

August 10, 2023

Alithya reports first quarter fiscal 2024 results

Alithya

alithya.com

Forward looking statements and non-IFRS measures

Forward looking statements

Our presentations may contain “forward-looking information” within the meaning of applicable Canadian securities laws and “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and other applicable U.S. safe harbours (collectively “forward-looking statements”). These information and statements include, without limitation, estimates, plans, expectations, opinions, forecasts, projections and other information and statements regarding the future growth, results of operations, performance and business prospects of Alithya that do not exclusively relate to historical facts or which refer to the characterizations of future events or circumstances, including information or statements regarding our expectations of clients' demands for our services, our ability to generate sufficient earnings to support our operations, our ability to take advantage of business opportunities and meet our goals set in our three-year strategic plan, our ability to develop new business, broaden the scope of our service offerings and enter into new contracts, our strategy, future operations, and prospects, our expectations regarding our financial performance, and the potential return to pre-COVID-19 pandemic operations.

Although management believes the expectations reflected in Alithya's forward-looking statements were reasonable as at the date they were made, forward-looking statements are based on the opinions, assumptions and estimates of management and, as such, are subject to a variety of risks and uncertainties and other factors, many of which are beyond Alithya's control, and which could cause actual events or results to differ materially from those expressed or implied in such statements. Such risks and uncertainties include but are not limited to those discussed in Alithya's Management's Discussion and Analysis for the quarter ended June 30, 2023, as well as in other materials made public, including documents filed with Canadian and U.S. securities regulatory authorities from time to time and which are available on SEDAR+ at www.sedarplus.com and EDGAR at www.sec.gov. Forward-looking statements contained herein and expressed in our presentations are expressly qualified in their entirety by these cautionary statements and are made only as of the date of Alithya's Management's Discussion and Analysis for the quarter ended June 30, 2023. Alithya expressly disclaims any obligation to update or revise any forward-looking statements, or the factors or assumptions underlying them, whether as a result of new

information, future events or otherwise, except as required by applicable law. Investors are cautioned not to place undue reliance on forward-looking statements since actual results may vary materially from them.

Non-IFRS and other financial measures

Alithya reports its financial results in accordance with IFRS. Alithya uses a number of financial measures when assessing its results and measuring overall performance. Some of these financial measures are not calculated in accordance with IFRS. Regulation 52-112 respecting Non-IFRS and Other Financial Measures Disclosure (“Regulation 52-112”) prescribes disclosure requirements that apply to the following types of measures used by Alithya: (i) non-IFRS financial measures and (ii) other financial measures.

In our presentations, the following non-IFRS and other financial measures are used: Adjusted Net Earnings, Adjusted Net Earnings per Share; EBITDA; EBITDA Margin; Adjusted EBITDA; Adjusted EBITDA Margin; Constant Dollar Revenue; Constant Dollar Growth; Net Debt; Net Debt over Trailing Twelve Months (TTM) Adjusted EBITDA; Gross Margin as a Percentage of Revenues; Selling, General and Administrative Expenses as a Percentage of Revenues; Bookings; Book-to-Bill Ratio; Backlog; and DSO. Additional details for these non-IFRS and other financial measures can be found in section 5, “Non-IFRS and Other Financial Measures” of Alithya's Management Discussion & Analysis (“MD&A”) for the quarter ended June 30, 2023, filed on SEDAR+ at www.sedarplus.com and EDGAR at www.edgar.gov, which includes explanations of the composition and usefulness of these non-IFRS and other financial measures. Reconciliations of non-IFRS measures and other financial measures to the most directly comparable IFRS measures are also provided in the MD&A. These measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS.

All amounts are in Canadian dollars unless otherwise indicated.

Presenters



Paul Raymond

President and
Chief Executive Officer



Claude Thibault

Chief Financial Officer

Our Q1 takeaways

01 / Bookings

**Q1 bookings⁽¹⁾
reached \$111.3M**

- Added 32 new clients
- Book-to-bill ratio⁽¹⁾ of 0.99⁽²⁾
- Revenues increased by 3.8% YoY
- Strong performance in enterprise solutions; reduced activity in banking sector

02 / Gross margins

Strategic plan focus

- Gross margin as a percentage of revenues⁽¹⁾ reached 28.9%
- Target for smart-shore workforce: 20%
- Salary increases in Q1

03 / Cash generation

Debt reduction

- \$17.4M improvement in net cash from operations
- Keeping our eye on potential acquisitions

04 / Awards

8 Microsoft recognitions in total

- Alithya's Digital Adoption Practice (previously known as Vitalyst) won Microsoft Partner of the Year Award for 5th consecutive year
- Mercuriades Awards honours Alithya's leadership program

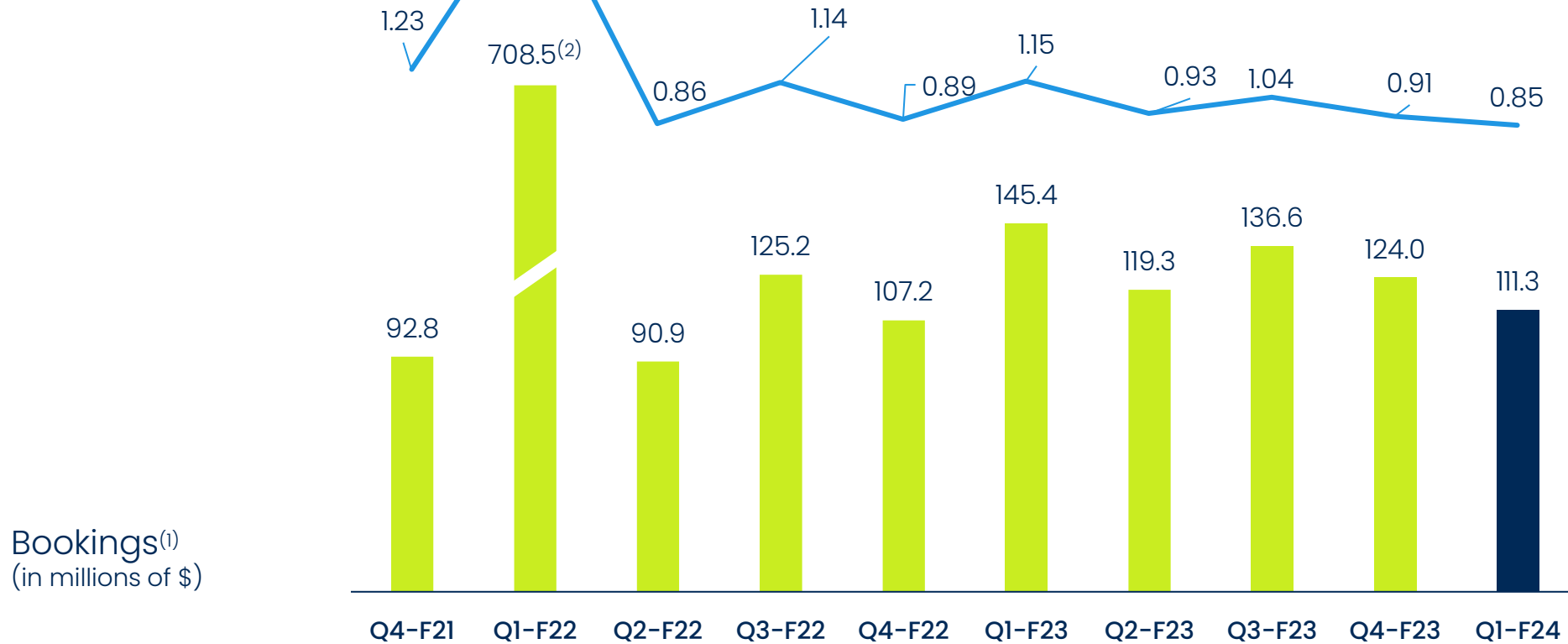
05 / Generative AI

Alithya's IP solutions

- RapidSUITE now leverages GPT-4 capabilities for clients' documents processing
- Developing more Generative AI products for many industries

Bookings evolution

Book-to-bill ratio⁽¹⁾



Bookings⁽¹⁾
(in millions of \$)

On a trailing 12-month basis, bookings were \$111.3M, which translated into a book-to-bill⁽¹⁾ ratio of 0.85, and 0.99 when excluding the two long-term contracts⁽²⁾ signed in April 2021.

(1) These are other financial measures. Please refer to the "Forward-Looking Information and Non-IFRS and Other Financial Measures" section of this presentation and to section 5 titled "Non-IFRS and Other Financial Measures" of the MD&A for an explanation of the composition of this supplemental financial measure.

(2) Excluding revenues from the two-long term contracts signed on April 1, 2021.

RapidSUITE

Capabilities for intelligent ingestion of content

Set and pre-program



Sets pre-programmed keywords and instructions, while leveraging GPT-4 to generate additional keywords that it identifies as being potentially relevant to a given subject.

Ingest and recognize



Scans unstructured data obtained from a multitude of sources, from handwritten notes to digital files.

Extract and export



Recognizes nuances, extracts and exports more accurate and comprehensive results to the client's content management platform or enterprise data stores

Quarterly performance

	F2024-Q1	F2023-Q1		
Revenues	\$131.6	\$126.8M	3.8%	<ul style="list-style-type: none"> ▲ Revenues of \$5.9M from Datum, following its acquisition in July 2022 ▲ Favorable US and foreign exchange rate impacts ▼ Current economic conditions, in particular the banking sector
Gross margin	\$38.1M 28.9%	\$34.1M 26.9%	11.8% 200 bps	<ul style="list-style-type: none"> ▲ Higher average revenue per employee, and higher margin offerings ▲ Impact from the Datum acquisition ▲ Improved project performance
Adj. EBITDA ⁽¹⁾	\$9.1M	\$6.2M	46.1%	<ul style="list-style-type: none"> ▲ Increased revenues & gross margin and contribution of Datum ▲ Increased SG&A expenses
Adj. net earnings ⁽¹⁾	\$1.7M	\$2.7M	(38.3%)	<ul style="list-style-type: none"> ▲ Increased revenues & gross margin and contribution of Datum ▼ Increased SG&A expenses ▼ Increased net financial expenses ▼ Impairment of \$1.4M on property and equipment and right-of-use assets
Net loss	(\$7.2M)	(\$4.2M)	nm	<ul style="list-style-type: none"> ▲ Increased revenues & gross margin and lower business acq. expenses ▼ Increased SG&A expenses ▼ Increased net financial expenses, depreciation and amortization ▼ Impairment of \$1.4M on property and equipment and right-of-use assets

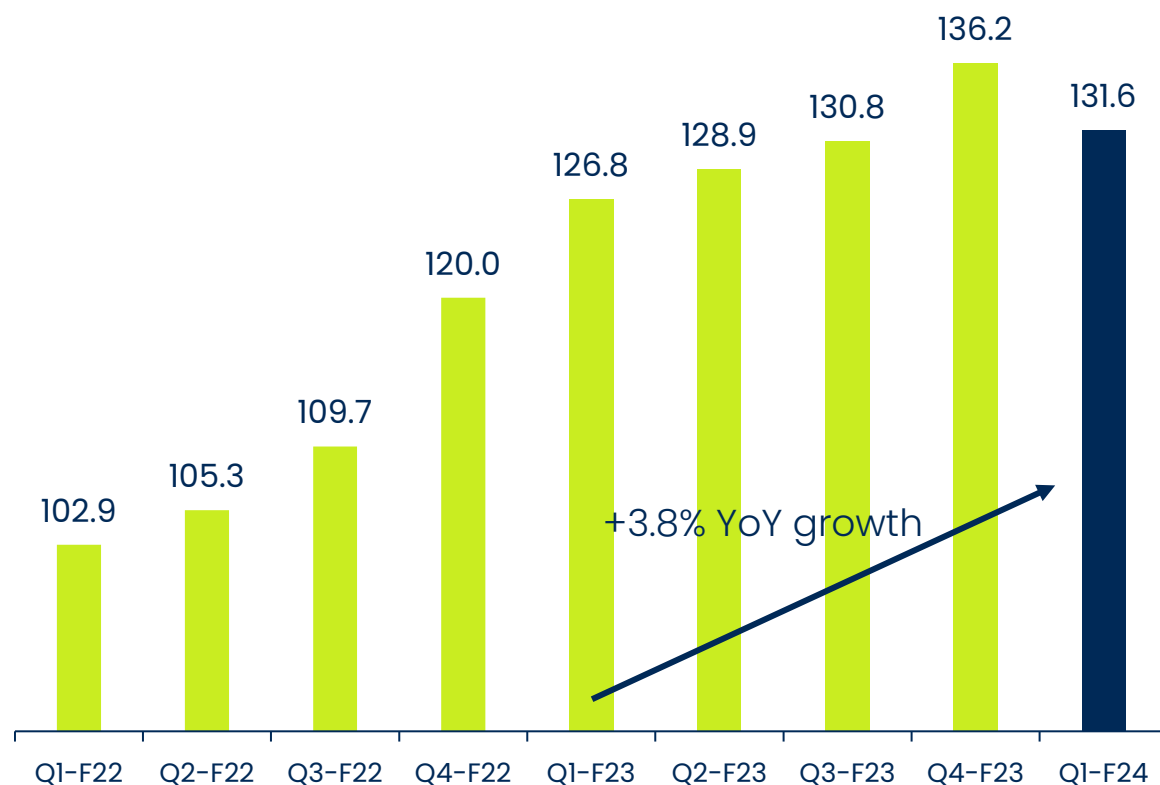
Adjusted net earnings

(in \$ thousands)	For the three months ended June 30		
	2023	2022	
Net loss per financial statement	(7,245)	(4,164)	
Business acquisition, integration and reorganization costs	1,105	1,882	
Amortization of intangibles	6,824	4,699	
Share-based compensation	2,078	1,061	
Impairment of property and equipment, and right-of-use assets	1,383	-	
Sub-total	4,145	3,478	+ 19.2%
Income tax expense related to above items	(2,468)	(759)	
Adjusted net earnings⁽¹⁾	1,677	2,719	

Long-term performance trends

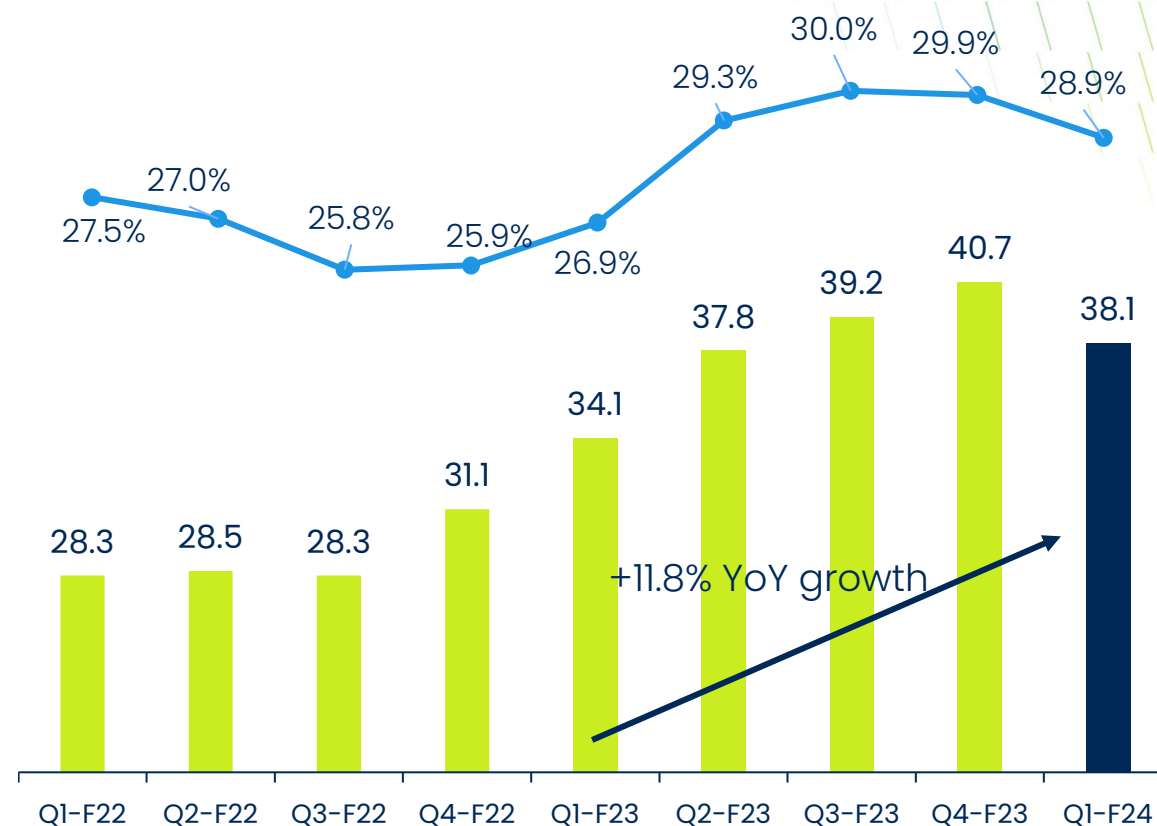
Revenues

(in millions of \$)



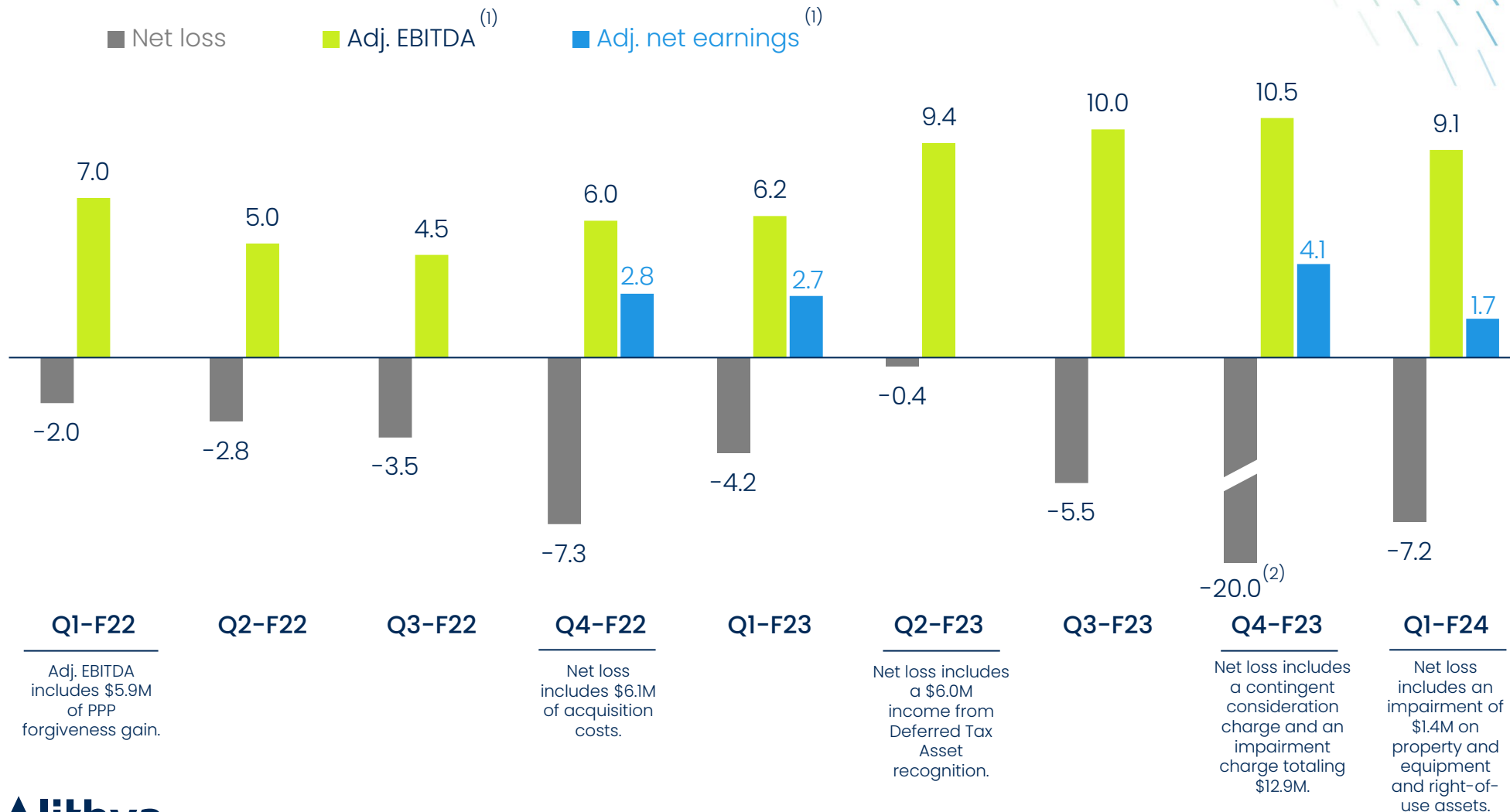
Gross margin

(in millions of \$, except for gross margin as percentage of revenues⁽¹⁾)



Long-term performance trends

(in millions of \$)



Alithya

(1) This is a non-IFRS financial measure without a standardized definition under IFRS. Please refer to the "Forward-Looking Information and Non-IFRS and Other Financial Measures" section of this presentation, to section 5 of the MD&A for an explanation of its composition and usefulness, and to sections 7.6 & 7.8 of the MD&A for a quantitative reconciliation to the most directly comparable IFRS measure.
 (2) \$12.9M of specific non-cash charges. Includes an impairment of \$3.7M on property and equipment and right-of-use assets and a contingent consideration of \$9.2M related to the latest acquisition.

Liquidity and financial position

Net cash generated from operating activities of \$7.6M, a \$17.4M improvement from \$9.8M used in Q1 F2023

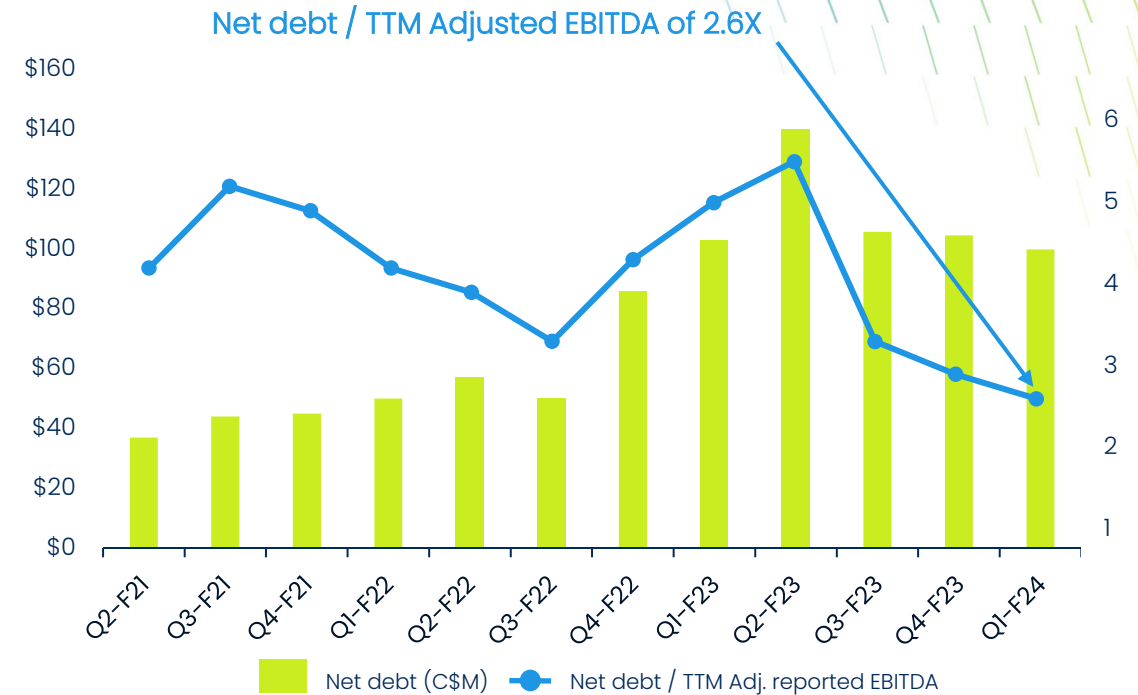
- ✓ Cash flow from operations of \$6.8M, +\$2.8M YoY
- ✓ Changes in non-cash working capital items of +\$0.8M vs. -\$13.8M in Q1 F2023

Net debt⁽¹⁾ of \$99.9M as of Jun. 30, 2023, representing a decrease of \$4.7M from \$104.6M as of Mar. 31, 2023, mainly explained by cash flow generation noted above

- ✓ Mainly explained by cash flow generation noted above, minus financial expenses

Decrease in net debt / TTM Adjusted EBITDA⁽¹⁾ multiple:

- ✓ Increased TTM Adjusted EBITDA performance, combined with the above debt reduction, reduces the multiple to 2.6X from 2.9X on Mar. 31, 2023
- ✓ Continued positive cash flow from operating activities should contribute to further deleveraging



(1) These are non-IFRS and other financial measures without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. Net Debt/TTM Adjusted EBITDA ratio is calculated by dividing Net Debt by Adjusted EBITDA, on a trailing twelve-month basis. Management believes that this ratio provides information as to the company's leverage levels, similar to bank covenants. Please refer to the "Forward-Looking Information and Non-IFRS and Other Financial Measures" section of this presentation, to section 5 of the MD&A for an explanation of its composition and usefulness, and to sections 7.6 and 7.8 of the MD&A for a quantitative reconciliation to the most directly comparable IFRS measure.

Questions

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