

# ACCELERATING THE EXECUTION OF OUR LONG-TERM STRATEGY WITH LEADING ORGANIC GROWTH AND THE INTEGRATION OF R3D CONSULTING

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F2022-Q2 Performance Highlights

November 11, 2021

**Alithya** 



# CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS AND NON-IFRS MEASURES

Certain statements contained herein may constitute “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 statements may include, without limitation, estimates, plans, expectations, opinions, forecasts, projections or other 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 ability to generate sufficient earnings to support our operations, 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 impact on Alithya of, and the response of Alithya to, the occurrence of the COVID-19 pandemic.

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 (“MD&A”) for the quarter ended September 30, 2021 and MD&A for the year ended March 31, 2021 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.sedar.com](http://www.sedar.com) and EDGAR at [www.sec.gov](http://www.sec.gov). Forward-looking statements contained herein are expressly qualified in their entirety by these cautionary statements and are made only as of the date of Alithya's MD&A for the quarter ended September 30, 2021. 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.

Certain measures disclosed herein have also not been prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS. Please refer to Alithya's MD&A for the quarter ended September 30, 2021 and MD&A for the year ended March 31, 2021 for a description of such measures, a reconciliation of to the most directly comparable IFRS financial measures and for further details.

All amounts are in Canadian dollars unless otherwise indicated.

# F2022-Q2 PERFORMANCE HIGHLIGHTS

1

Industry leading organic growth, during what is normally Alithya's softer seasonal period. Fourth consecutive quarter of revenue growth.

2

Important revenue contribution from the R3D Acquisition<sup>(1)</sup>, and from the two 10-year contracts. Integration is proceeding according to plan.

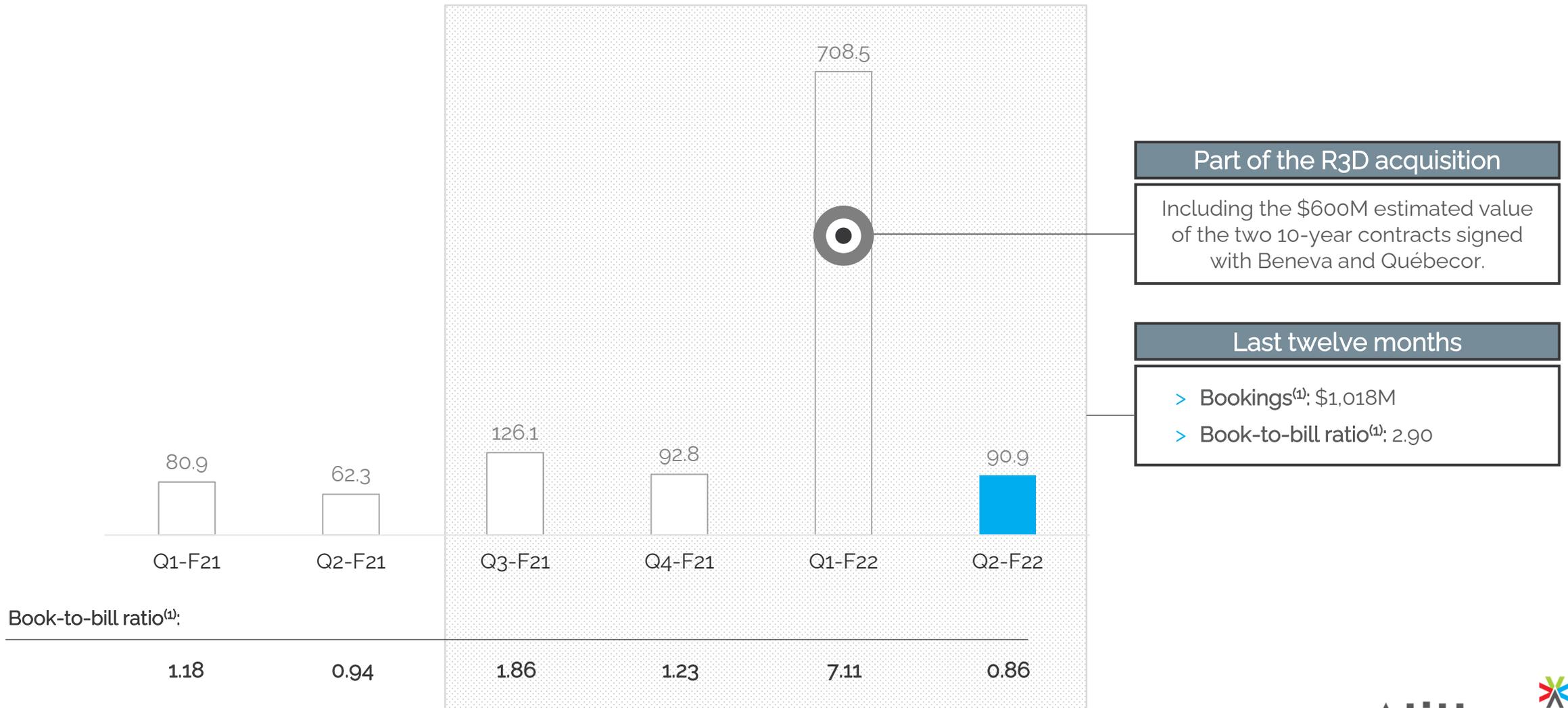
3

More than 500 professionals joined the organization during the first six months of F2022.

(1) R3D Consulting Inc.'s transaction closed on April 1, 2021. This transformational acquisition added two 10-year contracts with Beneva and Québecor which, combined, will add approximately \$600M in total guaranteed business over the next 10 years, from the closing date (April 1, 2021). Beneva is the largest mutual insurance company in Canada with assets worth \$25B. Québecor, which along with its subsidiary Videotron, is a Canadian leader in telecommunications, entertainment, news media, and culture, with revenues of \$4.3B in 2020.

# BOOKINGS<sup>(1)</sup> EVOLUTION

(In millions of \$)

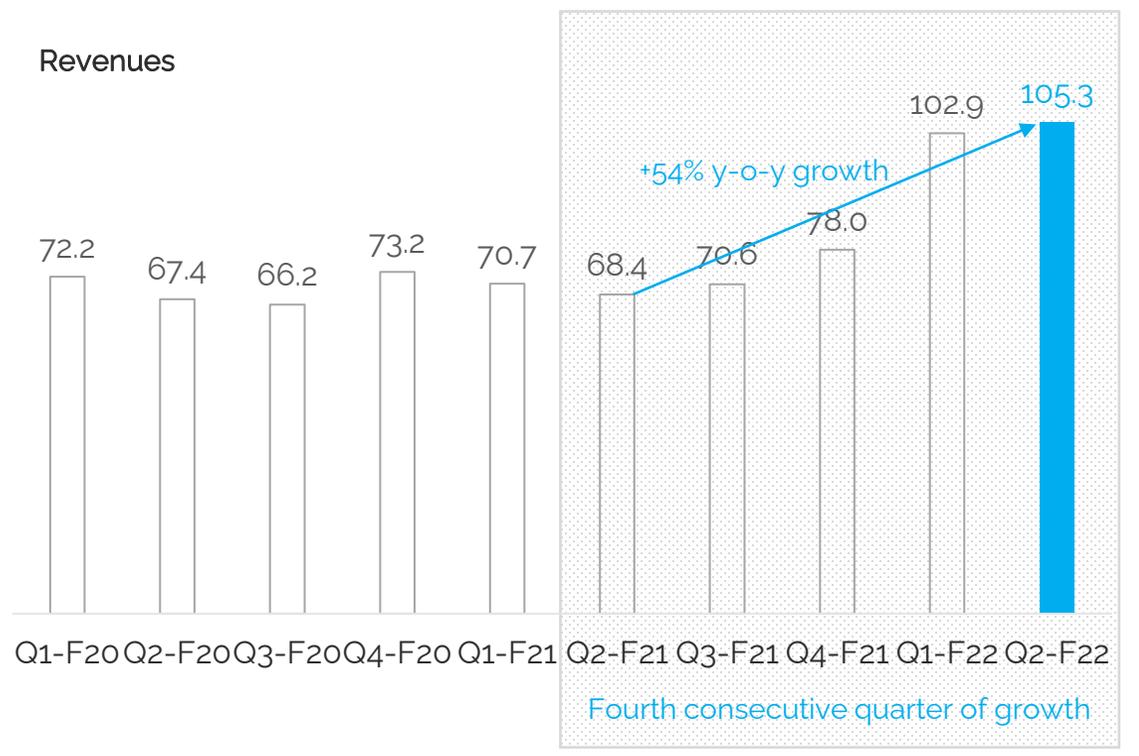


(1) This is a non-IFRS financial measure. Please refer to the "Cautionary Note on Forward-Looking Statements and Non-IFRS Measures" section of this presentation and to the "Non-IFRS Measures" section in the MD&A for more information.

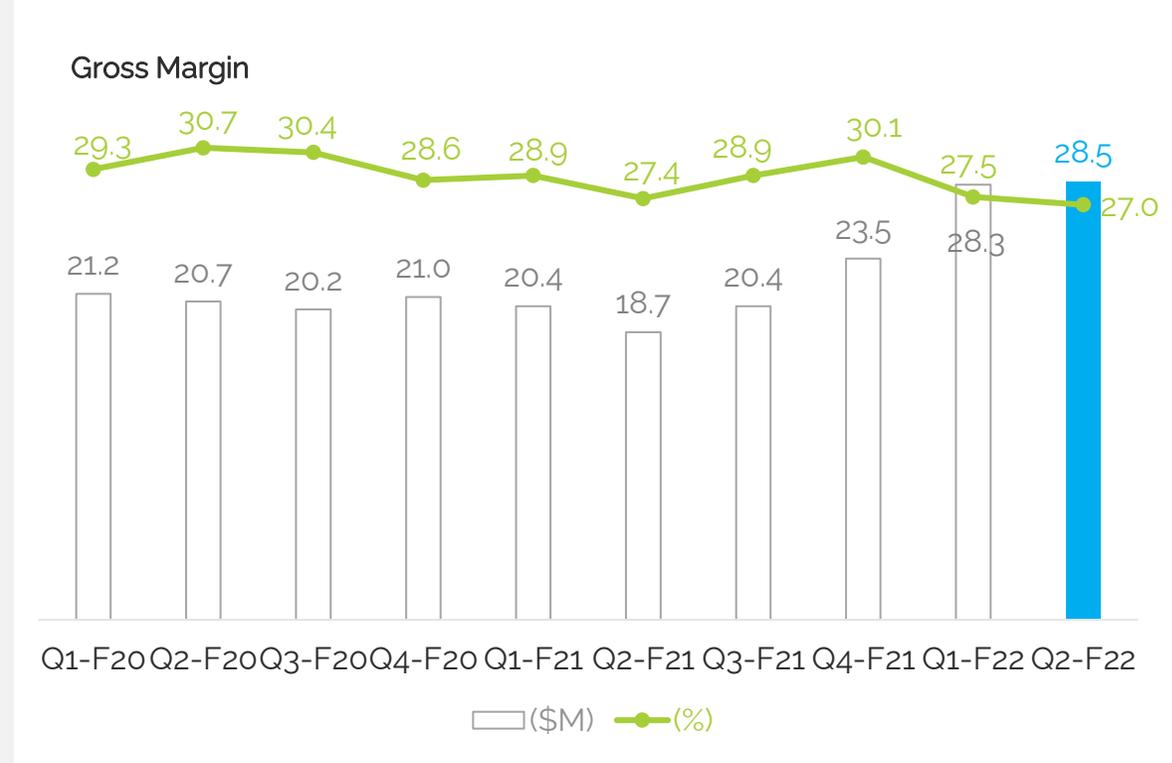
# REVENUES AND GROSS MARGIN

(In millions of \$)

### Revenues



### Gross Margin



# ANOTHER RECORD QUARTER IN TERMS OF REVENUE, GROSS MARGIN, AND ADJUSTED EBITDA <sup>(1)(2)</sup>

	F2022-Q2	F2021-Q2		
REVENUES	\$105.3M	\$68.4M	54.0% ▲	<ul style="list-style-type: none"> <li>▲ Organic growth in all geographies</li> <li>▲ Additional revenues from the R3D Acquisition on April 1, 2021</li> <li>▲ Growth from the two 10-year contracts</li> </ul>
GROSS MARGIN	\$28.5M	\$18.7M	52.0% ▲	<ul style="list-style-type: none"> <li>▲ Increased gross margin in all geographies, with a gross margin excluding the impact of the R3D Acquisition of 29.1%<sup>(3)</sup></li> <li>▼ Decreased average gross margin in Canada from the R3D Acquisition, whose revenues historically show a higher proportion from billable subcontractors</li> </ul>
	27.0% <sup>(2)</sup>	27.4%	40 bps ▼	
ADJUSTED EBITDA <sup>(2)</sup>	\$5.0M	\$0.8M	511.2% ▲	<ul style="list-style-type: none"> <li>▲ Increased revenues</li> <li>▲ Increased gross margins</li> <li>▲ Increased SG&amp;A expenses, but decrease as a % of revenues</li> </ul>
NET LOSS	(\$2.8M)	(\$5.5M)	nm ▲	<ul style="list-style-type: none"> <li>▲ Increased gross margin, partially offset by increased SG&amp;A, business acquisition and integration costs, net financial expenses, and decreased income tax recovery</li> </ul>

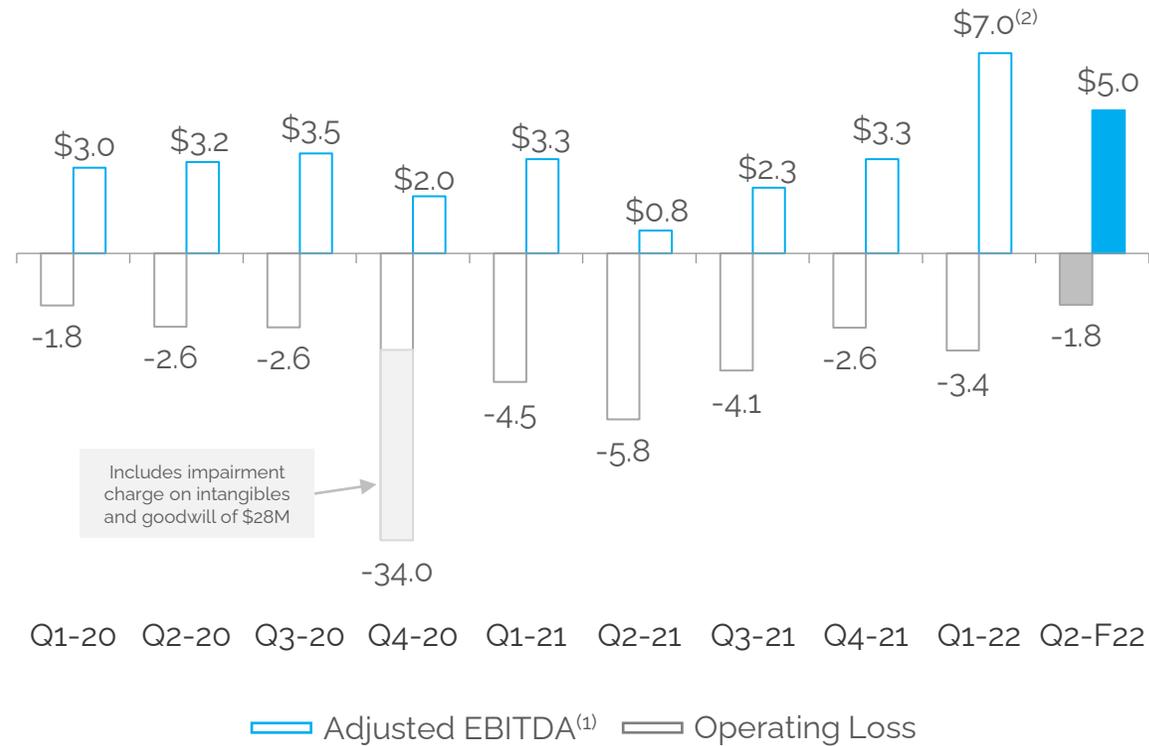
(1) Excluding the non-recurring impact on the Adjusted EBITDA for F2022-Q1 of \$5.9M resulting from the PPP loans forgiveness.

(2) This is a non-IFRS financial measure. Please refer to the "Cautionary Note on Forward-Looking Statements and Non-IFRS Measures" section of this presentation and to the "Non-IFRS Measures" section in the MD&A for more information.

(3) This reflects the impact of the R3D Acquisition, which has a lower historical gross margin.

# ADJUSTED EBITDA<sup>(1)</sup> AND OPERATING LOSS

(In millions of \$)



(1) This is a non-IFRS financial measure. Please refer to the "Cautionary Note on Forward-Looking Statements and Non-IFRS Measures" section of this presentation and to the "Non-IFRS Measures" section in the MD&A for more information.

(2) Includes forgiveness of PPP loans in an amount of \$5.9M.

# F2022-Q2 LIQUIDITY AND FINANCIAL POSITION

- > Net cash used in operating activities of \$7.5M, representing an increase from \$6.7M used for the same period last year
  - > \$3.4M positive inflow for our statement of operations, minus
  - > \$10.9M outflow from negative non-cash working capital items variations
  - > Negative working capital variations explained by strong organic growth, and a number of timing elements
  
- > Net bank borrowing<sup>(1)</sup> reached \$29.6M, a decrease from \$30.6M as at June 30, 2021.
  - > Reflecting \$26.8M in cash and restricted cash at quarter end
  - > Stable overall during Q2, considering
    - Net cash used in operating activities, as explained above
    - New \$10M subordinated unsecured loan
    - Increased cash balances at quarter end
  
- > Total long-term debt of \$84.5M, including current portion
  - > Including non-interest bearing balances of sale
  - > New \$10M subordinated unsecured loan
  - > No recent development on the last remaining PPP loan, out of five.

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# NEW CUSTOMERS ARE TURNING TO ALITHYA SEEKING A TRUSTED ADVISOR TO SUPPORT THEIR GROWTH INITIATIVES

