

On August 14, 2024, Alithya reported its results for the first quarter of fiscal 2025, which ended June 30, 2024

Alithya reports margin improvements and strong cash flow generation

Alithya

alithya.com

Forward looking statements, financial outlook and non-IFRS measures

Our presentations may contain “forward-looking information”, “forward-looking statements” and “financial outlook” within the meaning of applicable Canadian securities laws and the U.S. Private Securities Litigation Reform Act of 1995 and other applicable U.S. safe harbours (collectively “forward-looking statements”). Forward-looking statements include, without limitation, estimates, plans, expectations, forecasts, projections and other information and statements regarding the future growth, results of operations, performance and business prospects of Alithya which do not exclusively relate to historical facts or which refer to the characterizations of future events or circumstances. This includes statements regarding our expectations of clients' demands for our services, our ability to take advantage of business opportunities and meet our goals set in our three-year strategic plan, our ability to maintain and develop our business, including by broadening the scope of our service offerings, by leveraging artificial intelligence (“AI”), our geographic presence, our expertise, and our integrated offerings, and by entering into new contracts and penetrating new markets, our strategy, future operations, and prospects, including our expectations regarding future revenue resulting from bookings and backlog and providing stakeholders with long-term growing return on investment, our ability to service our debt and raise additional capital, our estimates regarding our financial performance, including our revenues, profitability, and costs and expenses, our ability to target suitable acquisitions and realize synergies, and our ability to balance, meet and exceed the needs of our stakeholders.

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, 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 year ended March 31, 2024 and the quarter ended June 30, 2024 (the “MD&As”), 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 hereof. 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.

Alithya

Non-IFRS and other financial measures

Alithya reports its financial results in accordance with International Financial Reporting Standards (“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 may be 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 (“SG&A”) 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 titled “Non-IFRS and Other Financial Measures” of Alithya’s MD&As 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 and which is hereby incorporated by reference. Reconciliations of non-IFRS measures to the most directly comparable IFRS measures are also provided in the MD&As.

These measures are provided as additional information to complement IFRS measures by providing further understanding of our results of operations from our perspective. They do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. They should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS. They are used to provide investors with additional insight of our operating performance and thus highlight trends in Alithya’s business that may not otherwise be apparent when relying solely on IFRS measures.

All amounts are in Canadian dollars unless otherwise indicated.

Presenters



Paul Raymond
President and Chief
Executive Officer



Bernard Dockrill
Chief Operating Officer



Debbie Di Gregorio
Interim Chief Financial
Officer

1

Another quarter of improved Adjusted EBITDA

Our Adjusted EBITDA increased over the same quarter last year, on lower YoY revenues.

2

83% of our revenues were generated by repeat clients

Our gross margin as a percentage of revenues⁽¹⁾ increased to 31.9%, compared to 28.9% YoY. Gross margin increased to \$38.5M, compared to \$38.1M, YoY.

3

SG&A spending down year over year

Delivered strong net cash from operating activities of \$16.7M, a 120% increase YoY, further reducing our long-term debt.

Reduced subcontractors and increased permanent employees



Long-standing priority is positively impacting our gross margins.

Important contractual vehicles with public sector clients



Our 6-year Oracle project for the Quebec government in the healthcare sector continues according to plan.

Backlog remains strong



Backlog⁽¹⁾ represents approximately 16 months of trailing twelve-month revenues as of June 30.

Smart shoring strategy



By the end of Q1, we increased our smart shore workforce to 8.6% of our total workforce, up from 8.1% at the end of Q4.

Cutting-edge cybersecurity technologies



We secured a \$14M operational technology implementation with a major energy provider.

3% YoY growth in our US operations



Kickoff of projects from our strong bookings performance in fiscal 2024.

Right path to diversification



Our Oracle practice welcomed large projects in new sectors such as manufacturing and professional services.

Microsoft practice posted strong performance



Named a Microsoft Dynamics 365 Supply Chain Global Partner of the Year Award finalist and achieved new Microsoft Advanced Specializations.

Doubling down on our commitment to AI preparedness



We continue to build up our portfolio of proprietary, AI-leveraged products and solutions.

F2025-Q1 quarterly performance

	F2025-Q1	F2024-Q4	QoQ	F2024-Q1	YoY
Revenues	\$120.9M	\$120.5M	0.3%	\$131.6M	(8.1%)
Gross margin	\$38.5M	\$38.7M	(0.5%)	\$38.1M	1.0%
Gross margin as a percentage of revenues ⁽¹⁾	31.9%	32.1%	(20 bps)	28.9%	300 bps
SG&A expenses	\$31.7M	\$29.6M	7.1%	\$32.5M	(2.5%)
Net earnings (loss)	(\$2.8M)	\$2.3M	(221.7%)	(\$7.2M)	61.1%
Adjusted net earnings ⁽²⁾	\$4.9M	\$6.1M	(19.8%)	\$3.0M	63.3%
Adjusted EBITDA ⁽²⁾	\$10.1M	\$10.5M	(3.8%)	\$9.1M	11.1%
Adjusted EBITDA margin ⁽²⁾	8.3%	8.7%	(40 bps)	6.9%	140 bps

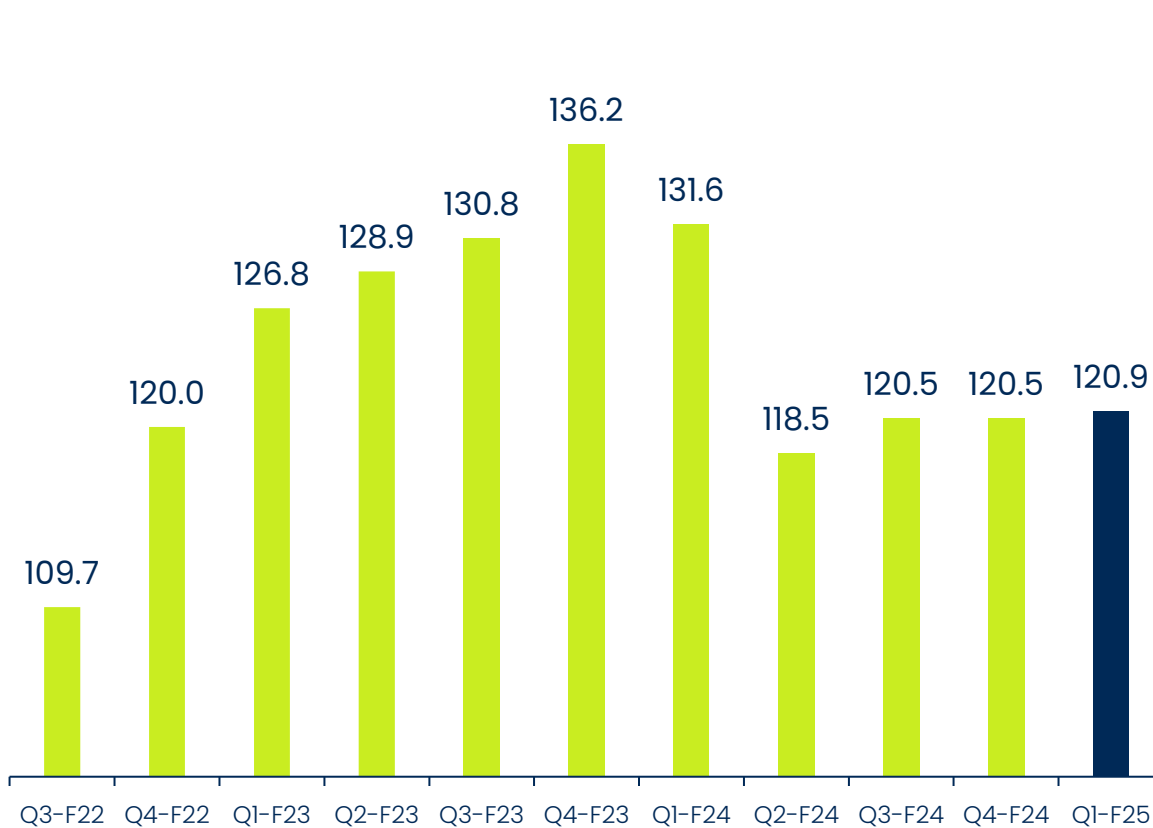
(1) This is another financial measure without a standardized definition under IFRS which may not be comparable to similar measures used by other issuers. See "Non-IFRS and Other Financial Measures" on slide 2.

(2) These are non-IFRS financial measures without a standardized definition under IFRS which may not be comparable to similar measures used by other issuers. More information and quantitative reconciliations of Adjusted Net Earnings and Adjusted EBITDA to the most directly comparable IFRS measures are presented in section 5 titled "Non-IFRS and Other Financial Measures" of Alithya's MD&As.

Long-term performance trends

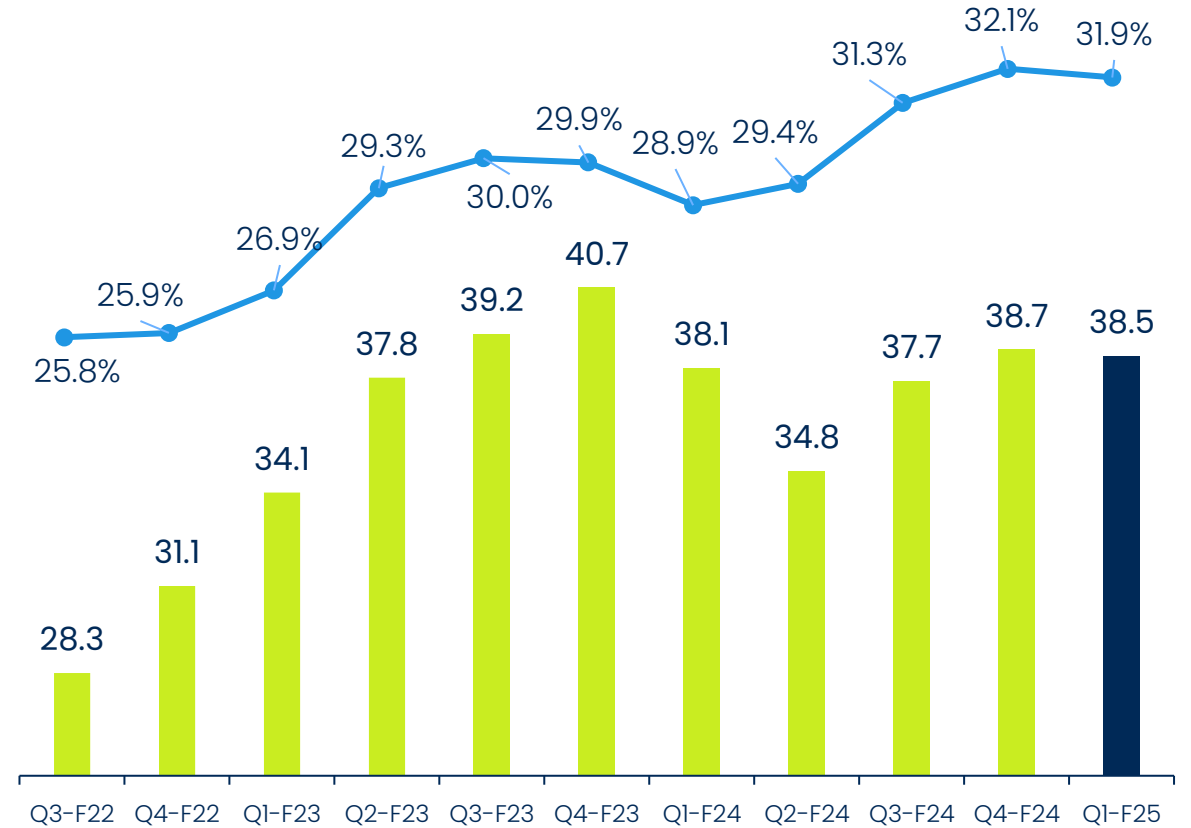
Revenues

(in millions of \$)



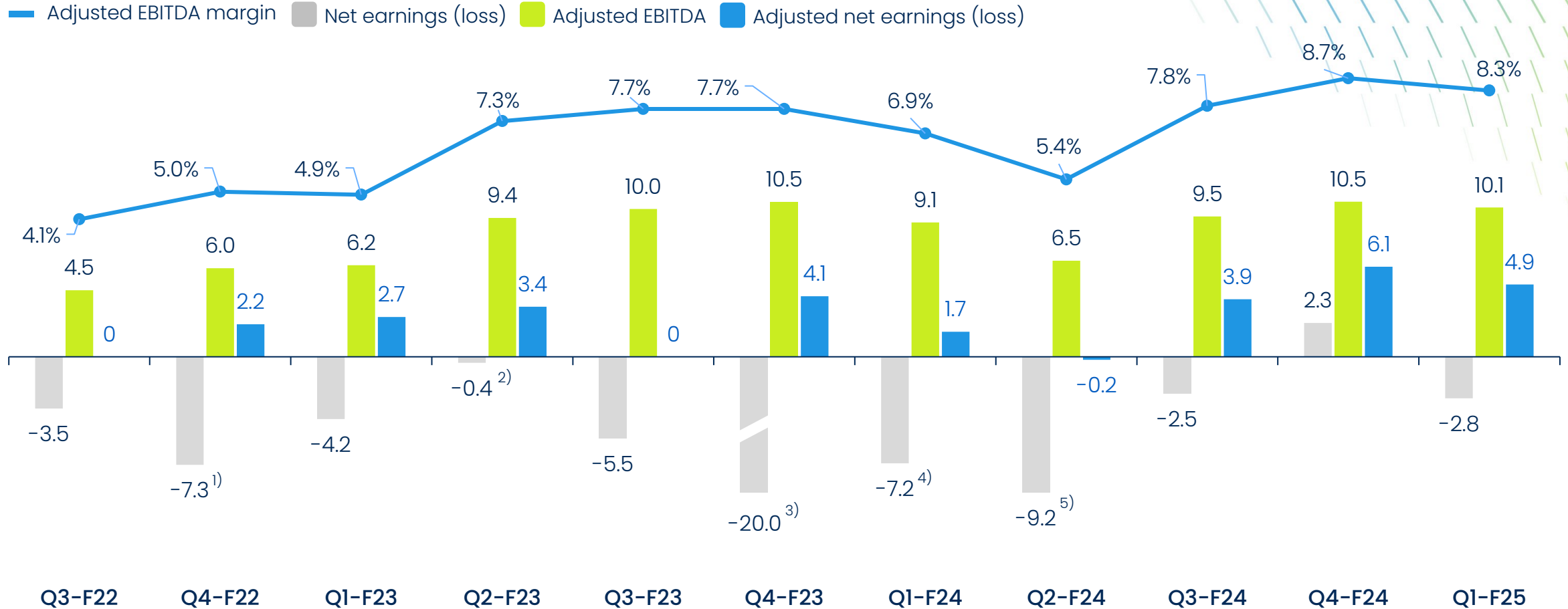
Gross margin

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



Long-term performance trends

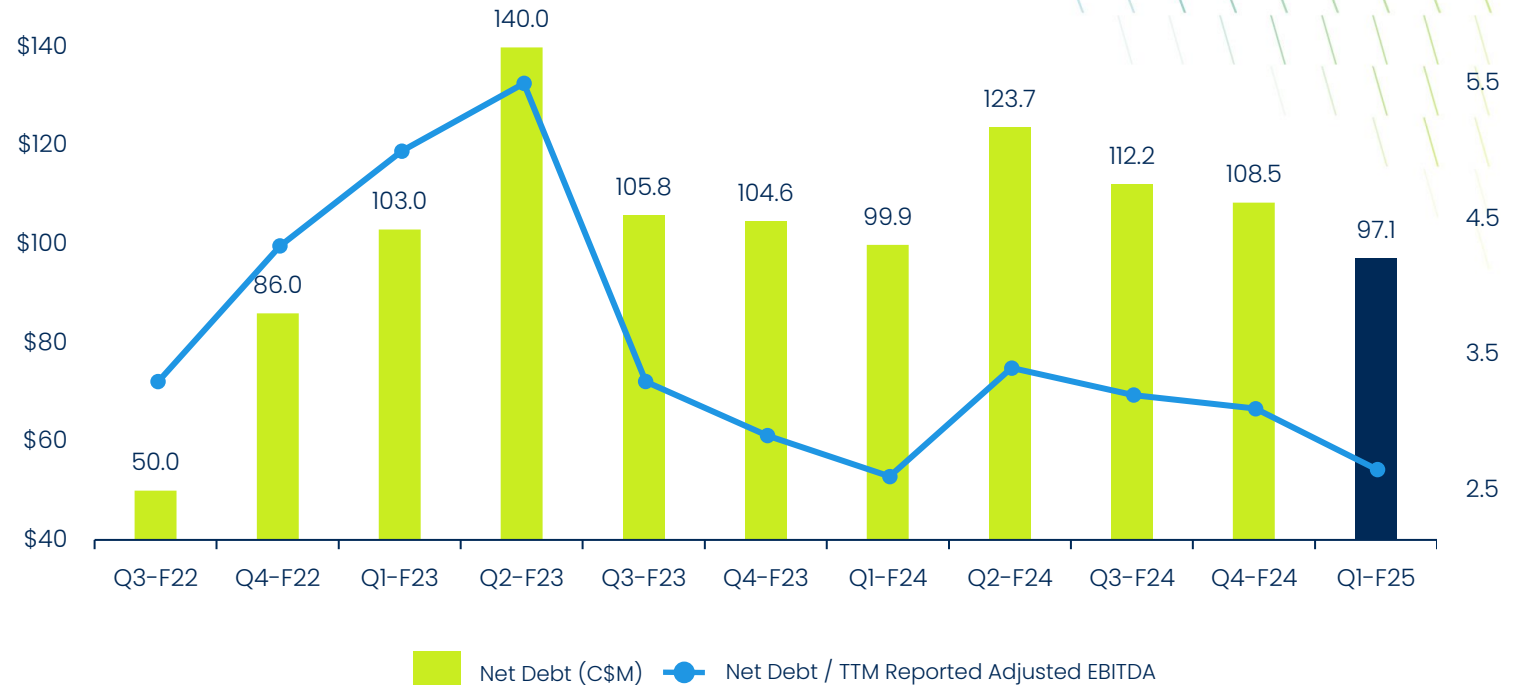
(in millions of \$)



- 1) Net loss includes \$6.1M of acquisition costs.
- 2) Net loss includes \$6.0M income from deferred tax asset recognition
- 3) Net loss includes a contingent consideration charge and an impairment charge totaling \$12.9M.
- 4) Net loss includes an impairment of \$1.4M on property and equipment and right-of-use assets.
- 5) Net loss includes a \$1.1M provision on tax credits receivable related to previous periods.

Liquidity and financial position

- / Net cash from operating activities was \$16.7M, representing an increase of 120.0% year-over-year
- / Total long-term debt reduction of \$9.5M, to \$107.9M, as of June 30, 2024
- / Net Debt of \$97.1M and Net Debt / TTM Adjusted EBITDA⁽¹⁾ ratio decreasing



(1) This is non-IFRS measure without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. The Net Debt / Trailing Twelve Months (TTM) Adjusted EBITDA ratio is calculated by dividing the Net Debt by Adjusted EBITDA, on a trailing twelve-month basis. Management believes that this ratio provides information as to the company's leverage level, similar to bank covenants.



Undaunted, we
remain focused
on our 3-year
plan

Alithya

On September 10, 2024



Shareholder meeting

Our Annual General and Special Meeting of Shareholders will be held as a virtual meeting at 10:00 a.m. Eastern Time.



Third ESG report

Our third report will assess our current position, outline our ESG targets, and detail the strategies we plan to implement to achieve them.



Investor Day 2024

To be held in a hybrid format at 1:00 p.m. Eastern Time at Club St. James, in downtown Montreal.

Questions?

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