced Technologies' revenues decreased by 29% for the three-month period and decreased by 10% in the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. The revenue decrease in the three-month period is attributable primarily to a large-scale project in the prior year scaling down this year and not being replaced as rapidly in our Space division, along with a decrease in volume of manufactured product sales revenues due to parts shortages. This is partially offset by the continued growth in our GNSS product business where we have been successful in managing through supply chain challenges.

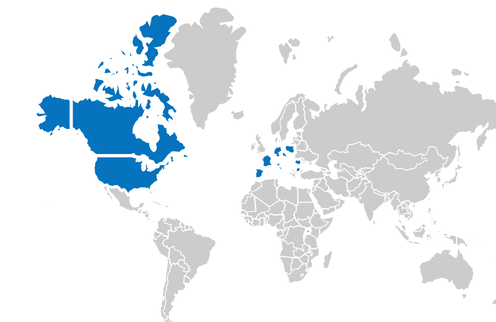
Gross margin percentage increased from 26% to 33% for the three-month period, and from 25% to 29% for the 12-month period ended September 30, 2022, when compared to the same periods of the prior year. This change is primarily due to the revenue mix being impacted and a greater proportion of revenue attributable from higher-margin product sales.

Sales and marketing expenses increased by $789 for the three-month period and decreased by $1,728 for the 12-month period ended September 30, 2022, when compared to the same periods in the prior year. The overall increase is due to a higher volume of tradeshows and on-site customer travel as travel restrictions have eased.

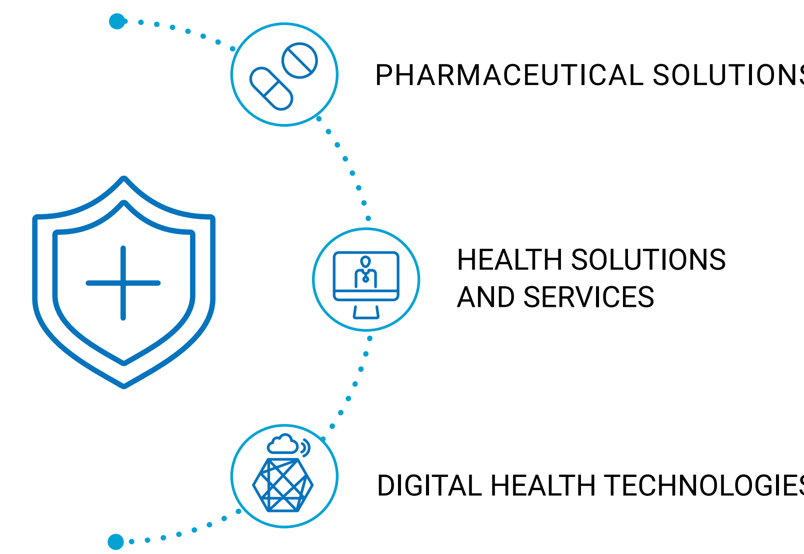
General and administration expenses decreased by 14% in the three-month period and 5% in the 12-month period ended September 30, 2022, which is a direct result of cost management within the segment to maintain profitability along with strategically utilizing staff on either research projects, or ones that are ongoing for customer deployment.

Research and development expenses have decreased by 41% in the three-month period ended, and have increased by 20% in the year ended September 30, 2022, when compared to the same periods of the prior year. The decrease in the three-month period is a result of more vacation usage by unutilized engineering staff, while the increase in the year-to-date period is a result of targeted investment on new technologies for the segment.

HEALTH



What We Do.



For Whom.

Vaccine and Infectious Disease Organization (VIDO), part of the University of Saskatchewan

Canada Border Services Agency

Canadian armed forces

Q4 Snapshot.

-11%	-13%	$707M	$35M	3
$39M Revenue*	$6.4M EBITDA*	Backlog	New Contract Signings	Aquisitions Since 2018

* Compared to Q4 FY21

Calian delivers healthcare and digital health solutions engineered to improve access to high-quality care. The company's innovations increase efficiencies, protect critical systems and enable new pathways to better healthcare on a global scale.

Digital Health Technologies	Health Solutions & Services	Pharmaceutical

• Health Enterprise Resource Planning (ERP) Platform
• Solutions Cross-Sold from ITCS
  • Virtual Care
  • Care Coordination
  • Health Data Integration and Interoperability
  • Health Cloud and Application Services
	• Clinical Services
	• Nursing Services
	• Psychological Services
	• Patient Support Programs
	• Clinical Services
	• Medical Property Management
		• Contract Research Outsourcing
		• Patient Support Programs
		• Functional Service Provider

Q4 and Full Fiscal Year Highlights

- Debuted Calian Nexi™ digital health platform in the US Homecare market in September at the 2022 Home Care Association of America Conference.
- Launched the Syantra DX Patient Support Program & Real-World Evidence Study to increase breast cancer awareness and promote early detection in Canada. The three-year contract, valued at $5M, leverages Syantra DX | Breast Cancer screening test to collect real-world outcomes, Calian Nexi for patient support automation, the Calian nursing network for mobile testing and clinical research services.
- Signed $154 million in new contracts in FY22, including $91 million with existing customers.
- Launched the first cohort of the Calian L-SPARK MedTech Accelerator to help Canadian digital health startups grow their businesses and bring innovative, high-value solutions to healthcare organization across the country.
- Extended our relationship with the Department of National Defence & Veteran's Affairs Canada through the Health Care Provider Requirements contract which speaks to our customer retention and high value of service.
- Became a strategic partner for Microsoft Life365. This is a complementary partnership to our Corolar Virtual Care™ and data interoperability platform that makes digital transformation easier by eliminating the need to overhaul IT infrastructures. The strength of this partnership will provide healthcare institutions with the ability to enhance solutions and services to clinicians and patients, thus improving the overall virtual care experience.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Performance

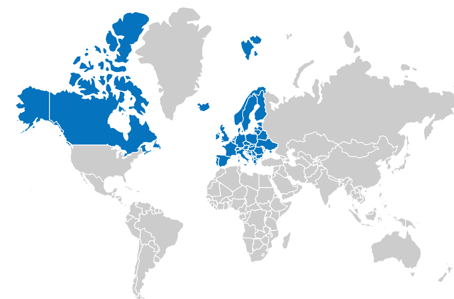
	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues	$ 39,470	$ 44,167	$ 167,141	$ 194,936
Gross profit	10,030	11,097	41,551	47,843
Selling and marketing	749	790	2,479	2,636
General and administration	2,823	2,919	10,341	9,848
Research and development	101	115	397	573
Profit before under noted items	$ 6,357	$ 7,273	$ 28,334	$ 34,786

Revenues decreased 11% for the three-month period and 14% for the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. In fiscal 2021, the Company saw significant demand for both new and existing contracts relating to COVID-19 response. Demand on existing contracts has since ramped down to more normalized levels, and revenue from new programs related specifically to COVID-19-related support services is attributable to approimately 6% of the decline in overall revenues. In addition to the decline in COVID-19 business, the Company has seen a temporary slowdown in demand in patient support programs as new contracts are being onboarded and resources are being shifted to the new programs.

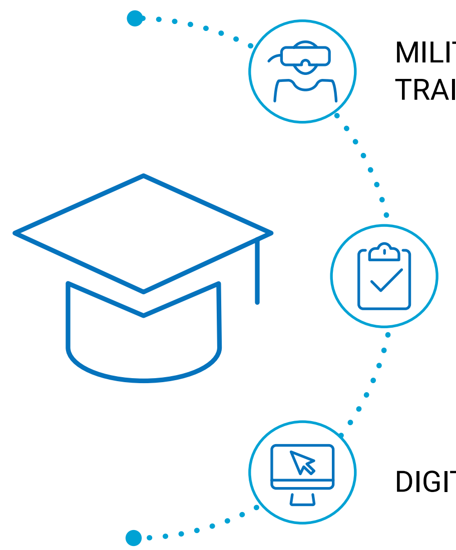
Gross margin percentage remained at 25% for the three- and 12-month periods ended September 30, 2022, when compared to the same periods of the prior year.

General and administration expenses increased by $493 for the 12-month period ended September 30, 2022, when compared to the same period of the prior year, due to increases in fixed costs that were brought on to support new contracts won in the past 12 months.

LEARNING



What We Do.



MILITARY TRANING AND SYNTHETIC TRAINING SIMULATION ENVIRONMENTS

EMERGENCY MANAGEMENT

DIGITAL LEARNING SOLUTIONS

For Whom.

EU/UK Ministries of Defence
Department of National Defence
NATO
St. Joseph's hospital
Department of National Defense for Canadian Defense Army (CDA)
Military Personnel Generation Group (MPGG)
Canadian Armed Forces (CAF)
Royal Canadian Airforce (RCAF)
Hydro Ottawa

Q4 Snapshot.

+24%	+14%	$328M	$10M	2
$22M Revenue*	$3.0M EBITDA*	Backlog	New Contract Signings	Aquisitions Since 2018

* Compared to Q4 FY21

Military, all levels of government, and commercial clients leverage the Company's expertise in military training and simulation solutions, learning and emergency management.

Military Training & Synthetic Training Simulation Environments	Digital Learning Solutions	Emergency Management
• Exercise Design, Development, and Delivery • Military Occupational Trades and Leadership Training • High-Readiness Training • Competency Development	• Learning Management Services • Curriculum Development • Digital Delivery • Immersive Training Technologies (AR/VR/MR/XR)	• Risk Assessments • Business Continuity Planning • Crisis Communications Planning • Training and Exercise Design, Development, and Delivery • After-Action Reviews

Q4 and Full Fiscal Year Highlights

- Acquired Canadian-based SimFront, valued at up to $15 million. SimFront brings world-class technology tools to help scale training initiatives for customers around the globe.
- Signed $154 million in new contracts in FY22, including $99 million with existing customers.
- Expanded our relationship with key customers, including four new projects with NATO and NATO member countries, the Royal Canadian Navy and Sault College and University of Guelph.
- Signed several new contracts including a one-year contract with option years worth a full potential value of $15 million with the Joint Warfare Centre NATO 360 for collaborative production environment development and delivery support, a three-year contract worth $12 million with the Royal Canadian Air Force ("RCAF") for eLearning Services, a $3-million contract for virtual fleet development and digital asset management with the Royal Canadian Navy and $5.5 million in sales with a Canadian defence prime contractor for parts, components and assemblies.
- Renewed a contract, worth an initial value of $8.8 million, with the Military Personnel Generation Group ("MPG") to support four activity streams: administration, training, instruction and e-learning development.
- Continued European expansion. Calian was selected by the French Ministry of Defence Land Forces to develop scenario and exercise scripts for upskilling 60,000 troops as part of one of their core 2022-2023 defence exercise programs, Exercise HEMEX ORION 2023.

Financial Performance

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues	$ 21,799	$ 17,561	$ 91,668	$ 74,622
Gross profit	4,867	3,848	23,271	17,337
Selling and marketing	457	181	1,404	866
General and administration	1,421	1,043	4,984	4,036
Research and development	-	-	-	-
Profit before under noted items	$ 2,989	$ 2,624	$ 16,883	$ 12,435

Revenue increased by 24% for the three-month period and 23% for the 12-month period ended September 30, 2022, when compared to the same periods of the prior year. Acquisitive growth was 16% for both the three- and 12-month period ended September 30, 2022, when compared to the same periods of the previous year. Organic growth of 8% for the three-month period, and 7% for the 12-month period is a factor of expanded work with long-standing customers along with continued expansion into Europe as the Company continues to capitalize on brand recognition in the area gained through acquisitions in the last 24 months.

Gross margin percentage remained at 22% for the three-month period and increased from 23% to 25% for the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. This is primarily due to our acquisitive revenue.

General and administration expenses increased by $948 for the 12-month period ended September 30, 2022, when compared to the same period of the prior year, resulting from costs attributable to acquisitions completed within the past 12 months, the consolidation of costs related to acquired entities, along with the costs of the segment's continued European expansion.

IT AND CYBER SOLUTIONS

What We Do.

For Whom.

Department of National Defence
General Dynamics Mission Systems
Coterra
Omni logistics

Q4 Snapshot.

+197%	+194%	$97M	$56M	4
$69M Revenue*	$12.4M EBITDA*	Backlog	New Contract Signings	Aquisitions Since 2018

* Compared to Q4 FY21

Calian creates enterprise value through a wide range of products and solutions that solve complex problems for the Company's customers.

Consulting Services	IT Solution Provider	24x7 Managed IT & Cyber Services
• Cloud Strategy/Migration • Application Integration & Migration • Custom Application & Web Portal Development • OnDemand IT/Cyber Consulting • RF Emissions	• Enterprise Architecture • Data Centre Builds & Migration • Firewalls & Network Security • Wireless & SD-WAN • Integration Services	• MDR (Managed Detection and Response) • Security Operations Centre-as-a-Service • Network Operations Centre-as-a-Service • Infrastructure Monitoring & Management • User and Business Application Management & Support • Cyber Incident Response • Penetration Testing vCISO

Q4 and Full Fiscal Year Highlights

- Acquired Computex for C$43 million, enabling entry into the U.S. market with a strong base of recurring, complementary cybersecurity solutions, and a strong sales distribution engine. Since completing the acquisition in March of 2022, it has added C$71 million in acquisitive revenue for the IT segment.
- Signed $206 million in new contracts in FY22, including $70 million with existing customers.
- Awarded several contracts including a $20-million four-year cybersecurity on-demand staffing contract with the Canadian Government's Department of National Defence and a C$7.9-million contract supporting the modernization and transformation of Immigration, Refugees, and Citizenship Canada's (IRCC) eServices.
- Launched two XaaS recurring revenue platforms: Corolar Virtual Care on the Microsoft Azure Marketplace and Juno 360 Cyber platform.
- Achieved several certifications with Microsoft including Solution Partner designation with certifications in Data & AI, Digital & App Innovation, and Modern Work as well as ISO 27001 certification in the U.S. and SOC II Type 1 in Canada. Microsoft Canada awarded Calian the Health Impact Award in Canada while our U.S. IT & Cyber Solutions division was awarded the CRN top 500 MSPs.
- Completed Cisco Canada partner agreement. The partner agreement expands our Gold Triple Master partnership capabilities beyond the U.S. and allows Calian Canadian operations to sell into existing and new customers investing in data centre refresh and networking infrastructure equipment.
- Selected as CrowdStrike's Canadian partner of the year. The award is a testament to our successful customer and partner relationships.

Financial Performance

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues	$ 68,764	$ 23,183	$ 172,965	$ 82,255
Gross profit	25,077	6,880	61,069	19,981
Selling and marketing	8,293	653	15,598	3,027
General and administration	4,211	1,368	15,218	6,071
Research and development	180	649	732	905
Profit before under noted items	$ 12,393	$ 4,210	$ 29,521	$ 9,978

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Revenues increased by 197% for the three-month period and 110% for the 12-month period ended September 30, 2022, compared to the same periods of the previous year. The growth in this quarter is primarily attributed to the strong performance achieved due to our expansion into the U.S. marketplace. Acquisitive growth was 185% for the three-month and 102% for the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. Organic growth was driven from the continued expansion of our Canadian-based cybersecurity offerings. Revenue performance in the quarter was aided by an improvement in the supply chain. We were able to receive key products from our partners to reduce our backlog in the IT Solutions Provider division.

Gross margin increased from 30% to 36% in the three-month period and 24% to 35% in the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. This has been a result of our growth in managed services and IT solutions provider business.

Selling and marketing costs have increased by $7,640 in the three-month period and $12,570 in the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. This increase can be directly related to additional costs of consolidating newly acquired entities where their selling and marketing costs tied to individual margin contribution.

General and administrative expenses increased by $2,843 in the three-month period and $9,147 for the 12-month period ended September 30, 2022, when compared to the same periods of the previous year. This increase relates to additional expenses from the consolidation of recent acquisitions, along with additional investments in headcount to support sustained growth organically.

Research and development expenses have decreased by $469 in the three-month period ended September 30, 2022, when compared to the same period of the previous year. This decrease is related to utilization of key engineers on customer projects instead of research programs within the Company.

Profitability for the segment has increased by 194% in the three-month period and 196% in the 12-month period ended September 30, 2022, when compared to the same period of the previous year. This is a direct result of the increases in sales volume and increases in gross margin percentage offset by the costs of consolidating newly acquired entities. Profit before under noted items for the segment increased from 12% to 17% for the 12-month period ended September 30, 2022. The investments in acquisitions and our internally generated delivery platforms are demonstrating the results of the Company's investment strategy.

SUMMARY

With a record quarter of performance across several key indicators, resulting in the eighth consecutive record year, the Company continues to execute its strategy of profitable growth.

Customers: During FY22 we continued to focus on delivery excellence and have won contracts worth $420M with existing customers.

Diversification: We continued to diversify our revenues—growth in the U.S. and Europe was 46%—while doing so in a profitable manner. Commercial revenues have reached parity with our government revenues as our investment in sales and marketing have yielded returns.

Innovation: We introduced technology into our Learning and Health segments and continue to evolve our offerings across all we do to be relevant for our customers today and into the future.

Continuous Improvement: We continue to strive for excellence and efficiency across our activities. We launched a new ERP during the year, as well as invested to support a flexible hybrid workforce for the coming years.

.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 non-recurring. 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		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net profit	$ 1,195	$ 1,093	$ 13,604	$ 11,155
Depreciation of equipment and application software	2,308	1,112	6,974	4,285
Depreciation of right of use asset	950	781	3,629	3,054
Amortization of acquired intangible assets	3,484	3,374	20,555	11,731
Lease interest expense	143	107	451	450
Changes in fair value related to contingent earn-out	2,289	3,556	5,555	10,336
Interest expense (income)	7	63	295	360
Deemed compensation	3,314	906	4,314	4,006
Income tax	5,377	1,431	10,555	6,552
Adjusted EBITDA	$ 19,067	$ 12,423	$ 65,932	$ 51,929

Adjusted Net Profit and Adjusted EPS

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net profit	$ 1,195	$ 1,093	$ 13,604	$ 11,155
Changes in fair value related to contingent earn-out	2,289	3,556	5,555	10,336
Deemed compensation	3,314	906	4,314	4,006
Amortization of intangibles	3,484	3,374	20,555	11,731
Adjusted net profit	$ 10,282	$ 8,929	$ 44,028	$ 37,228
Weighted average number of common shares basic	11,399,172	11,271,536	11,343,615	10,599,693
Adjusted EPS basic	0.90	0.79	3.88	3.51
Adjusted EPS diluted	0.90	0.79	3.87	3.50

Free Cash Flow and Operating Free Cash Flow

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Cash flows generated from operating activities	$ (12)	$ 27,666	$ 43,141	$ 46,542
Capitalized research and development	(2)	(93)	(177)	(430)
Equipment and application software	(2,240)	(2,430)	(7,148)	(7,419)
Free cash flow	$ (2,254)	$ 25,143	$ 35,816	$ 38,693
Free cash flow	$ (2,254)	$ 25,143	$ 35,816	$ 38,693
Adjustments:				
Change in non-cash working capital	16,367	(16,366)	11,380	(4,022)
Operating free cash flow	$ 14,113	$ 8,777	$ 47,196	$ 34,671
Operating free cash flow per share	**1.24**	**0.78**	**4.16**	**3.27**

The Company uses adjusted net profit and adjusted earnings per share, which remove the impact of our acquisition amortization and gains, resulting in accounting for acquisitions and changes in fair value to measure our performance. Operating free cash flow measures the company's cash profitability after required capital spending when excluding working capital changes. 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. Adjusted profit and adjusted earnings per share are not recognized, defined or standardized measures under IFRS. Our definition of adjusted profit and adjusted earnings per share will likely differ from that used by other companies (including our peers) and therefore comparability may be limited. 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.

Consolidated Net Income and Other Selected Financial Information

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit before under noted items	$ 19,067	$ 12,423	$ 65,932	$ 51,929
Depreciation of equipment and application software	2,308	1,112	6,974	4,285
Depreciation of right of use asset	950	781	3,629	3,054
Amortization of acquired intangible assets	3,484	3,374	20,555	11,731
Deemed Compensation	3,314	906	4,314	4,006
Changes in fair value related to contingent earn-out	2,289	3,556	5,555	10,336
Profit before interest income and income tax expense	$ 6,722	$ 2,694	$ 24,905	$ 18,517
Lease interest expense	143	107	451	450
Interest expense (income)	7	63	295	360
Income tax expense	5,377	1,431	10,555	6,552
Net profit	$ 1,195	$ 1,093	$ 13,604	$ 11,155
Net profit per share, basic	0.11	0.10	1.20	1.05
Total assets	547,162	465,400	547,162	465,400
Dividends per share	0.28	0.28	1.12	1.12

Depreciation of equipment and application software increased by $1,196 in the three-month period and $2,689 in the 12-month period ended September 30, 2022, when compared to the same periods in the year prior due to higher balances of assets across the organization as a result of investment in information technology assets and depreciation from recent acquisitions.

Depreciation of right of use asset has increased by 22% for the three-month and by 19% for the 12-month periods ended September 30, 2022, which is a result of new leases signed in the last 12 months, along with leases brought on from recent acquisitions.

Amortization of acquired intangible assets has increased by $110 in the three-month period and $8,822 in the 12-month period ending September 30, 2022 when compared to the same periods of the previous year due to acquisitions in the prior year of Dapasoft and Cadence, along with intangibles acquired in the current year through SimFront and Computex. Additionally, in the 12-month period, ended September 30, 2022, InterTronic did not achieve the prescribed level of new contract signings for the periods covered in the purchase agreement. This has resulted in a change of estimate regarding the amount of contingent consideration to be paid. The Company had reduced the contingent consideration owed to NIL and recorded a gain in change of estimate in the amount of $3,228. As a result of this adjustment in estimated total purchase price, the Company reviewed the estimated cash flows to be derived from the assets acquired. As a result the Company has taken an impairment of $6,477 with existing intangible assets, and reduced associated deferred tax liability by $1,716, resulting in a net loss in the period of $4,761. Please see notes 24 and 25 to the financial statements for more information.

Changes in fair value related to contingent earn out has decreased by $1,267 in the three-month period and $4,781 in the nine-month period ended September 30, 2022, when compared to the same periods of the previous year. This decrease is attributable to greater changes in projected achievement that occurred in the prior year, where those earn out amounts were recognized closer to their total value. In the current year, although there were changes to projected achievement levels, the amount to record was much lower. The change in fair value of contingent payments and deemed compensation are explained further in note 25 of the financial statements.

Finally, the Company reports its results on a fully taxed basis. The provision for income taxes for the three-month period ended September 30, 2022, was $5,377, which is higher than the $1,431 recorded in the same period of the previous fiscal year due to higher earnings in the current period. The provision for income taxes for the 12-month period ended September 30, 2022, was $10,555, which is greater than the $6,552 for the same period from the previous year which is primarily due to higher earnings. The effective tax rate of the company is projected to be approximately 27% for the annual period. The difference in effective tax rate to actual tax rate is primarily due to the increase in non-taxable items in the statement of profit and loss including intangible amortization and changes in fair value related to contingent earn out amounts which are quite significant to the company, and account for significant fluctuations in tax rate where income tax is a percentage of earnings before tax.

Backlog

The Company's realizable backlog at September 30, 2022 was $1,292 million with terms extending to fiscal 2030. Contracted backlog represents maximum potential revenues remaining to be earned on signed contracts, whereas option renewals represent customers' options to further extend existing contracts under similar terms and conditions.

During the three-month period ended September 30, 2022 the following contracts were the major contributors to the Company's backlog. These contracts are further described in the business overview section of this Management Discussion and Analysis.

- $16M contract re-win with a long-standing customer in our Advanced Technologies Terrestrial division
- $15M contract with a single customer for a cybersecurity product
- $8M contract win for Learning services deploying our AR/VR technology

There were no material contracts that were cancelled unexpectedly that would have resulted in a significant decrease in our backlog.

Most fee-for-service contracts provide the customer with the ability to adjust the timing and level of effort throughout the contract life and, as such, the amount actually realized could be materially different from the original contract value. The following table represents management's best estimate of the backlog realization for fiscal year 2023, fiscal year 2024 and beyond based on management's current visibility into customers' existing requirements.

Management's estimate of the realizable portion (current utilization rates and known customer requirements) is less than the total value of signed contracts and related options by approximately $302 million. The Company's policy is to reduce the reported contractual backlog once it receives confirmation from the customer that indicates the utilization of the full contract value may not materialize.

Contract Backlog as of September 30, 2022

Contracted backlog	$	774,755
Option renewals		818,918
	$	1,593,673
Management estimate of unrealizable portion		(302,018)
Estimated realizable backlog	$	1,291,655

Estimated recognition of Estimated Realizable Backlog

	October 1, 2022 to September 30, 2023	October 1, 2023 to September 30, 2024	Beyond September 30, 2024	Total
Advanced Technologies	$ 91,118	$ 40,235	$ 28,373	$ 159,726
Health	150,540	65,676	490,867	707,083
Learning	96,592	87,128	144,611	328,331
ITCS	73,903	15,420	7,192	96,515
Total	$ 412,153	$ 208,459	$ 671,043	$ 1,291,655

Statement of Cash Flows

	Three months ended		Year ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Cash flows from operating activities before changes in working capital	$ 16,355	$ 11,300	$ 54,521	$ 42,520
Changes in working capital	(16,367)	16,366	(11,380)	4,022
Cash flows from (used in) operating activities	(12)	27,666	43,141	46,542
Cash flows from (used in) financing activities	(3,607)	(2,933)	(6,215)	64,440
Cash flows from (used in) investing activities	(5,170)	(2,172)	(72,891)	(56,606)
Increase (decrease) in cash	$ (8,789)	$ 22,561	$ (35,965)	$ 54,376

Operating Activities

Cash outflows from operating activities for the three-month period ended September 30, 2022, were $12 compared to cash inflows of $27,666 in the same period of the prior year. On a 12-month basis, cash inflows total $43,141 for the period ended September 30, 2022, when compared to inflows of $46,452 for the same period of the previous year.

Working capital (accounts receivable, work in process, inventory, prepaid expenses and other, accounts payable and accrued liabilities, provisions and unearned contract revenue) has a negative affect on cash flows by an decrease of $16,367 in the three-month period ended September 30, 2022, and stood at a net balance of $80,186.

Factors related to the overall change in working capital were an increase in accounts receivable which, due to significant billings near September 30, 2022, increased by $41,755 for the three-month period ended September 30, 2022. This is, however, offset by decreases in working capital for which the Company was able to achieve certain milestone billing on large-scale projects, along with accounts payable management, which resulted in contributions to cash in the amount of $13,785 and $20,961 respectively.

Financing Activities

Lease Payments

The Company has made payments of $929 for the three-month period and $3,655 12-month period ended September 30, 2022, when compared to the payments of $782 and $3,033 for the same periods of the previous year which relate to leases accounted for in accordance with IFRS 16. Increases relate to new leases signed in the current year, and additional leases brought on through acquisitions.

Dividend

The Company has maintained its dividend for the three-month period ended September 30, 2022. The Company paid dividends totaling $3,249 for the three-month period ended September 30, 2022 or $0.28 per share, and $12,765 for the 12-month period ended September 30, 2022 or $1.12 per share, compared to the same periods of the previous year when the Company paid $3,156 and $11,826, respectively, in dividends or the same amount per share as the current periods. The increase in dividends paid is due to a higher number of common shares outstanding year over year.

Debt

In the three-month period ended September 30, 2022, the Company did not draw additional funds from its debt facility. Over the 12-month period ended September 30, 2022, the Company had drawn $7,500.

Shares

Exercises of stock options and issuances of shares under the employee share purchase plan has resulted in cash inflows of $571 for the three-month, and $2,705 for the 12-month periods ended September 30, 2022 when compared to an inflow of $1,005 and $3,299, respectively, for the same activities in the same period of the prior year.

In the prior year, on March 17, 2021, the Company announced that it had completed a bought deal public offering, under which, a total of 1,318,000 common shares were sold at a price of $60.50 per common share for aggregate gross proceeds of $79,739, including common shares issued pursuant to the partial exercise of the over-allotment option granted to the underwriters. The offering was conducted by a syndicate of underwriters co-led by Desjardins Capital Markets, and Acumen Capital Finance Partners Limited, and included Canaccord Genuity Corp., CIBC Capital Markets, Stifel GMP, Echelon Capital Markets, Laurentian Bank Securities and Cormark Securities Inc.

Investing Activities

Equipment Expenditures and Capitalized Research and Development

The Company invested $2,240 in the three-month period and $7,148 for the 12-month period ended September 30, 2022, when compared to $2,430, and $7,419, respectively, for the same periods of the prior year. Acquisitions of equipment in the current period are mainly attributed to the Company's ERP implementation and general capital expenditures.

Acquisitions

The Company had cash outflows in the amount of $2,928 in the three-month period ended September 30, 2022 relating to earn out payments for CTS and Dapasoft. Additionally, the Company acquired the assets of Computex on March 14, 2022, and the outstanding shares of SimFront on October 7, 2021, along with incurring earn out payments for CTS, Cadence and Tallysman which resulted in total cash outflows of $65,566 in the 12-month period ended September 30, 2022. In the prior year the Company had cash inflows of $351 in relation to business acquisitions. In addition the Company acquired InterTronic, Dapasoft and Cadence in the 12-month period, resulting in total cash outflow of $48,757 for the 12-month period ended September 30, 2021.

Investments

No investment was made in the current or prior period.

Liquidity and Capital Resources

Cash

Calian cash and cash equivalent position was $42,646 at September 30, 2022, compared to $78,611 at September 30, 2021.

Capital Resources

At September 30, 2022, the Company had a debt facility of $80,000 with a Canadian chartered bank that bears interest at prime and is secured by assets of the Company.

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

Off-balance Sheet Arrangements

There were no off-balance sheet arrangements at September 30, 2022.

Related-party Transactions

During the 12 months ended September 30, 2022 (2021), the Company had sales of $1,011 ($1,729) to GrainX. At September 30, 2022 (2021), the Company had an accounts receivable balance with GrainX of $140 ($66) which is included in accounts receivable. The terms and conditions of the related party sales are within the Company's normal course of operations and are measured at the exchange amounts agreed to by both parties.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates:

The preparation of financial statements in conformity with IFRS requires the Company's management to make 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.

Project completion for revenue

A significant portion of the revenue is derived from fixed-price contracts which can extend over more than one reporting period. Revenue from these fixed-price projects is recognized over time using the input method using management's best estimate of the costs and related risks associated with completing the projects. The greatest risk on fixed-price contracts is the possibility of cost overruns. Management's approach to revenue recognition is tightly linked to detailed project management processes and controls. The information provided by the project management system combined with a knowledgeable assessment of technical complexities and risks are used in estimating the percentage complete.

Impairment of goodwill and intangible assets

Determining whether goodwill or acquired intangibles assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit, and a suitable discount rate in order to calculate present value.

Income taxes

The Company records deferred income tax assets and liabilities related to deductible or taxable temporary differences. The Company assesses the value of these assets and liabilities based on the likelihood of the realization, as well as the timing of reversal given management assessments of future taxable income.

Contingent liabilities

From time-to-time the Company is involved in claims in the normal course of business. Management assesses such claims and where considered probable to result in an exposure, and where the amount of the claim can be measured reliably, provisions for loss are made based on management's assessment of the likely outcome.

Loss allowance

The Company has extensive commercial history upon which to base its provision for doubtful accounts receivable. Due to the nature of the industry in which the Company operates, the Company does not create a general provision for bad debts but rather determines bad debts on a specific account basis.

Judgments:

Financial instruments

The Company's accounting policy with regard to financial instruments is described in Note 2 of the September 30, 2022 annual financial statements. In applying this policy, judgments are made in applying the criteria set out in IFRS 9 – Financial instruments, to record financial instruments at fair value through profit or loss, and the assessments of the classification of financial instruments and effectiveness of hedging relationships.

Business combinations

The consideration transferred for an acquired business is assigned to the identifiable tangible and intangible assets purchased, along with liabilities assumed on the basis of their acquisition date fair values. The identification of assets purchased and liabilities assumed and the valuation thereof is specialized and judgmental. Where appropriate, the Company engages external business valuators to assist in the valuation of tangible and intangible assets acquired. When a business combination involves contingent consideration, an amount equal to the fair value of the contingent consideration is recorded as a liability at the time of acquisition. The key assumptions utilized in determining the fair value of contingent consideration may include probabilities associated with the occurrence of specified future events, financial projections of the acquired business, the timing of future cash flows, and the appropriate discount rate.

Accounting policy for equipment and intangible assets

Management makes judgments in determining the most appropriate methodology for amortizing long-lived assets over their useful lives. The method chosen is intended to mirror, to the best extent possible, the consumption of the asset.

Deferred income taxes

The Company's accounting policy with regards to income taxes is described in Note 2 of the September 30, 2022 annual financial statements. In applying this policy, judgments are made in determining the probability of whether deductions or tax credits can be utilized and related timing of such items.

Input methodology for project completion

The Company uses judgment in determining the most appropriate basis on which to determine percentage of completion. Options available to the Company include the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, surveys of work performed, and completion of a physical proportion of the contract work. While the Company considers the costs to complete, the stage of completion is assessed based upon the assessment of the proportion of the contract completed. Judgments are also made in determining what costs are project costs for determining the percentage complete.

Management Conclusion on the Effectiveness of Disclosure Controls

The Chief Executive Officer and the Chief Financial Officer of the Company, after evaluating the effectiveness of the Company's disclosure controls and procedures as of September 30, 2022, have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would have been known to them and that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

Management Conclusion on the Effectiveness of Internal Control over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company, after evaluating the effectiveness of the Company's internal control over financial reporting as of September 30, 2022, have concluded that the Company's internal controls over financial reporting provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with IFRS.

During the most recent interim quarter ending September 30, 2022, there have been no changes in the design of the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Risk and Uncertainties

We are exposed to risks and uncertainties in our business, including the risk factors set forth below:

- The Company's business depends in part on a stable and growing economy. If the Canadian or global economy suffers a downturn or enters into a recession as a result of COVID-19, the war in Ukraine, or otherwise, it could affect customers' ability to spend on the Company's products and services.
- The recent delays in the global supply chain and scarcity of materials may impact the Company's ability to secure the materials and components required to meet customers' needs and contractual obligations.
- Inflation and monetary policy adjustments by central banks may impact the Company's cost structure and corresponding financial results.
- The Company is subject to risks associated with the ongoing pandemic. Rising inflation, slow economic growth and/or a potential recession may impact our customers' ability to invest and spend on new or existing programs, which could reduce our deliverables. The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions.
- The Company conducts acquisitions and faces risks associated with those acquisitions and the integration of the acquired businesses.
- The Company has experienced significant growth in recent years. Its growth has, and will likely continue to place a strain on resources with increased demands on all corporate services and business units. It is possible that the Company may over-hire with no guarantee of corresponding increase in revenue.
- The Company must compete for qualified employees for its own operations and must have ready access to a large pool of qualified professionals to satisfy contractual arrangements with customers. In the event that an operating segment cannot secure an appropriate workforce, such operating segment may not be in a position to bid on or secure certain contracts.
- Any changes to the management team, including the hiring or departing of executives, could be disruptive to the business.
- The markets for the Company's services are very competitive, rapidly evolving, and subject to technological changes.
- The Company has certain ongoing contracts that account for a significant portion of the Company's revenues and if these contracts are not renewed at expiry or should a competitor win the renewal, the Company's future revenue stream and overall profitability could be significantly reduced.
- There is a risk in all fixed-price contracts that the Company will be unable to deliver the system within the time specified and at the expected cost.
- The Company's business is often dependent on performance by third parties and subcontractors in connection with contracts for which the Company is the prime contractor.
- The markets in which the Company operates are characterized by changing technology and evolving industry standards and the Company's ability to anticipate changes in technology, technical standards and service offerings will be a significant factor in the Company's ability to compete or expand into new markets.
- Erosion of our customers' market share for a particular product could have a direct impact on the Company's revenues and profitability.
- As newly formed entities in certain markets and industries are restructured and consolidated from time-to-time, opportunities for the Company may be diminished or work currently performed by the Company could be repatriated, resulting in a loss of revenue.
- The government may change its policies, priorities or funding levels through agency or program budget reductions or impose budgetary constraints, which could have a direct impact on the Company's revenues and profitability.
- As many of the Company's services are offered on location at military bases or other defence locations, the Company faces risks inherent in operations at those sites. In the event one of the Company's military customers were targeted by a hostile state or group, the Company, as a key partner to those militaries, could be at an increased risk of state-sponsored strikes, including cyber-attacks, damage to infrastructure, and supply chain interference, and therefore be at risk of sustaining financial losses and reputational damage.
- Most fee-for-service contracts provide the applicable customer with the ability to adjust the timing and level of effort throughout

the contract life so the amount actually realized by the Company could be materially different from the original contract value.

- There is a risk that as the Company grows, credit risk increases with respect to accounts receivable.
- The Company is subject to foreign exchange risk in that approximately 29% of the Company's revenues are derived from non-Canadian sources, which can have a direct impact on the profitability of the Company.
- The Company is exposed to a range of risks related to its foreign operations.
- The Company's brand and reputation play an important role in its ability to maintain existing customers and generate new business. The Company's brand and reputation depend on the ability to continue successfully delivering products and solutions without interruptions, errors or defects.
- Many of the Company's solutions rely upon imbedded or external software to deliver goods and services. Any such defects could lead to service interruptions and impact the Company's ability to deliver its products and services.
- The Company operates managed cybersecurity services for customers. Managed services, which provide protection and defenses against cyberattacks, are nevertheless not a guarantee that systems are entirely safe from cybercrime. In the event a managed service customer's system is compromised, a breach could negatively impact the Company's reputation and expose the Company to potential legal claims.
- Any fraudulent, malicious or accidental breach of our data security could result in unintentional disclosure of, or unauthorized access to, third party, customer, vendor, employee or other confidential or sensitive data or information, which could potentially result in additional costs to the Company to enhance security or to respond to occurrences, lost sales, violations of privacy or other laws, penalties, fines, regulatory action or litigation.
- The Company collects, stores and uses certain sensitive data, intellectual property, proprietary business information and certain personally identifiable information.
- The Company competes in industries that are subject to many intellectual property rights including patents. The risk of infringement claims increases as the Company continues to innovate, offer new solutions and enter new markets.
- The Company's insurance policies may not be sufficient to insure itself for all events that could arise in the course of the Company's business and operations.
- The Company operates in the health services sector and faces the risks inherent in that sector.
- As climate change progresses, and its effects increase, the Company may be subject to increased operating risks.
- The Company is exposed to environmental and health and safety regulations associated with its manufacturing activities.

A comprehensive discussion of risks, including risks not specifically listed above, can be found in our most recently filed Annual Information Form. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of our shares to decline. If any of the noted risks actually occur, our business may be harmed and our financial condition and results of operations may suffer significantly.

Short-term outlook

	Guidance	
	Low	High
Revenue	$ 630,000	$ 680,000
Adjusted EBITDA	$ 70,000	$ 75,000
Adjusted net profit	$ 46,000	$ 50,000

AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of
Calian Group Ltd.

Opinion

We have audited the consolidated financial statements of Calian Group Ltd. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2022 and 2021, and the consolidated statements of net profit, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue - Advanced Technologies fixed price uncompleted contracts - Refer to Notes 2, 3, 20 to the financial statements

Key Audit Matter Description

The Company recognizes revenue on Advanced Technologies fixed price contracts over time using the input method using management's best estimate of the costs and related risks associated with completing the contracts. The accounting for fixed price contracts that are not complete at the reporting date ("fixed price uncompleted contracts") involves judgment, particularly as it relates to estimating total anticipated costs at completion. Total anticipated costs at completion includes both incurred costs to date as well as anticipated costs to complete which could include contingencies and reserves. These costs are impacted by a variety of factors including labour, productivity, subcontractors and materials. Given the length of fixed price contracts, these assumptions could change over time, as the contract is completed.

Given the significant judgments necessary and complexity to account for the fixed price uncompleted contracts, auditing the costs to complete required a high degree of auditor attention and an increased audit effort when performing audit procedures and evaluating the results of those procedures.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the costs to complete for fixed price uncompleted contracts included the following, among others:

- Evaluated management's ability to estimate costs by comparing actual costs to management's historical estimates for contracts that have been completed.
- For a selection of fixed price uncompleted contracts we:
  - Obtained and inspected the executed contract agreements;
  - Conducted inquiries with management and project personnel to gain an understanding of the status of project activities, including any changes to the initial plan
  - Compared the estimates to management's work plans, engineering specifications, supplier contracts or communications with customers, as applicable;
  - Tested the key components of the costs to complete estimates, including materials, labour, and subcontractor costs and estimated project contingencies for a sample of new contracts at initiation;
  - Compared management's estimated margins to those of similar contracts, when applicable;
  - Compared costs incurred to date to the initial costs to complete estimate;
  - Compared costs at complete estimates at the end of the fiscal year to the initial estimates at the inception of the contract, and to prior year estimates for ongoing contracts, in order to assess the appropriateness of costs to complete estimates based on current status of the project.

Acquisitions- Intangible Assets and Contingent Consideration– Refer to Notes 2, 3 and 25 to the financial statements

Key Audit Matter Description

The Company acquired 100% of the equity of SimFront Simulation Systems Corporation ("SimFront") and the assets and liabilities of Computex Technology Solutions ("Computex"). The Company recognized the assets acquired and the liabilities assumed at fair value, including intangible assets for customer relationships and technology. ("intangible assets"). The acquisition of SimFront includes contingent consideration arrangements ("contingent earn-out") which are based on the acquired entity attaining specified levels of EBITDA for future years. In determining the fair value of the contingent earn-out and intangible assets, management was required to make assumptions around probabilities associated with the occurrence of specified future events, financial projections of the acquired businesses, the timing of future cash flows, and the appropriate discount rates.

While there are several estimates and assumptions that are required to determine the fair value of contingent earn-out and intangible assets, the estimates and assumptions with the highest degree of subjectivity are forecasted future revenues and EBITDA margins, and discount rates. This required a high degree of auditor judgment and an increased extent of audit effort, including the involvement of fair value specialists

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasted future revenues and EBITDA margins and discount rates used to determine the fair value of the contingent earn-out and intangible assets included the following, among others:

- Evaluated the reasonableness of forecasted future revenues and EBITDA margins by comparing the forecasts to:
  - Historical results of the acquired businesses;
  - Actual results of the acquired businesses post acquisition to assess estimation accuracy;
  - Underlying management analyses detailing growth plans;
  - Industry and peer data, as applicable.
- With the assistance of fair value specialists, evaluated the reasonableness of the discount rates by testing the source information underlying the determination of the discount rates and developing a range of independent estimates of the discount rates for each acquired business and comparing those to the discount rates selected by management.

Other Information

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

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Amy deRidder.

/s/ Deloitte LLP
Ottawa, Ontario
November 24, 2022

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021
(CANADIAN DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	NOTES	September 30, 2022	September 30, 2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	$ 42,646	$ 78,611
Accounts receivable	6	171,453	111,138
Work in process	9	39,865	55,307
Inventory	7	18,643	6,617
Prepaid expenses	8	23,780	9,891
Derivative assets	24	123	610
Total current assets		296,510	262,174
NON-CURRENT ASSETS			
Capitalized research and development	10	2,186	3,217
Equipment	10	16,623	12,411
Application software	10	10,395	8,015
Right of use asset	11	16,678	15,383
Investments	12	670	670
Acquired intangible assets	13	57,087	54,519
Deferred tax asset		1,054	1,477
Goodwill	14	145,959	100,103
Total non-current assets		250,652	195,795
TOTAL ASSETS		$ 547,162	$ 457,969
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Debt facility	17	$ 7,500	$ -
Accounts payable and accrued liabilities	15	126,096	68,093
Contingent earn-out	26	25,676	25,038
Provisions	16	1,249	1,541
Unearned contract revenue	9	46,210	23,321
Derivative liabilities	24	812	158
Lease obligations	11	4,115	3,029
Total current liabilities		211,658	121,180
NON-CURRENT LIABILITIES			
Lease obligations	11	14,920	14,449
Contingent earn-out	26	2,874	13,224
Deferred tax liabilities		12,524	16,756
Total non-current liabilities		30,318	44,429
TOTAL LIABILITIES		241,976	165,609
SHAREHOLDERS' EQUITY			
Issued capital	18	213,277	194,960
Contributed surplus		3,479	5,224
Retained earnings		92,198	91,359
Accumulated other comprehensive income (loss)		(3,768)	817
TOTAL SHAREHOLDERS' EQUITY		305,186	292,360
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 547,162	$ 457,969
Number of common shares issued and outstanding	18	11,607,391	11,285,828

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

Approved by the Board on November 24, 2022:

George Weber, Chairman

Ray Basler, Director

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF NET PROFIT
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(CANADIAN DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	NOTES	Year ended September 30, 2022	2021
Revenue			
Advanced Technologies		$ 150,398	$ 166,591
Health		167,141	194,936
Learning		91,668	74,622
ITCS		172,965	82,255
Total Revenue	20	**582,172**	**518,404**
Cost of revenues		412,946	391,667
Gross profit		**169,226**	**126,737**
Selling and marketing		32,514	16,334
General and administration		65,408	53,454
Research and development		5,372	5,020
Profit before under noted items		**65,932**	**51,929**
Depreciation of equipment, application software and research and development	10	6,974	4,285
Depreciation of right of use asset	11	3,629	3,054
Amortization of acquired intangible assets	13	20,555	11,731
Deemed compensation	25, 26	4,314	4,006
Changes in fair value related to contingent earn-out	26	5,555	10,336
Profit before interest income and income tax expense		**24,905**	**18,517**
Lease obligations interest expense	11	451	450
Interest expense (income)		295	360
Profit before income tax expense		**24,159**	**17,707**
Income tax expense – current		14,307	8,399
Income tax recovery – deferred		(3,752)	(1,847)
Total income tax expense		10,555	6,552
NET PROFIT		$ 13,604	$ 11,155
Net profit per share:			
Basic	21	1.19	1.08
Diluted	21	$ 1.19	$ 1.07

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

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(CANADIAN DOLLARS IN THOUSANDS)

	Year ended September 30, 2022	2021
NET PROFIT	$ 13,604	$ 11,155
Items that will be reclassified subsequently to net profit		
Cumulative translation adjustment	(711)	(243)
Change in deferred gain on derivatives designated as cash flow hedges, net of tax of $1,485 (2021 $995)	(3,874)	2,617
Other comprehensive income (loss), net of tax	(4,585)	2,374
COMPREHENSIVE INCOME	**$ 9,019**	**$ 13,529**

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

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(CANADIAN DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Notes	Issued capital	Contributed surplus	Retained earnings	Other Comprehensive Income	Total
Balance October 1, 2021		**$ 194,960**	**$ 5,224**	**$ 91,359**	**$ 817**	**$ 292,360**
Net profit and comprehensive income		-	-	13,604	(4,585)	9,019
Dividend paid ($1.12 per share)		-	-	(12,765)	-	(12,765)
Shares issued under employee share plans	18	2,047	(1,045)	-	-	1,002
Contingent earn-out	18	14,049	(2,627)			11,422
Shares issued under employee stock purchase plan	18	2,221		-	-	2,221
Share-based compensation expense	19	-	1,927	-	-	1,927
Balance September 30, 2022		**$ 213,277**	**$ 3,479**	**$ 92,198**	**$ (3,768)**	**$ 305,186**

	Notes	Issued capital	Contributed surplus	Retained earnings	Other Comprehensive Income	Total
Balance October 1, 2020		**$ 107,931**	**$ 2,002**	**$ 92,030**	**$ (1,557)**	**$ 200,406**
Comprehensive income		-	-	11,155	2,374	13,529
Dividend paid ($1.12 per share)		-	-	(11,826)	-	(11,826)
Shares issued under employee share plans	18	3,064	(1,340)	-	-	1,724
Shares issued through acquisition		5,000	-	-	-	5,000
Shares issued under public offering net of issuance costs		76,991	-	-	-	76,991
Contingent earn-out		-	2,627			2,627
Shares issued under employee stock purchase plan	18	1,974	-	-	-	1,974
Share based compensation expense	19	-	1,935	-	-	1,935
Balance September 30, 2021		**$ 194,960**	**$ 5,224**	**$ 91,359**	**$ 817**	**$ 292,360**

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

CALIAN GROUP LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(CANADIAN DOLLARS IN THOUSANDS)

	NOTES	Year ended September 30, 2022	2021
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES			
Net profit		$ 13,604	$ 11,155
Items not affecting cash:			
Interest expense		295	360
Changes in fair value related to contingent earn-out	26	5,555	10,336
Lease obligations interest expense	11	451	450
Income tax expense		10,555	6,552
Employee share purchase plan expense	19	518	399
Share based compensation expense	19	1,927	1,935
Depreciation, amortization and impairment	10, 13	31,158	19,070
Deemed compensation	25, 26	4,314	4,006
		68,377	54,263
Change in non-cash working capital			
Accounts receivable		(28,822)	(24,114)
Work in process		15,444	30,934
Prepaid expenses and other		(20,137)	(2,752)
Inventory		(4,340)	(446)
Accounts payable and accrued liabilities		15,142	(6,381)
Unearned contract revenue		11,333	6,781
		56,997	58,285
Interest received (paid)		(747)	(810)
Income tax recovered (paid)		(13,109)	(10,933)
		43,141	46,542
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES			
Issuance of common shares net of costs	18, 19	2,705	79,299
Dividends		(12,765)	(11,826)
Draw (repayment) on debt facility	17	7,500	-
Payment of lease obligations	11	(3,655)	(3,033)
		(6,215)	64,440
CASH FLOWS USED IN INVESTING ACTIVITIES			
Business acquisitions	25	(65,566)	(48,757)
Capitalized research and development	10	(177)	(430)
Equipment and application software	10	(7,148)	(7,419)
		(72,891)	(56,606)
NET CASH (OUTFLOW) INFLOW		$ (35,965)	$ 54,376
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		78,611	24,235
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 42,646	$ 78,611

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

1. Basis of Preparation

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

Statement of compliance

These consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and in place for September 30, 2022. These consolidated financial statements were prepared using the accounting policies as described in Note 2 - Summary of Significant Accounting Policies.

These consolidated financial statements were authorized for issuance by the Board of Directors on November 24, 2022.

2. Summary of Significant Accounting Policies

The accounting policies below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise stated.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Calian Ltd. located in Ottawa, Ontario, Primacy Management Inc. ("Primacy"), located in Burlington, Ontario, DWP Solutions Inc. ("DWP"), located in Ottawa, Ontario, IntraGrain Technologies Inc. ("IntraGrain") located in Regina, Saskatchewan, SatService Gesellschaft für Kommunikationssysteme mbH ("SatService") located in Steisslingen, Germany, Allphase Clinical Research Services Inc., located in Ottawa, Ontario, Alio Health Services Inc., located in Ottawa, Ontario (Collectively "Allphase/Alio"), Comprehensive Training Solutions AS ("CTS") located in Stavanger, Norway, EMSEC Solutions Inc. ("EMSEC") located in Ottawa, Ontario, Tallysman Wireless Inc. ("Tallysman") located in Ottawa, Ontario, Cadence Consultancy Limited ("Cadence") located in London, England, InterTronic Solutions Inc. ("InterTronic") located in Vaudreuil-Dorion, Quebec, Dapasoft Inc. ("Dapasoft") located in Toronto, Ontario, SimFront Simulation Systems Corporation ("Simfront") located in Ottawa, Ontario, and Calian Corp. located in Houston, Texas. All transactions and balances between these companies have been eliminated on consolidation.

Basis of presentation

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

Revenue recognition

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

Service revenue

- Advanced Technologies support services across a number of industries, and product development
- Healthcare services including clinic management, healthcare practitioner support, COVID-19 response services and psychological assessments
- Learning services including, Custom Training for the military, emergency preparedness and simulation training
- IT services including IT support services, systems implementation services, and cyber security consulting services and cyber security monitoring

CALIAN GROUP LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(CANADIAN DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

2. Summary of Significant Accounting Policies (continued)

Product revenue

- Sale of internally developed hardware and software products
- Resale of radio frequency communications product
- Sale of healthcare products
- Resale of IT product which can include hardware and software
- Manufacturing and installation of large satellite antennae ground systems
- Licensing of cyber product solutions

(a) Revenue recognition:

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

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

Revenue from generic product sales, or product that does not meet criteria for over time recognition is measured at a point in time following the transfer of control of such products to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying contracts.

Revenue from contract modifications, commonly referred to as change orders or purchase orders issued on contracts, will be recognized to the extent that the contract modifications have been approved by the customer and the amount can be measured reliably. In cases where the contract modification is approved, but the price has not been finalized, the Company will account for the contract modification using variable consideration guidance described below.

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

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

2. Summary of Significant Accounting Policies (continued)

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

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

(b) Contract assets and liabilities

Any excess of costs and estimated earnings over progress billings on construction contracts is carried as a contract asset in the financial statements. Any excess of progress billings over earned revenue on construction contracts is carried as a contract liability in the financial statements.

Contract assets and liabilities (or "work in process" and "unearned contract revenue", respectively) are reported in a net position on a contract-by-contract basis at the end of each reporting period. All contract assets and liabilities are classified as current in the financial statements as they are expected to be settled within the Company's normal operating cycle.

(c) Provisions:

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

Provisions include:

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

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

Share-based compensation

The Company has a stock option plan for executives and other key employees. The Company measures and recognizes compensation expense based on the grant date fair-value of the stock options issued using the Black-Scholes pricing model. The offsetting credit is recorded in contributed surplus. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. Compensation expense for each tranche is recorded on a straight-line basis over the vesting period based on the Company's estimate of share options that will ultimately vest. At each reporting period, the Company revises its

2. Summary of Significant Accounting Policies (continued)

estimate of the stock options expected to vest. The impact on the change in estimate, if any, is recognized over the remaining vesting period. Consideration paid by employees on the exercise of options and related amounts of contributed surplus are recorded as issued capital when the shares are issued.

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

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

Leases

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

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

Income taxes

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

2. Summary of Significant Accounting Policies (continued)

Current tax

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

Deferred tax

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

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

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

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

Capitalized Research and Development ("R&D")

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

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

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

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2. Summary of Significant Accounting Policies (continued)

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

Equipment

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

- Equipment: 5 to 10 years

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

Application software

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

Acquired intangible assets

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

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

The customer relationship from the Primacy acquisition, representing expected renewals of the acquired contract, is considered to have an indefinite life based on the fact that the contract is renewable on an annual basis indefinitely. The amortization method and estimate of useful life for all other intangible assets is reviewed annually.

Impairment of equipment, application software and intangible assets

At each reporting period, management reviews the carrying amounts of its equipment, application software and acquired intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Intangible assets with an indefinite life are also tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, management estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units. The Company performs its annual review of acquired intangible assets with an indefinite life on September 30th each year.

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

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

2. Summary of Significant Accounting Policies (continued)

Impairment of goodwill

Goodwill arising on the acquisition of a business represents the excess of the purchase price over the net fair value of identifiable assets, liabilities and contingent liabilities of the acquired businesses recognized at the date of the acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the synergies of the combination. Cash-generating units or groups of cash generating units to which goodwill has been allocated are tested for impairment annually or more frequently if events or changes in circumstances indicate that the unit might be impaired. For purposes of impairment testing of goodwill, cash-generating units or groups of cash generating units correspond to the Company's reporting segments as disclosed in Note 23.

When the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the cash-generating unit on a pro-rata basis. An impairment loss recognized for goodwill is not reversed in a subsequent period. The Company performs its annual review of goodwill on September 30th each year.

At September 30, 2022 and 2021, management assessed the recoverable amount of goodwill and concluded that a goodwill impairment charge was not required.

For the years ended September 30, 2022 and 2021, various assumptions were taken to arrive at estimated values per segment, including discount rates in the range of 11% to 14% and a growth rate assumption of 5%. Outlook for the next fiscal year was used as the basis for the future cash flow estimates and the future estimated growth rates were validated by comparing to average growth levels for the previous 3 years.

Business acquisition

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

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

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

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

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

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2. Summary of Significant Accounting Policies (continued)

Foreign currency translation

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. At each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at each reporting period. Non-monetary items which are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in net profit in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currencies (see note below for hedging policy).

The functional currency of the parent company and its subsidiaries is the Canadian dollar, except for Calian Corp. which is in USD, SatService which is in Euro, CTS which is in Norwegian Krone, and Cadence which is in Pound Sterling.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

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

The Company's financial assets are classified as follows:

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

Amortized cost

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

Impairment of financial assets

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

2. Summary of Significant Accounting Policies (continued)

Financial liabilities

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

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

Fair value hierarchy

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

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

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

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

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

Derivative financial instruments and risk management

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

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

Hedge accounting

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

At the inception of the hedge relationship, the Company documents the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Furthermore, both at the hedge's inception and on an on-going basis, the Company also assesses whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

2. Summary of Significant Accounting Policies (continued)

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in net profit immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the income statement relating to the hedged item.

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

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

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

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Estimates:

The preparation of financial statements in conformity with IFRS requires the Company's management to make 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.

Project completion for revenue

The Company enters into fixed-price contracts which can extend over more than one reporting period. Revenue from these fixed-price projects is recognized over time using the input method using management's best estimate of the costs and related risks associated with completing the projects. Management's approach to revenue recognition is tightly linked to detailed project management processes and controls. The information provided by the project managers combined with a knowledgeable assessment of technical complexities and risks are used in estimating the percentage complete.

Impairment of goodwill and intangible assets

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

Income taxes

The Company records deferred income tax assets and liabilities related to deductible or taxable temporary differences. The Company assesses the value of these assets and liabilities based on the likelihood of the realization as well as the timing of reversal given management assessments of future taxable income.

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

Contingent liabilities

From time-to-time the Company is involved in claims in the normal course of business. Management assesses such claims and where considered probable to result in an exposure and, where the amount of the claim can be measured reliably, provisions for loss are made based on management's assessment of the likely outcome.

Loss allowance

The Company has extensive commercial history upon which to base its provision for doubtful accounts receivable. Due to the nature of the industry in which the Company operates, the Company does not create a general provision for bad debts but rather determines bad debts on a specific account basis.

Judgments:

Financial instruments

The Company's accounting policy with regards to financial instruments is described in Note 2. In applying this policy, judgments are made in applying the criteria set out in IFRS9, Financial Instruments, to record financial instruments at fair value through profit or loss, and the assessments of the classification of financial instruments and effectiveness of hedging relationships.

Business combinations

The consideration transferred for an acquired business is assigned to the identifiable tangible and intangible assets purchased, along with liabilities assumed on the basis of their acquisition date fair values. The identification of assets purchased and liabilities assumed and the valuation thereof is specialized and judgmental. Where appropriate, the Company engages external business valuators to assist in the valuation of tangible and intangible assets acquired. When a business combination involves contingent consideration, an amount equal to the fair value of the contingent consideration is recorded as a liability at the time of acquisition. The key assumptions utilized in determining fair value of contingent consideration may include probabilities associated with the occurrence of specified future events, financial projections of the acquired business, the timing of future cash flows, and the appropriate discount rate.

Accounting policy for equipment and intangible assets

Management makes judgments in determining the most appropriate methodology for amortizing long-lived assets over their useful lives. The method chosen is intended to mirror, to the best extent possible, the consumption of the asset.

Deferred income taxes

The Company's accounting policy with regards to income taxes is described in Note 2. In applying this policy, judgments are made in determining the probability of whether deductions or tax credits can be utilized and related timing of such items.

Input methodology for project completion

The Company uses judgment in determining the most appropriate basis on which to determine the completion of projects. Options available to the Company include the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, surveys of work performed, and completion of a physical proportion of the contract work. While the Company considers the costs to complete, the stage of completion is assessed based upon the assessment of the proportion of the contract completed. Judgments are also made in determining what costs are project costs for determining the percentage complete.

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4. Seasonality

The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. The Company's revenues and earnings have historically been subject to some quarterly seasonality due to the timing of vacation periods, statutory holidays, industry specific seasonal cycles and the timing and delivery of milestones for significant projects.

5. Cash and Cash Equivalents

The following table presents cash and cash equivalents by currency:

	Local Currency	Foreign Exchange	Presentation Currency
CAD	$ 16,719	1.00	$ 16,719
USD	12,933	1.37	17,718
GBP	388	1.51	586
EUR	5,619	1.34	7,529
CHF	-	1.40	-
NOK	723	0.13	94
Total cash and cash equivalents September 30, 2022			$ 42,646
CAD	$ 57,281	1.00	$ 57,281
USD	10,463	1.27	13,288
GBP	237	1.71	406
EUR	4,256	1.48	6,299
CHF	295	1.37	404
NOK	6,220	0.15	933
Total cash and cash equivalents September 30, 2021			$ 78,611

6. Accounts Receivable

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

	September 30, 2022	September 30, 2021
Trade and accounts receivable	$ 168,614	$ 106,312
Tax and Scientific Research and Development receivable	2,235	2,753
Other	864	2,118
	171,713	111,183
Loss Allowance	(260)	(45)
	$ 171,453	$ 111,138

Bad debt expense recognized in the year ended September 30, 2022 (2021) is $427 ($510).

7. Inventory

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

The following table presents inventories as at:

	September 30, 2022	September 30, 2021
Raw materials	$ 12,187	$ 4,810
Work in process inventory	2,717	611
Finished goods	3,739	1,196
	$ 18,643	$ 6,617

Inventory recognized as cost of revenues in the year ended September 30, 2022 (2021) is $19,838 ($14,453). No inventory provisions have been recognized in periods ended September 30, 2022 (2021).

8. Prepaid Expenses

The following table presents prepaid expenses as at:

	September 30, 2022	September 30, 2021
Prepaid maintenance	$ 18,924	$ 5,703
Other prepaid expenses	4,856	4,188
	$ 23,780	$ 9,891

9. Contract Assets and Liabilities

The following table presents net contract assets as at:

	Net Contract Assets	
	September 30, 2022	September 30, 2021
Work in process	$ 39,865	$ 55,307
Unearned contract revenue	(46,210)	(23,321)
Net contract assets	$ (6,345)	$ 31,986

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

	Changes in Net Contract Assets	
	September 30, 2022	September 30, 2021
Opening balance, October 1	$ 31,986	$ 70,697
Net additions	84,000	114,446
Billings	(110,774)	(152,161)
Acquisitions (Note 25)	(11,557)	(996)
Ending balance	$ (6,345)	$ 31,986

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10. Equipment

A continuity of the equipment, application software and capitalized research and development for the year ended September 30, 2022 is as follows:

	Cost				Depreciation		Carrying Value	
	Cost	Additions/ Disposals	Acquisitions (Note 25)	Total	Depreciation	Accumulated Depreciation	September 30, 2022	September 30, 2021
Leasehold improvements	$ 2,546	$ 103	$ 1,733	$ 4,382	$ (472)	$ (1,905)	$ 2,477	$ 1,713
Equipment	$ 27,544	$ 3,829	$ 11,666	$ 43,039	$ (4,336)	$ (28,893)	$ 14,146	$ 10,698
Total equipment	$ 30,090	$ 3,932	$ 13,399	$ 47,421	$ (4,808)	$ (30,798)	$ 16,623	$ 12,411
Application software	$ 11,425	$ 3,057	$ 327	$ 14,809	$ (957)	$ (4,414)	$ 10,395	$ 8,015
Capitalized research and development	$ 4,875	$ 177	$ -	$ 5,052	$ (1,209)	$ (2,866)	$ 2,186	$ 3,217

11. Right-of-Use Assets and Lease Obligations

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

	Years ended	
	September 30, 2022	September 30, 2021
Balance October 1	$ 15,383	$ 17,595
Additions	2,467	842
Disposals and foreign exchange adjustments	(248)	-
Depreciation	(3,629)	(3,054)
Acquisitions (Note 25)	2,705	-
Balance September 30	$ 16,678	$ 15,383

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

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

The following table presents lease obligations for the Company:

	Years ended	
	September 30, 2022	September 30, 2021
Balance at October 1	$ 17,478	$ 19,590
Additions	2,559	921
Disposals and foreign exchange adjustments	(86)	-
Principal payments	(3,655)	(3,033)
Acquisitions	2,739	-
Balance at September 30	$ 19,035	$ 17,478
Current	$ 4,115	$ 3,029
Non-current	14,920	14,449
Total	$ 19,035	$ 17,478

The following table presents the contractual undiscounted cash flows for lease obligations as at September 30, 2022:

	Total Undiscounted Lease Obligations
Less than one year	$ 4,537
One to five years	11,277
More than five years	4,775
Total undiscounted lease obligations	$ 20,589

Total cash outflow for leases in the year ended September 30, 2022 (2021) was $4,106 ($3,483), including principal payments relating to lease obligations of $3,655 ($3,033), interest expense on lease obligations was $451 ($450). Expenses relating to short-term leases recognized in general and administration expenses were $76 ($52) for the year ended September 30, 2022 (2021).

12. Investments

Cliniconex Inc., is an Ottawa-based patient outreach solutions vendor. In 2017, the Company invested $250, which included $100 in common shares, and $150 in convertible debt. In 2018, the Company invested an additional $150 in the form of a convertible loan. In Fiscal 2020, the Company elected to exchange its existing convertible debt into preferred shares, as well as invest a further $100 in preferred shares. The Company recognizes the investment at fair value, and has adjusted its common and preferred shares to the most recent fair value, resulting in a gain of $101 recognized in fiscal 2020.

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13. Acquired Intangible Assets

A continuity of the acquired intangible assets for the year ended September 30, 2022 is as follows:

	September 30, 2022					
	Opening Balance	Additions (Note 25)	Amortization	Impairment (Note 25)	Foreign Exchange Revaluation	Closing Balance
Customer relationship - Primacy	$ 1,909	$ -	$ -	$ -	$ -	$ 1,909
Customer relationships	27,702	18,778	(7,889)	-	1,098	39,689
Discrete contracts with customers & Non-competition agreements	717	231	(362)	-	-	586
Technology and trademarks	24,191	3,037	(5,827)	(6,477)	(21)	14,903
Total	$ 54,519	$ 22,046	$ (14,078)	(6,477)	1,077	$ 57,087

In the year ended September 30, 2022 the Company recorded a foreign currency revaluation of intangible assets held in foreign subsidiaries which utilize different functional currencies than the Company's presentation currency. These foreign exchange revaluations are reflected in comprehensive income.

A continuity of the acquired intangible assets for the year ended September 30, 2021 is as follows:

	September 30, 2021			
	Opening Balance	Additions Note (25)	Amortization	Closing Balance
Customer relationship - Primacy	$ 1,909	$ -	$ -	$ 1,909
Customer relationships	17,661	15,619	(5,578)	27,702
Discrete contracts with customers & Non-competition agreements	1,057	9,279	(2,080)	8,256
Technology and trademarks	15,564	5,161	(4,073)	16,652
Total	$ 36,191	$ 30,059	$ (11,731)	$ 54,519

14. Goodwill

The following table presents the goodwill for the Company for the year ended September 30, 2022:

	September 30, 2022
Opening balance	$ 100,103
Additions:	
Acquisition of SimFront (Note 25)	8,950
Acquisition of Computex (Note 25)	35,621
Adjustments:	
Foreign Exchange	1,285
Ending balance	$ 145,959

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14. Goodwill (continued)

In the year ended September 30, 2022 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 OCI.

The following table presents the goodwill for the Company for the year ended as at September 30, 2021:

	September 30, 2021	
Opening balance	$	55,290
Additions:		
Acquisition of Cadence Consultancy Ltd.		1,921
Acquisition of InterTronic Solutions Inc.		4,473
Acquisition of Dapasoft Inc.		38,419
Ending balance	$	100,103

15. Accounts Payable and Accrued Liabilities

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

	September 30, 2022		September 30, 2021	
Trade accounts payable	$	91,652	$	43,668
Payroll accruals		21,960		16,554
Income tax payable		3,225		1,913
Other accruals		9,259		5,958
Total	$	126,096	$	68,093

16. Provisions

Changes in provisions for the year ended September 30, 2022 were as follows:

	Product Warranties		Severance		Other		Total	
Balance at October 1, 2021	$	753	$	685	$	103	$	1,541
Additions		681		473		3		1,157
Utilization/Reversals		(537)		(910)		(2)		(1,449)
Balance at September 30, 2022	$	897	$	248	$	104	$	1,249

Changes in provisions for the year ended September 30, 2021 were as follows:

	Product Warranties		Severance		Other		Total	
Balance at October 1, 2020	$	645	$	280	$	113	$	1,038
Additions		764		581		-		1,345
Utilization/Reversals		(656)		(176)		(10)		(842)
Balance at September 30, 2021	$	753	$	685	$	103	$	1,541

17. Debt Agreement

On January 6, 2021 the Company signed a debt facility that provides the Company with the ability to draw up to $80,000 CAD. The agreement has a three year term, which will mature on January 5, 2024. At September 30, 2022 (September 30, 2021), the Company utilized $7,500 (NIL) 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. At September 30, 2022 the balance was classified as a current liability as the Company expects to settle the liability within twelve months after the reporting period.

18. Issued Capital and Reserves

Issued Capital

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. The holders of Common Shares are entitled to dividends if, as and when declared by the Board, to one vote per share at the meetings of holders of Common Shares and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares. No Preferred Shares are outstanding as of the September 30, 2022.

Common share issued and outstanding:

	September 30, 2022			September 30, 2021		
	Shares		Amount	Shares		Amount
Balance October 1	11,285,828	$	194,960	9,760,032	$	107,931
Shares issued under employee share plans	45,742		2,047	90,064		3,064
Shares issued under employee share purchase plan	35,147		2,221	32,017		1,974
Shares issued through acquisition	240,674		14,049	85,715		5,000
Shares issued under public offering	-		-	1,318,000		76,991
Issued capital	11,607,391	$	213,277	11,285,828	$	194,960

Subsequent to the date of the statement of financial position, on November 24, 2022, the date of issuance of these consolidated financial statements, the Company declared a dividend of $0.28 per common share payable on December 22, 2022.

Contributed Surplus

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

19. Share-Based Compensation

Employee Share Purchase Plan

Under the Company's Employee Share Purchase Plan, shares are issued monthly using the volume weighted average price for the last 5 days of the month for the contributions made by employees in that month. The Company provides matching shares at 25% for all employee contributions each month. Pursuant to the plan, 500,000 Common Shares are reserved for issuance, as of September 30, 2022, the Company can issue 414,672 shares.

During the year ended September 30, 2022 (2021) under the 2020 Employee Share Purchase Plan, the Company issued 35,147 (32,195) shares at an average price of $60.50 ($61.66). The Company received $1,742 ($1,575) in proceeds and recorded an expense of $479 ($399).

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19. Share-Based Compensation (continued)

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 9% (1,044,665) of the Company's issued and outstanding shares from time to time less the aggregate number of shares reserved for issuance or issuable under any other security-based compensation arrangement for the Company.

As at September 30, 2022, the Company has 277,360 stock options and RSUs outstanding. As a result, the Company could grant up to 767,578 additional stock options or RSU's pursuant to the plan.

The weighted average fair value of options granted during the year ended September 30, 2022, was $10.70 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 issuance and adjusted based on management's best estimate for the effects of non-transferability, exercises restrictions and behavioural considerations. Expected volatility is based on historical price volatility over the past 5 years. To allow for the effects of early exercise, it was assumed that options would be exercised on average 2 years after vesting.

The following assumptions were used to determine the fair value of the options granted in the year ended September 30, 2022:

	Weighted Average Options Granted			
	September 30, 2022		September 30, 2021	
Grant date share price	$	58.96	$	61.11
Exercise price	$	58.96	$	61.11
Expected price volatility	%	28.45	%	27.4
Expected option life	years	3.18	years	3.33
Expected dividend yield	%	1.98	%	1.84
Risk-free interest rate	%	1.19	%	0.33
Forfeiture rate	%	0	%	0

	September 30, 2022			September 30, 2021		
	Number of Options	Weighted Avg. Exercise Price		Number of Options	Weighted Avg. Exercise Price	
Outstanding October 1	204,913	$	49.46	230,638	$	43.69
Exercised	(24,759)		40.48	(54,900)		30.89
Granted	40,646		58.96	29,175		61.11
Outstanding September 30	220,800	$	52.55	204,913	$	47.89

19. Share-Based Compensation (continued)

The following share-based payment arrangements are in existence:

Option series:	Number of Options	Grant date	Expiry date	Exercise price	Fair value at grant date
(1) Issued November 24, 2017	5,000	November 24, 2017	November 24, 2022	$ 34.58	$ 4.53
(2) Issued March 27, 2018	6,000	March 27, 2018	March 27, 2023	$ 31.54	$ 4.62
(3) Issued November 19, 2018	35,500	November 19, 2018	November 19, 2023	$ 29.55	$ 3.96
(4) Issued November 25, 2019	15,000	November 25, 2019	November 25, 2024	$ 36.49	$ 5.18
(5) Issued August 13, 2020	94,615	August 13, 2020	August 13, 2025	$ 60.30	$ 8.44
(6) Issued November 24, 2020	22,222	November 24, 2020	November 24, 2025	$ 61.16	$ 10.24
(7) Issued February 9, 2021	1,817	February 9, 2021	February 9, 2026	$ 60.35	$ 9.92
(8) Issued November 24, 2021	39,110	November 24, 2021	November 24, 2026	$ 58.90	$ 10.66
(9) Issued March 9, 2022	1,536	March 9, 2022	March 9, 2027	$ 60.55	$ 10.33

For the options issued on November 24, 2021, vesting occurs through to November 24, 2023. For the options issued on March 9, 2022, vesting occurs quarterly through to March 9, 2023.

At September 30, 2022 (2021) the weighted average remaining contractual life of options outstanding is 2.49 (3.14) years of which 188,301 (164,604) options are exercisable at a weighted average price of $51.05 ($46.77). The Company has recorded $472 ($931) of share-based compensation expense in the year ended September 30, 2022 (2021) related to the options that have been granted. The Company has total unrecognized compensation expense of $97 (2021 - $133) that will be recorded in the next two fiscal years.

Restricted Share Units:

The Company has an established restricted stock unit ("RSU") plan. Under the RSU plan, the maximum number of common shares reserved for issuance is equal to 9% 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. 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. Participants in the RSU plan may elect to redeem their share units either by the Company issuing the participant one common share for each whole vested share unit or, subject to the consent by the Company, elect to receive an amount in cash. 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 market metrics.

The following table summarizes information about the RSU's as of September 30, 2022:

	September 30, 2022			September 30, 2021		
	Number of RSUs	Weighted Avg. Grant Date Fair Value		Number of RSUs	Weighted Avg. Grant Date Fair Value	
Balance at October 1	40,824	$	46.65	56,039	$	32.67
Exercised	(20,983)		42.35	(35,164)		31.52
Forfeited	(525)		51.54	(40)		59.35
Granted	37,201		48.10	19,989		59.25
Balance at September 30	56,517	$	49.09	40,824	$	46.62

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19. Share-Based Compensation (continued)

Of the units issued in the current year under the RSU plan, nil has vested as of September 30, 2022. The Company has recorded $1,457 ($978) of share-based compensation expense in the year ended September 30, 2022 (2021) related to the RSUs that have been granted. The Company has total unrecognized compensation expense of $966 at September 30, 2022 (2021 - $644) that will be recorded over the next two years.

The following unvested RSU-based payment arrangements are in existence:

RSU series:		Number of Units	Grant date	Vest through		Fair value at grant date
(1) Issued November 25, 2019	RSU	7,108	November 25, 2019	November 15, 2022	$	36.49
(2) Issued November 24, 2020	RSU	11,929	November 24, 2020	November 15, 2023	$	59.35
(3) Issued February 9, 2021	RSU	163	February 9, 2021	November 15, 2023	$	59.74
(4) Issued May 12, 2021	RSU	450	May 12, 2021	November 15, 2023	$	56.32
(5) Issued August 10, 2021	RSU	34	August 10, 2021	November 15, 2023	$	63.25
(6) Issued November 24, 2021	RSU	23,456	November 24, 2021	November 15, 2024	$	58.90
	PSU	9,522	November 24, 2021	October 1, 2022	$	16.62
(7) Issued Feb 9, 2022	RSU	79	February 9, 2022	November 15, 2024	$	57.18
(8) Issued May 10, 2022	RSU	2,176	May 10, 2022	November 15, 2024	$	67.34
(9) Issued Aug 10, 2022	RSU	627	August 10, 2022	November 15, 2024	$	66.60
(10) Issued September 14, 2022	RSU	973	September 14, 2022	November 15, 2024	$	56.10

Deferred Share Unit Plan

During the year ended September 30, 2022 (2021) the Company granted 3,370 (2,716) deferred share units ("DSU"). The Company recorded share-based compensation of $175 ($148) related to the DSUs in the year ended September 30, 2022 (2021). Each DSU entitles the participant to receive the value of one Common Share. The DSUs vest immediately as the participants are entitled to the shares upon termination of their service.

There are 15,756 (22,516) DSUs outstanding at September 30, 2022 (2021). The fair value of the DSUs outstanding at September 30, 2022 (2021) was $50.61 ($55.83) per unit using the fair value of a Common Share at period end.

20. Revenue

The following table presents the revenue of the Company for the years-ended September 30, 2022 and 2021:

	Year ended			
		September 30, 2022		September 30, 2021
Product revenue				
Advanced Technologies	$	93,038	$	113,878
Health		5		4,658
Learning		3,670		-
ITCS		62,542		13,088
Total product revenue	$	159,255	$	131,624
Service revenue				
Advanced Technologies	$	57,360	$	52,713
Health		167,136		190,278
Learning		87,998		74,622
ITCS		110,423		69,167
Total service revenue	$	422,917	$	386,780
Total revenue	$	582,172	$	518,404

Remaining Performance Obligations

The following table presents the aggregate amount of the revenues expected to be realized in the future from partially or fully unsatisfied performance obligations as at September 30, 2022 for contracts recognized over time. The amounts disclosed below represent the value of the firm orders only. Such orders may be subject to future modifications that might impact the amount and/or timing of revenue recognition. The amounts disclosed below do not include unexercised options or letters of intent

Revenues expected to be recognized in:

		September 30, 2022
Less than 24 months	$	529,648
Thereafter		26,525
Total	$	556,173

(CANADIAN DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

21. Net Profit per Share

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

	Year ended September 30 2022	2021
Weighted average number of common shares – basic	11,343,615	10,599,693
Additions to reflect the dilutive effect of employee stock options and RSU's	39,725	40,735
Weighted average number of common shares – diluted	11,383,340	10,640,428

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 year ended September 30, 2022 (2021), 40,646 (97,538) options and 3,776 (NIL) RSU's were excluded from the above computation.

22. Income Tax

Current Income Taxes

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

		2022		2021
Profit before income taxes	$	24,159	$	17,707
Tax provision at the combined basic Canadian federal and provincial income tax rate of 26.9% (2021: 26.9%)		6,499		4,763
Increase (decrease) resulting from:				
Effect of expenses that are not deductible in determining taxable profits		1,865		3,258
Impact of rate reductions on valuation of deferred income tax assets		(1,230)		(2,226)
Other income not taxable in determining net profit		1,082		1,048
Other		2,339		(291)
Tax expenses or adjustments relating to the prior year	$	10,555	$	6,552

22. Income Tax (continued)

Deferred Income Taxes

Reconciliation of deferred tax assets and liabilities are shown below:

Deferred tax assets (liabilities)		Equipment and application software		Acquired intangible assets		Bought deal costs		Cash flow hedging reserve		Other		Total
Deferred tax liability at September 30, 2021	$	(1,976)	$	(9,704)	$	916	$	542	$	961	$	(9,261)
Current year acquisition		-		(7,893)		-		-		-		(7,893)
Bought Deal Offering		-		-		1,023		-		-		1,023
Recovery (expensed) to statement of net profit		(670)		3,134		(462)		-		(155)		1,847
Recovery (expensed) to other comprehensive income	$	-	$	-	$	-	$	(995)	$	-	$	(995)
Deferred tax liability at September 30, 2021		(2,646)		(14,463)		1,477		(453)		806		(15,279)
Current year acquisition		(360)		(1,450)		-		-		-		(1,810)
Bought Deal Offering		-		-		-		-		-		-
Recovery (expensed) to statement of net profit		(942)		5,237		(423)		-		(120)		3,752
Recovery (expensed) to other comprehensive income		-		-		-		1,867		-		1,867
Deferred tax liability at September 30, 2022	$	(3,948)	$	(10,676)	$	1,054	$	1,414	$	686	$	(11,470)

Current Income Taxes

As at September 30, 2022 (2021), the Company had temporary differences of $11,171 ($3,174) associated with investments in subsidiaries for which no deferred tax liabilities have been recognized as it is not probable that these differences will reverse in the foreseeable future.

(CANADIAN DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

23. Segmented Information

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, regarding how to allocate resources and assess performance. The Company's chief operating decision maker is the Chief Executive Officer ("CEO"). The Company's segments are categorized as follows: Advanced Technologies, Health, Learning, and IT and Cyber Solutions ("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 Company evaluates performance and allocates resources based on profit before interest income and income tax expense.

For the year ended September 30, 2022:

For the year ended September 30, 2022	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 150,398	$ 167,141	$ 91,668	$ 172,965	$ -	$ 582,172
Cost of revenues	107,063	125,590	68,397	111,896	-	412,946
Gross profit	43,335	41,551	23,271	61,069	-	169,226
Gross profit %	29%	25%	25%	35%	N/A%	29%
Selling and marketing	9,224	2,479	1,404	15,598	3,809	32,514
General and administration	9,211	10,341	4,984	15,218	25,654	65,408
Research and development	4,243	397	-	732	-	5,372
Profit before under noted items	$ 20,657	$ 28,334	$ 16,883	$ 29,521	$ (29,463)	$ 65,932
Profit before under noted items %	14%	17%	18%	17%	N/A%	11%
Depreciation of equipment, application software and R&D						6,974
Depreciation of right of use asset						3,629
Amortization of acquired intangibles						20,555
Deemed compensation						4,314
Changes in fair value related to contingent earn-out						5,555
Profit before interest income and income tax expense						24,905
Lease obligations interest expense						451
Interest expense (income)						295
Profit before income tax expense						24,159
Income tax expense – current						14,307
Income tax expense (recovery) – deferred						(3,752)
Total income tax expense						10,555
NET PROFIT FOR THE PERIOD						$ 13,604

23. Segmented Information (continued)

For the year ended September 30, 2021:

For the year ended September 30, 2021	Advanced Technologies	Health	Learning	ITCS	Shared Services	Total
Revenue	$ 166,591	$ 194,936	$ 74,622	$ 82,255	$ -	$ 518,404
Cost of revenues	125,015	147,093	57,285	62,274	-	391,667
Gross profit	41,576	47,843	17,337	19,981	-	126,737
Gross profit %	25%	25%	23%	24%	N/A%	24%
Selling and marketing	7,496	2,636	866	3,027	2,309	16,334
General and administration	9,683	9,848	4,036	6,071	23,816	53,454
Research and development	3,542	573	-	905	-	5,020
Profit before under noted items	$ 20,855	$ 34,786	$ 12,435	$ 9,978	$ (26,125)	$ 51,929
Profit before under noted items %	13%	18%	17%	12%	N/A%	10%
Depreciation of equipment, application software and R&D						4,285
Depreciation of right of use asset						3,054
Amortization of acquired intangibles						11,731
Deemed compensation						4,006
Changes in fair value related to contingent earn-out						10,336
Profit before interest income and income tax expense						18,517
Lease obligations interest expense						450
Interest expense (income)						360
Profit before income tax expense						17,707
Income tax expense – current						8,399
Income tax expense (recovery) – deferred						(1,847)
Total income tax expense						6,552
NET PROFIT FOR THE PERIOD						$ 11,155

The Company operates in Canada but provides services to customers in various countries. Revenues from external customers for the year ended September 30, 2022 are attributed as follows:

	September 30, 2022	September 30, 2021
Canada	71 %	78 %
United States	16 %	11 %
Europe	12 %	10 %
Other	1 %	1

Revenues are attributed to foreign countries based on the location of the customer. Revenues from various departments and agencies of the Canadian federal, provincial and municipal governments for the year ended September 30, 2022 (2021) represented 47% (51%) of the Company's total revenues. All four operating segments conduct business with this category of customer.

(CANADIAN DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

24. Financial Instruments and Risk Management

Capital Risk Management

The Company's objective is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity excluding accumulated other comprehensive income relating to cash flow hedges. The Company uses both debt and equity to fund working capital and its investment initiatives. Net profits generated from operations are available to repay debt and reinvestment in the Company or distribution to the Company's shareholders. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year-over-year sustainable profitable growth. The Board of Directors also reviews on a quarterly basis the level of dividends paid to the Company's shareholders and monitors the share repurchase program activities. The Company does not have a defined share repurchase plan and buy and sell decisions are made on a specific transaction basis and depend on market prices and regulatory restrictions. There were no changes in the Company's approach to capital management during the period. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its holding of financial instruments.

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 hedges long term projects in foreign currencies. Other foreign currency exposure is evaluated on an individual basis to assess the associated risks and costs to hedge. The Company does not utilize derivative financial instruments for trading or speculative purposes. The Company applies hedge accounting when appropriate documentation and effectiveness criteria are met.

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

The Company also formally assesses, both at the hedge's inception and on an on-going basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Hedge ineffectiveness has historically been insignificant. The forward foreign exchange contracts primarily require the Company to purchase or sell certain foreign currencies with or for Canadian dollars at contractual rates.

The functional currency of each of the Company's entities is determined using the currency of the primary economic environment in which that entity operates. The Company's functional currency is the Canadian dollar while the functional currency of its US subsidiary is the US Dollar ("USD"), the functional currency of its German subsidiary is the European Euro ("EUR"), the functional currency of its Norwegian subsidiary is the Norwegian Krone ("NOK"), and the functional currency of its U.K. based subsidiary is the Pound sterling ("GBP"). The presentation currency of these financial statements is the Canadian dollar.

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

For the purpose of preparing consolidated financial statements, the assets and liabilities of the Company's US operations, German operations, Norwegian operations, and U.K. operations are first expressed in the Companies' USD, EUR, NOK and GBP functional

24. Financial Instruments and Risk Management (continued)

currencies, respectively, using exchange rates prevailing at the reporting date which are then translated into the Company's reporting currency using prevailing rates at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Translation differences are recognized in other comprehensive income and recorded in the "cumulative translation adjustment".

At September 30, 2022, the Company had the following forward foreign exchange contracts:

Type	Notional	Currency	Maturity	Equivalent Cdn. Dollars	Fair Value September 30, 2022
SELL	$ 11,188	USD	October 2022	$ 15,467	$ 86
SELL	714	EURO	October 2022	969	26
SELL	160	GBP	October 2022	247	11
Derivative assets					$ 123
BUY	$ 80,624	USD	October 2022	$ 111,462	$ (620)
BUY	4,809	EURO	October 2022	6,527	(178)
BUY	213	GBP	October 2022	329	(14)
Derivative liabilities					$ (812)

A 10% strengthening of the Canadian dollar against the following currencies at September 30, 2022 would have decreased other comprehensive income as related to the forward foreign exchange contracts or subsidiaries operating outside of the Company's presentation currency by the amounts shown below.

	September 30, 2022
USD	$ (7,994)
EURO	794
GBP	74
NOK	144
Total	$ (6,983)

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

	September 30, 2022
USD	$ 3,458
EURO	114
GBP	4
SEK	16
Total	$ 3,592

(CANADIAN DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

24. Financial Instruments and Risk Management (continued)

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable and its foreign exchange contracts.

The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Company's customers are diverse, however a significant portion of them are federal or provincial government agencies, or large private entities. A significant portion of the Company's accounts receivable is from long-time customers. At September 30, 2022 (September 30, 2021), 33% (46%) 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 suffered 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.

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

	September 30, 2022	September 30, 2021
Cash and cash equivalents	$ 42,646	$ 78,611
Accounts receivable	171,453	111,138
Derivative assets	123	610
Total	$ 214,222	$ 190,359

The aging of accounts receivable at the reporting date was:

	September 30, 2022	September 30, 2021
Current	$ 159,412	$ 97,830
Past due (61-120 days)	6,378	8,886
Past due (> 120 days)	5,663	4,422
Total	$ 171,453	$ 111,138

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At September 30, 2022, the company has a secured debt facility that matures on January 5, 2024 that allows the Company to draw up to $80,000 CAD. As at September 30, 2022, the Company had $42,646 cash on hand and $7,500 was drawn on the facility for current operations and for temporary use through acquisitions, and NIL was drawn to issue letters of credit to meet customer contractual requirements.

24. Financial Instruments and Risk Management (continued)

Fair Value

The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Fair value of the forward exchange contracts reflects the cash flows due to or from the Company if settlement had taken place on September 30, 2022 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).

	September 30, 2022		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 42,646	$ -	$ -
Investment	-	-	670
Derivative financial assets	-	123	-
Debt facility	-	(7,500)	-
Contingent earn-out	-	-	(28,550)
Derivative financial liabilities	-	(812)	-
Total	$ 42,646	$ (8,189)	$ (27,880)

	September 30, 2021		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 78,611	$ -	$ -
Investment	-	-	670
Derivative financial assets	-	610	-
Contingent earn-out	-	-	(38,262)
Derivative financial liabilities	-	(158)	-
Total	$ 78,611	$ 452	$ (37,592)

There were no transfers between Level 1, Level 2 and level 3 during the year ended September 30, 2022.

25. Acquisitions

Allphase Clinical Research Services Inc. and Alio Health Services Inc. (collectively "Alio/Allphase")

On January 30, 2020, the Company acquired all of the outstanding shares of Alio/Allphase for a purchase price of up to $25,056. Of this amount, $10,500 was paid in cash on the date of closing, $56 was paid in cash on settlement of net equity, $2,500 was paid in common shares, and $12,000 is payable contingently, of which $3,000 is included in the initial accounting of the purchase price. Alio/Allphase provides clinical trial services, specialty medication support and community care and other services and is reported as a part of the Health operating segment.

25. Acquisitions (continued)

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of Alio/Allphase an additional $3,616, $4,192 and $4,192 if Alio/Allphase attains specified levels of EBITDA for the years ending January 30, 2021, 2022, 2023, respectively. The Company revises its estimate of total contingent consideration owed based on actual results and forecasts for future periods. In the 2021 fiscal year, the Company paid $3,616 based on achievement of the first year EBITDA under the agreement.

A portion 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 recorded deemed compensation expense of $1,000 ($3,850) for the year ended September 30, 2022 (2021). The second year concluded in fiscal year 2022 with full achievement of earn out target resulting in payment of $4,192. The Company has revised its estimate on achievement of the third year earn out based on current projected income to January 31, 2023, which has resulted in a gain relating to changes in fair value related to contingent earn out in the amount of $2,361.

The Company recognized an additional $472 of expense in the year ended September 30, 2022, related to changes in fair value of contingent earn out.

EMSEC Solutions Inc. ("EMSEC")

On July 14, 2020, the Company acquired all of the outstanding shares of EMSEC for a purchase price of up to $4,809. Of this amount, $3,009 was paid in cash on the date of closing, and $1,800 is payable contingently. EMSEC's customized services include vulnerability assessments, monitoring, training, risk mitigation and countermeasure sweeps. The firm's emission analyzer software product, provides automated and manual signal analysis supporting production testing, equipment certification, as well as troubleshooting, investigation and research. EMSEC is reported as part of the ITCS operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of EMSEC an additional $900 and $900 if EMSEC attains specific levels of EBITDA for the years ending December 31, 2021 and December 31, 2022, respectively. In the 2021 fiscal year it was determined by management that EMSEC is unlikely to achieve the level of EBITDA to achieve the targets set out for the first or second year relating to the earn outs. In fiscal year 2021, the Company recorded an adjustment to the changes of fair value related to contingent earn out in the amount of $1,551. At September 30, 2022, the Company had no contingent consideration outstanding in relation to EMSEC.

Comprehensive Training Solutions International ("CTS")

On July 8, 2020, the Company acquired all of the outstanding shares of CTS for a purchase price of up to 13,800 NOK ($1,983 CAD). Of this amount, 7,900 NOK ($1,135 CAD) was paid in cash on the date of closing and 5,900 NOK ($848 CAD) is payable contingently. CTS designs, develops and delivers complex training exercises for the Joint Warfare Centre, a multi-national and multi-service organization of NATO, and the wider North Atlantic Treaty Organization ("NATO") audience across Europe. CTS is reported as part of the Learning operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of CTS an additional $417 and $380 if CTS attains specific levels of EBITDA for the years ending December 31, 2021 and September 30, 2022, respectively. In the year ended September 30, 2022 the Company settled the remainder of the contingent earn out. This resulted in full achievement of the final earn out, and payment of $1,102 in the year ended September 30, 2022. CTS overachieved their second year earn out target, which resulted in a bonus paid to the seller, which was recognized in deemed compensation in the amount of $301. The Company recognized $52 in the year ended September 30, 2022, related to changes in fair value of contingent earn out.

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25. Acquisitions (continued)

Tallysman Wireless Inc. ("Tallysman")

On September 3, 2020, the Company acquired all of the outstanding shares of Tallysman for a purchase price of up to $25,354. Of this amount, $16,654 was paid in cash on the date of closing, and $8,700 is payable contingently. Tallysman designs, manufactures and sells a very wide range of Global Navigation Satellite System, Iridium and Globalstar antennas and related products into a market with a broad range of vertical applications that include precision reference systems, survey, timing, precision agriculture, unmanned and autonomous vehicles, marine and many more. The company also produces cloud based wireless tracking systems over two-way radio systems and 4G category M cellular systems, for applications ranging from school buses to municipal public works. Tallysman 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 Tallysman an additional $3,950 and $4,750 if Tallysman attains specific levels of EBITDA for the years ending August 31, 2021 and December 31, 2022, respectively. The first year concluded with full payment of $3,950 in the year ended September 30, 2022, plus overachievement payment in the amount of $192 which was recognized in deemed compensation on the income statement.

The second year target was achieved in full, and anticipated to be overachieved by the end of the earn out period. This has resulted in additional bonus to key individuals involved in the business in the amount of $763 recognized in deemed compensation in the year ended September 30, 2022. The Company also recognized $494 in the year ended September 30, 2022, related to changes in fair value of contingent earn out.

Cadence Consultancy Limited ("Cadence")

On October 30, 2020, the Company acquired the outstanding shares of Cadence for total cash consideration of up to 2,000 Pound Sterling ($3,518 CAD) of which, £1,100 ($1,966 CAD) was paid on

closing, and £900 ($1,552 CAD) is payable contingently. Cadence is a UK based training firm with operations across the NATO with a particular focus on the Joint Forces Training Centre (JFTC). Cadence was acquired to expand the Company's work with NATO which was initially won with the acquisition of CTS in July of fiscal 2020. Cadence is reported as part of the Learning operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of Cadence an additional $776 and $776 if Cadence attains specific levels of EBITDA for the years ending October 31, 2021 and October 31, 2022, respectively. In the year ended September 30, 2022 the Company paid $776 relating to the year one contingent earn out which represented full achievement of targets. At September 30, 2022, the Company estimates that the second year target will not be achieved, which has resulted in a gain recorded in changes in fair value related to contingent earn out in the amount of $660 for the year ended September 30, 2022, net of accretion in interest amounts previously recognized in year. The deemed compensation of $75 recognized in the year ended September 30, 2022 relates to transition of key management bonus payment amounts that were included in the initial share purchase agreement..

InterTronic Solutions Inc. ("InterTronic")

On January 4, 2021, the Company acquired all of the outstanding shares of InterTronic for a purchase price of up to $24,540. Of this amount, $13,000 was paid in cash on the date of closing, and $11,540 is payable contingently of which, $4,847 was estimated by management and included in the purchase price. InterTronic designs and installs high-performance antenna systems and broadens the current Calian range of capabilities with antenna ground systems. InterTronic results will be consolidated and reported with the Calian Advanced Technologies segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of InterTronic an additional $4,620 and $4,620 if InterTronic attains specific levels of EBITDA for the years ending December 31, 2021 and December 31, 2022, respectively. An additional contingent consideration amount of $2,300 is achievable if InterTronic meets a certain level of contracts signed for the year ending December 31, 2021. The first year earn out amount was not achieved based on the EBITDA achievement of InterTronic.

Subsequent to January 4, 2021, the Company recorded a $543 gain related to changing the estimated achievement of earn outs which was recognized in changes in fair value related to contingent earn-out decreasing the initial estimated amount payable.

(CANADIAN DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

25. Acquisitions (continued)

In the year ended September 30, 2022, it was determined that InterTronic did not achieve the prescribed level of new contract signings for the periods covered in the purchase agreement. This has resulted in a change of estimate regarding the amount of contingent consideration to be paid. In the year ended September 30, 2022, the Company has reduced the contingent consideration owed to NIL and recorded a gain in change of estimate of $3,228. As a result of this adjustment, the Company reviewed the estimated cash flows to be derived from the assets acquired. As a result, the company has taken an impairment charge of $6,477 for existing intangible assets and reduced associated deferred tax liability by $1,716, resulting in a net impact in the period due to this impairment of $4,761.

Dapasoft Inc. (“Dapasoft”)

On February 22, 2021, the Company acquired all of the outstanding shares of Dapasoft for a purchase price of up to $78,709. Of this amount, $39,209 was paid in cash on the date of closing, $2,500 was placed in escrow, $5,000 was paid through the issuance of common shares, $2,000 of common shares are to be issued upon expiry of escrow on February 22, 2022 and $30,000 is payable contingently of which $11,605 was included in the purchase price. Dapasoft is a provider of innovative systems integration, cloud lifecycle management and cybersecurity solutions, which enable clients to securely implement digital transformation initiatives. Dapasoft is reported as part of the ITCS operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of Dapasoft an additional $17,500 and $12,500 if Dapasoft attains specific levels of EBITDA for the years ending February 28, 2022 and February 28, 2023, respectively. A portion of the earn out is payable through issuance of common shares of the Company. In the year ended September 30, 2022, the Company concluded on the year one earn out with full achievement. Settlement of the year one earn out resulted in cash payment of $2,861, of which $2,000 was related to earn out payments, and the additional $861 was recognized in September 30, 2022 in changes in fair value related to contingent earn out, whereby the Company had agreed to a payment structure in the initial agreement where if Dapasoft was able to maintain low levels of working capital for the first year after acquisition, that the selling group would be entitled to additional achievement payments. Further, common shares in the amount of $14,048 were issued in relation to the payment of the year one earn out. An additional amount of $1,511 is owing as at September 30, 2022 in relation to the year one earn out and to be distributed in common shares.

In the current year, management had determined that a greater achievement was to be made for the second-year target based on current estimates. This has resulted in a change of estimate for payment of contingent earnout in relation to the second year earn out in the amount of $8,148. An additional amount of $2,175 was recognized as deemed compensation for the year ended September 30, 2022 based on achievement of targets set out in the initial agreement for key management members over the two year period. Further, as the first year earn out was payable in shares of the Company, at the end of the earn out period, the Company assessed the fair market value of the amount due in shares of the Company, this has resulted in a decrease of contingent consideration payable in the amount of $139.

The Company recognized $1,172 in the year ended September 30, 2022, related to changes in fair value of contingent earn out.

SimFront Simulation Systems Corporation (“SimFront”)

On October 7, 2021, the Company acquired the outstanding shares of SimFront, for total cash consideration of up to $15,625 of which, $9,646 was paid on closing, and $6,000 is payable contingently. SimFront will enable Calian to provide end-to-end military training and simulation capabilities and pursue new opportunities with customers seeking integration and immersive training support. SimFront integration and augmented/virtual/mixed reality solutions elevate Calian capabilities in this area. SimFront is reported as part of the Learning operating segment.

Under the contingent consideration arrangement, the Company is required to pay the former shareholders of SimFront an additional $2,760 and $3,240 if SimFront attains specific levels of EBITDA for the years ending September 30, 2022 and September 30, 2023, respectively. The Company recognized $532 in the year ended September 30, 2022, related to changes in fair value of contingent earn out.

During the fourth quarter of 2022, the Company continued its comprehensive evaluation of the fair value of net assets acquired from SimFront and the purchase price allocation. As a result, goodwill initially presented in the December 31, 2021 financial

25. Acquisitions (continued)

statements of $8,631 has been adjusted to $8,950. Additionally, intangible assets previously presented have been adjusted from $5,535 to $5,470. As at September 30, 2022, the accounting for the acquisition of SimFront is final. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

	Assets Acquired	Purchase Price Accounting	Total Assets Acquired
Cash and cash equivalents	$ 102	$ -	$ 102
Accounts receivable	2,346	-	2,346
Prepaid expenses	14	-	14
	$ 2,462	$ -	$ 2,462
Equipment and application software	123	-	123
Acquired intangible assets	-	5,470	5,470
Goodwill	-	8,950	8,950
	$ 2,585	$ 14,420	$ 17,005
Accounts payable and accrued liabilities	1,016	-	1,016
Deferred tax liabilities	-	1,450	1,450
	$ 1,016	$ 1,450	$ 2,466
Net purchase price			14,539
Discount on contingent consideration			1,086
Total purchase price			$ 15,625

Computex Technology Solutions (“Computex”)

On March 14, 2022, the Company completed an asset acquisition of Computex, for total cash consideration of $33,631 USD ($42,970) which was paid on closing. Computex expands the Company’s current IT and cybersecurity portfolio, and adds the US as a significant geographic region for the Company. Computex will enable the Company to continue to pursue its expansion in the everything-as-a-service market. Computex will be reported as part of the ITCS segment.

During the fourth quarter of 2022, the Company contrinued its comprehensive evaluation of the fair value of net assets acquired from Computex and the purchase price allocation. As a result, goodwill initially presented in the March 31, 2021 financial statements of $45,617 has been adjusted to $35,621. Additionally, intangible assets previously presented have been adjusted from $11,207 to $16,576. As at September 30, 2022, the accounting for the acquisition of Computex is final.

(CANADIAN DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

25. Acquisitions (continued)

	Assets Acquired	Purchase Price Accounting	Total Assets Acquired
Accounts receivable and tax receivable	$ 29,147	$ -	$ 29,147
Inventory	3,881	-	7,686
Prepaid expenses	4,836	-	1,031
	$ 37,864	$ -	$ 37,864
Equipment and application software	$ 5,086	$ -	$ 5,086
Right of use asset	2,705	-	-
Acquired intangible assets	-	16,576	16,576
Goodwill	-	35,621	35,621
	$ 45,655	$ 52,197	$ 97,852
Accounts payable and accrued liabilities	$ 40,586	$ -	$ 40,586
Lease obligation	2,739	-	-
Unearned contract revenue	11,557	-	11,557
	$ 54,882	$ -	$ 54,882
Total purchase price			$ 42,970

Cash consideration paid for acquisition activity during the year ended September 30, 2022:

	SimFront	Computex	Total
Consideration paid in cash	$ 9,626	42,970	52,596
Less- cash balance acquired	(102)	-	(102)
	$ 9,524	42,970	52,494

26. Contingent Earn-Out

The following shows the contingent consideration activity for the year ended September 30, 2022:

Company Acquired	Beginning balance	Acquisition	Payments	Change in Fair Value	Adjustments	Ending balance
Alio/Allphase	$ 6,941	$ -	$ (4,192)	$ 472	$ (1,361)	$ 1,860
Comprehensive Training Solutions	749	-	(1,102)	52	301	-
Tallysman Wireless	8,104	-	(4,142)	493	956	5,411
Cadence	1,417	-	(776)	94	(660)	75
InterTronic	3,228	-	-	215	(3,443)	-
Dapasoft	17,823	-	(14,283)	1,173	11,045	15,758
SimFront	-	4,914	-	532	-	5,446
Total	$ 38,262	$ 4,914	$ (24,495)	$ 3,031	$ 6,838	$ 28,550

Of the $24,495 of payments made in the year ended September 30, 2022, $11,421 was settled in the form of shares, and $12,771 was paid in the form of cash. As at September 30, 2022, the total gross value of all contingent consideration outstanding is $35,152. Included in the adjustments column in the table are amounts from deemed compensation, along with changes in estimated payment amounts to make under contingent earn out estimates.

26. Contingent Earn-Out (continued)

The following shows the contingent consideration activity for the year ended September 30, 2021:

Company Acquired	Beginning balance	Acquisition	Payments	Change in Fair Value	Adjustments	Ending balance
Alio/Allphase	$ 5,814	$ -	$ (3,616)	$ 395	$ 4,348	$ 6,941
Comprehensive Training Solutions	645	-	-	104	-	749
EMSEC	1,360	-	-	191	(1,551)	-
Tallysman Wireless	7,345	-	-	759	-	8,104
Cadence	-	1,181	-	236	-	1,417
InterTronic	-	3,984	-	324	(1,080)	3,228
Dapasoft	-	7,363	-	606	9,854	17,823
Total	$ 15,164	$ 12,528	$ (3,616)	$ 2,615	$ 11,571	$ 38,262

27. Related Party Transactions

During the year ended September 30, 2022 (2021), the Company had sales of $1,011 ($1,729) to GrainX. At September 30, 2022 (2021), the Company had an accounts receivable balance with GrainX of $140 ($66) which is included in accounts receivable. The terms and conditions of the related party sales are within the Company's normal course of operations and are measured at the exchange amounts agreed to by both parties.

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

	2022	2021
Short-term benefits	$ 3,448	$ 3,394
Share-based payments	1,306	997
	$ 4,754	$ 4,391

ADDITIONAL INFORMATION

Additional information about the Company such as the Company's Annual Information Form and Management Circular can be found on SEDAR at www.SEDAR.com

Dated: November 24, 2022

CORPORATE INFORMATION

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Corporate Director, ICD.D

Ray Basler, CPA, CA
Consultant

Jo-Anne Poirier
President and CEO, VON Canada, ICD.D

Young Park
Corporate Director, ICD.D

Ronald Richardson
Corporate Director, P. ENG., ICD.D

Valerie Sorbie
Partner and Managing Director, Gibraltar & Company

Kevin Ford
CEO, Calian Group Ltd.

COMMON SHARE INFORMATION

The Company's common shares are listed for trading on the Toronto Stock Exchange under the symbol CGY.

DIVIDEND POLICY

The Company intends to continue to declare a quarterly dividend in line with its overall financial performance and cash flow generation. Decisions on dividend payments are made on a quarterly basis by the Board of Directors. There can be no assurance as to the amount of such dividends in the future.

TRANSFER AGENT

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2022 ANNUAL REPORT

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