



F2022-Q3

Alithya reports continued growth and record revenues

FEBRUARY 10 , 2022

Alithya^{*}

PRESENTERS



**PAUL
RAYMOND**
PRESIDENT AND
CHIEF EXECUTIVE
OFFICER



**CLAUDE
THIBAUT**
CHIEF FINANCIAL
OFFICER

FORWARD LOOKING STATEMENTS AND NON-IFRS MEASURES

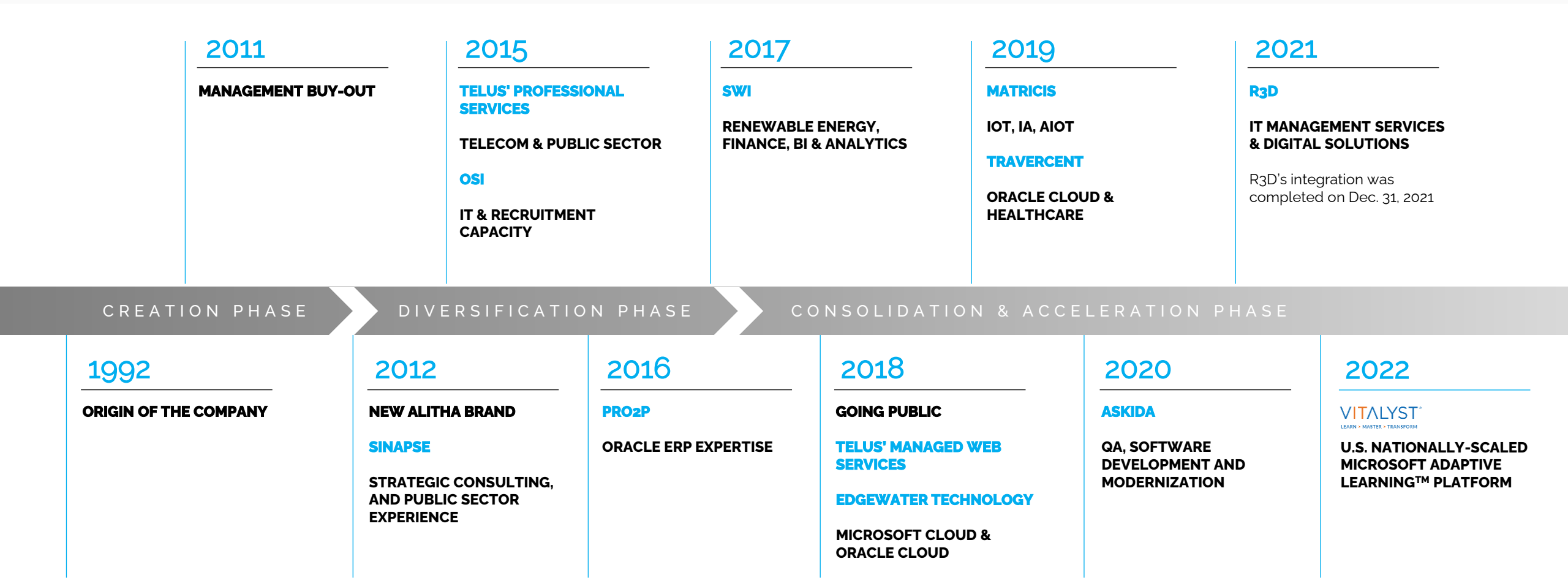
Certain statements contained herein may constitute "forward-looking information" within the meaning of applicable Canadian securities laws and "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and other applicable U.S. safe harbours (collectively "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 December 31, 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 and EDGAR at 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 December 31, 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 December 31, 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.

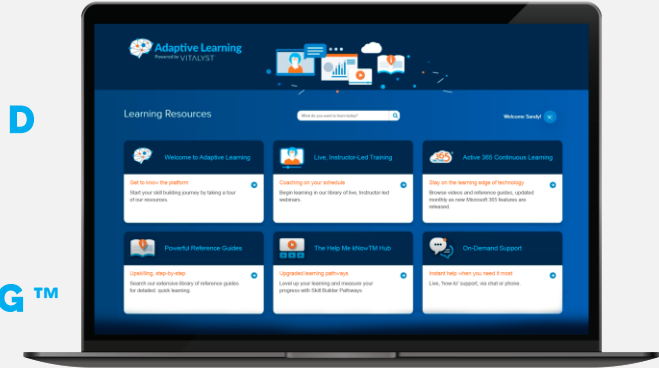
All amounts are in Canadian dollars unless otherwise indicated.

OUR ACQUISITIONS ARE CATALYSTS FOR ORGANIC GROWTH



VITALYST AT A GLANCE

U.S.-BASED VITALYST PROVIDES BEST-IN-CLASS EMPLOYEE EXPERIENCE AND TRANSFORMATIVE CHANGE ENABLEMENT VIA THE ON-DEMAND, SUBSCRIPTION-BASED ADAPTIVE LEARNING™ PROPRIETARY PLATFORM.



Microsoft Partner
Gold Cloud Productivity
Gold Windows and Devices
Gold Cloud Platform
Gold Enterprise Mobility Management
Gold Learning

and potential to expand to Oracle Cloud and other enterprise solutions

Enhances Alithya's revenue mix

with new, high-margin, subscription-based recurring revenue streams

400 clients

with a blue-chip customer base of Fortune 1000

With Adaptive Learning™

we are expanding our capacity to provide post-implementation support

165 professionals

in the U.S. supporting clients in more than 20 countries

C\$50 billion

value of the recent learning and workforce development industry in North America

OUR Q3 TAKEAWAYS

INDUSTRY-LEADING GROWTH

1. CLIENTS

55% YoY growth

- > 34% organic growth
- > Bookings⁽¹⁾ of \$125.2M
- > Book-to-bill ratio⁽¹⁾ of 1.14
- > Bookings⁽¹⁾ record for Oracle Enterprise Cloud
- > Record of 27 Microsoft and Oracle solutions go-lives

2. PEOPLE

190 new hires

- > 92% increase in new job openings
- > R3D's integration completed
- > Reached 3,600 professionals, including Vitalyst

3. INVESTORS

Strong cash generation

- > Record revenues of \$109.7M
- > Record billable hours
- > Revenues from long-term contracts with Beneva and Québecor on target
- > R3D synergies expected in Q4
- > Vitalyst integration to be completed by Q4
- > Improved financial position for future acquisitions

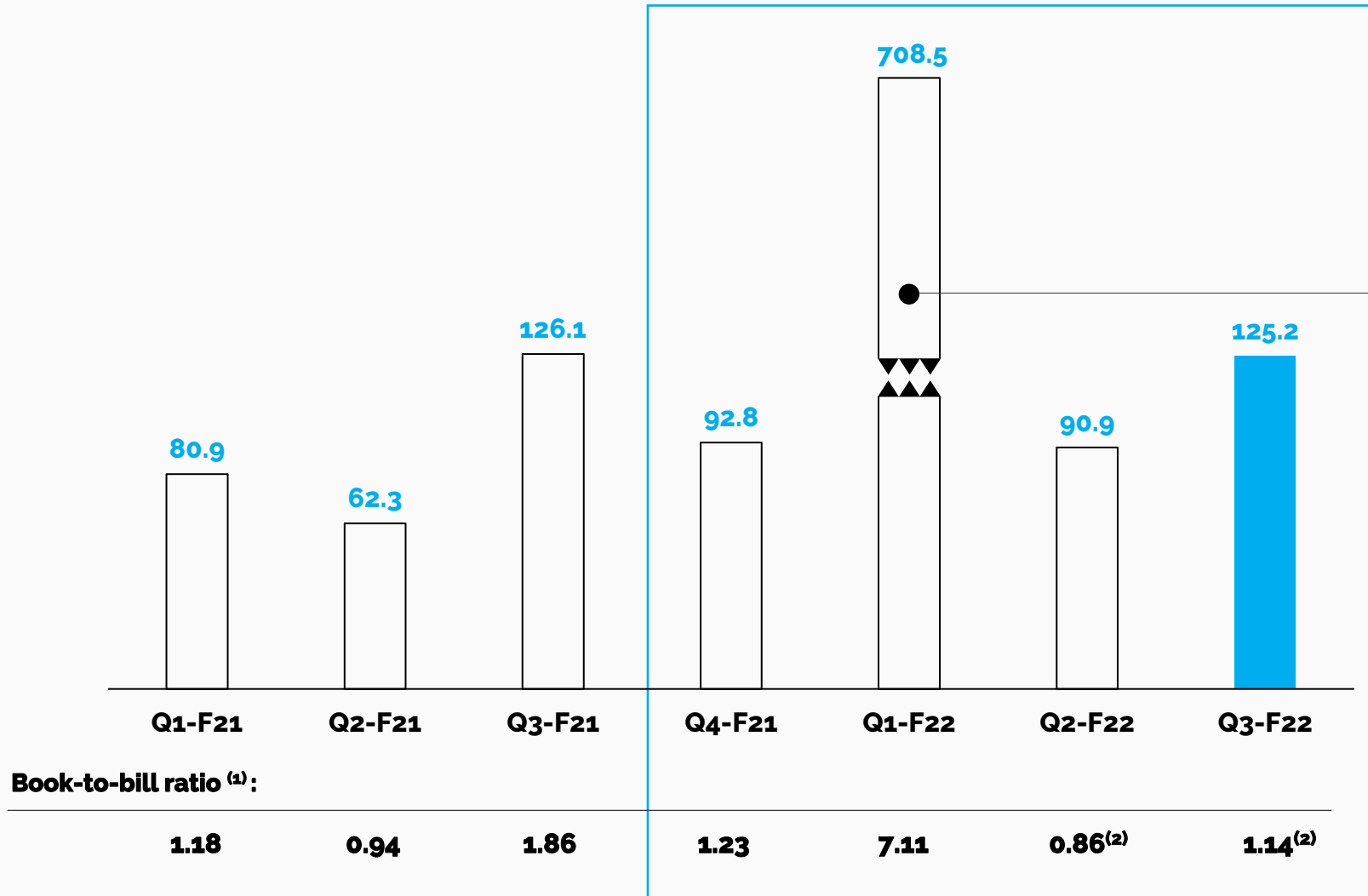
(1) This is a non-IFRS financial measure. Please refer to the "Forward-Looking Statements and Non-IFRS Measures" section of this presentation and to the "Non-IFRS Measures" section in the MD&A for more information.

NEW REPUTABLE PARTNERS WE DO BUSINESS WITH

WE WANT TO GET THE BEST THAT TECHNOLOGY
HAS TO OFFER TO OUR CUSTOMERS



BOOKINGS EVOLUTION



Part of the R3D acquisition

Including the \$600M estimated value of the two 10-year contracts signed with Beneva and Québecor.






Last twelve months

- > Bookings⁽¹⁾⁽²⁾: \$417.4M
- > Book-to-bill ratio⁽¹⁾⁽²⁾: 1.05

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(2) Excluding the \$600M estimated value of the two long-term contracts signed with Beneva and Québecor.

QUARTERLY PERFORMANCE

	F2022-Q3	F2021-Q3		
REVENUES	\$109.7M	\$70.6M	55.4% 	<ul style="list-style-type: none"> ▲ Organic growth in all geographies ▲ Revenues of \$15.4M from the R3D Acquisition, and growth from the two long-term contracts ▲ True organic growth of 35.1%, on a constant currency basis
GROSS MARGIN⁽²⁾	\$28.3M	\$20.4M	38.3% 	<ul style="list-style-type: none"> ▼ Decreased gross margin in Canada from the R3D Acquisition, whose revenues historically show a higher proportion from billable subcontractors ▼ Gross margin percentage decreased due to an increase in subcontractor revenues relative to those from permanent employees, increased costs in certain customer projects, and decreased software revenues, which carry higher margins
	25.8% ⁽²⁾	28.9%	310 bps 	
ADJUSTED EBITDA⁽¹⁾	\$4.5M	\$2.3M	97.0% 	<ul style="list-style-type: none"> ▲ Contribution from the R3D Acquisition and increased gross margin dollars ▼ Partially offset by increased SG&A expenses, mainly from R3D acquisition
NET LOSS	(\$3.5M)	(\$4.8M)	nm 	<ul style="list-style-type: none"> ▲ Increased gross margin, partially offset by increased SG&A expenses, increased depreciation and amortization, increased net financial expenses, increased business acquisition and integration costs and decreased income tax recovery

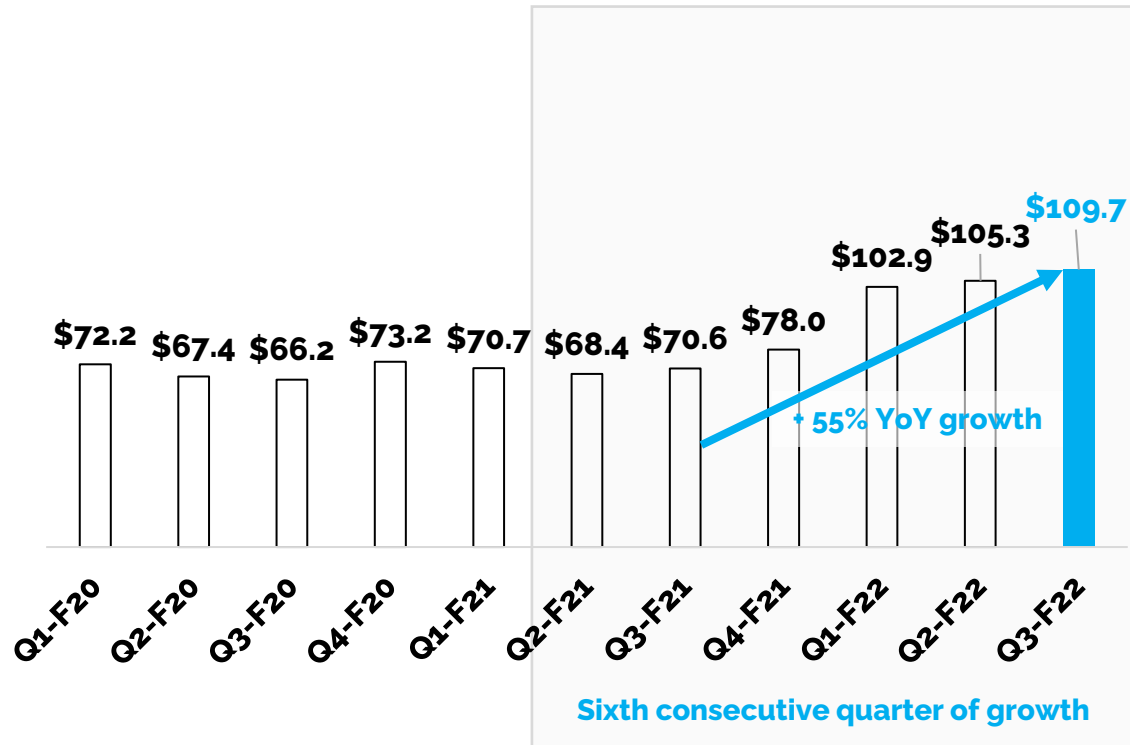
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(2) This reflects the impact of the R3D acquisition, which has a lower historical gross margin. Equals 28.1% when excluding R3D.

LONG-TERM PERFORMANCE TREND

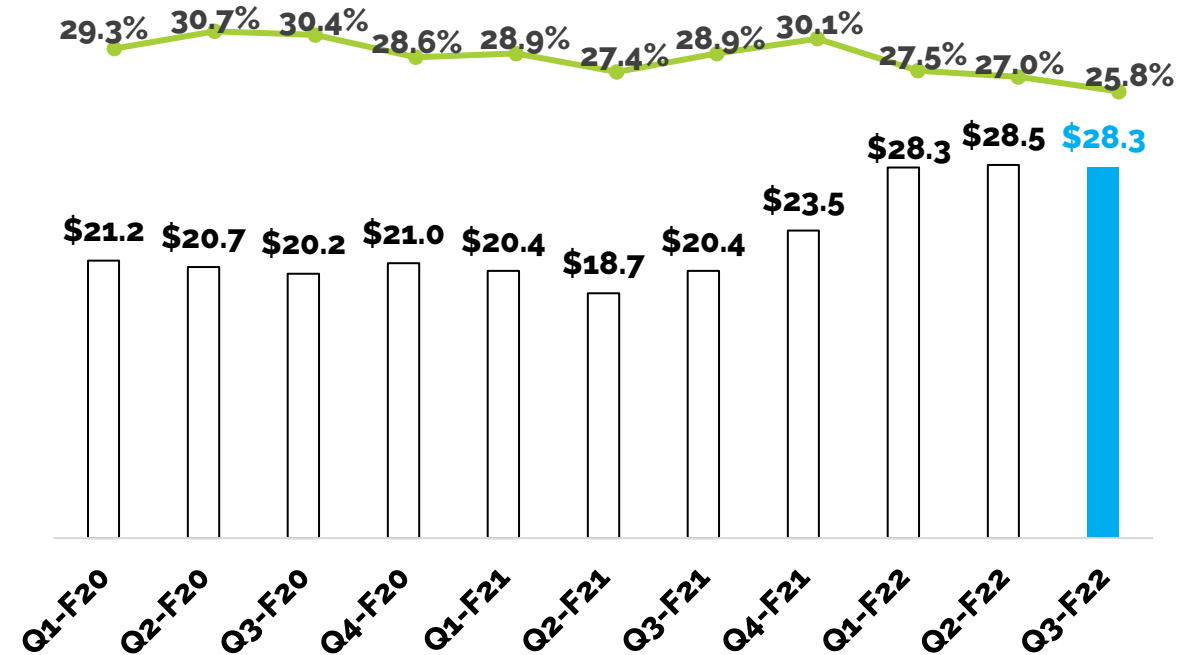
Revenues

(in millions of \$)

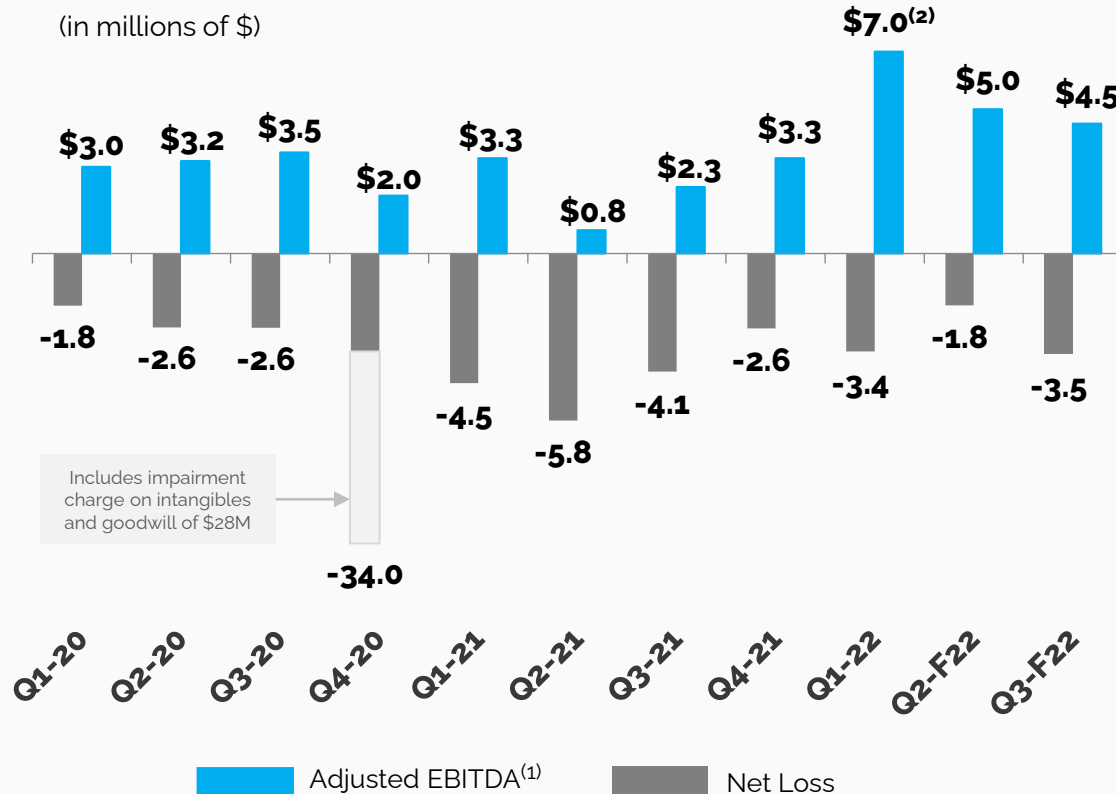


Gross Margin

(in millions of \$, except for margin percentages)



LONG-TERM PERFORMANCE TREND



THE ALITHYA PLAYBOOK

Revenues

- > Leading organic growth
- > Accretive acquisitions to support profitable growth and x-selling
- > \$600M three-year objective

Gross Margin⁽³⁾

- > Transition to higher-value services, incl. the two LT contracts
- > Improvement of employee to subcontractor ratio, incl. offshoring
- > Future acquisitions with higher margin profile

SG&A Percentage

- > Critical mass reached, with slower increases in some categories
- > Ongoing integration efforts, including mid/long-term rent reductions
- > Future acquisitions with a lower SG&A profile

EBITDA⁽¹⁾

- > All of the above, to 9-13% three-year objective

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

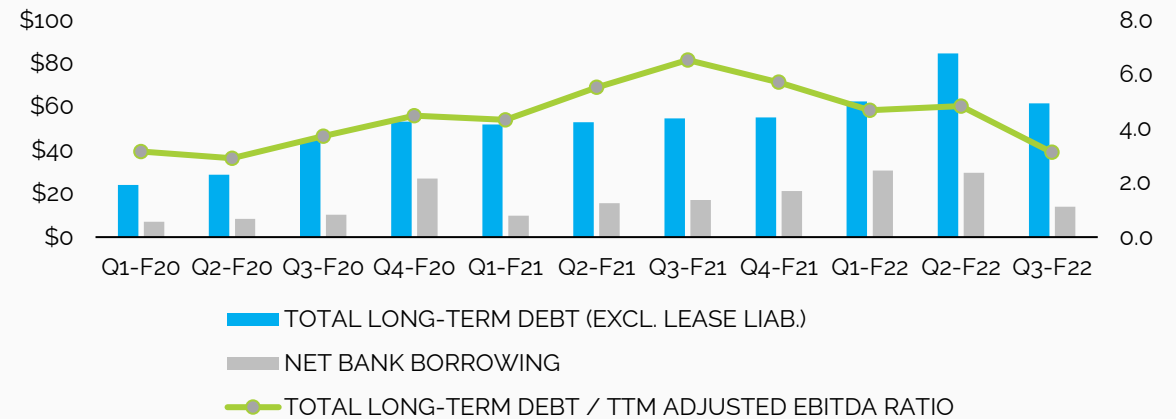
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LIQUIDITY AND FINANCIAL POSITION

- > Net cash from operating activities in Q3 of **\$10.1M**
 - > Representing an increase **\$9.2M** from **\$0.9M** of net cash from operating activities for the same period last year
 - > Conversion of **\$4.5M** of Adjusted EBITDA⁽¹⁾ to **\$2.3M** of cash flow from operating activities before working capital variations, i.e. over 50%
 - > Conversion percentage would be expected to accelerate with increase in EBITDA⁽¹⁾, considering stable interest costs and low effective tax rates

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LIQUIDITY AND FINANCIAL POSITION



- > Total long-term debt of **\$61.6M**, including current portion, a decrease from **\$84.5M** as at September 30, 2021
 - > Net bank borrowing⁽¹⁾ decreased to **\$14.0M**, from **\$29.6M** as at September 30, 2021
 - > Cash from operating activities
 - > New \$8.6M secured loans for financing of refundable tax credits
 - > Decrease in cash balances
- > Total Debt / Adjusted EBITDA⁽¹⁾ decreasing to **3.1X** (excluding lease liabilities)

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LIQUIDITY AND FINANCIAL POSITION – POST VITALYST

- > Pro Forma Total Debt / Adjusted EBITDA⁽¹⁾ post Vitalyst acquisition of **2.6X** when excluding lease liabilities
 - > Reflecting historical profitability of target
 - > Reflecting equity and sub-debt issued after end of Q3
 - > Steady deleveraging expected going forward, considering profitability of Alithya and target
- > Senior revolving credit availability recently increased to **\$125M**
 - > At **5.5X** maximum total debt ratio permitted = capital available for growth
 - > Intends to maintain prudent capital structure
- > Continuing on the NCIB program

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ESG

LEADING THE WAY FOR A SUSTAINABLE FUTURE

- > Articulating our Environmental, Social and Governance framework and priorities
- > Completed all external advisor Phase 1 recommendations in Q3
- > Phase 2: Finalize our ESG framework and share with public in new fiscal year



F2022-Q3

QUESTIONS

Alithya✱