

**F2023-Q3**

# CONTINUED GROWTH AND IMPROVED PERFORMANCE

Steady progress towards delivering on  
strategic plan objectives

February 14, 2023

**Alithya** 

# 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 may include, without limitation, estimates, plans, expectations, opinions, forecasts, projections or 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 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 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 December 31, 2022, Management's Discussion and Analysis for the quarter ended June 30, 2022 and Management's Discussion and Analysis for the year ended March 31, 2022, 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 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 December 31, 2022. 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 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; (ii) non-IFRS ratios; and (iii) supplemental financial measures.

In our presentations, the following non-IFRS and other financial measures are used: 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 and Book-to-Bill Ratio. Additional details for these non-IFRS 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 December 31, 2022, filed on SEDAR at [www.sedar.com](http://www.sedar.com) and EDGAR at [www.edgar.gov](http://www.edgar.gov), which includes explanations of the composition and usefulness of these non-IFRS financial measures and non-IFRS ratios. 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 Q3 TAKEAWAYS

## 1

**Strong revenue stream**

**19.2% YoY growth**

- > 37 new clients
- > 83.2% of revenues from repeat clients

## 2

**Improving gross margins as a percentage of revenues<sup>(1)</sup>**

**Increased to 30.0% from 25.8% YoY**

- > Transitioning sub-contractors to permanent employees
- > Return to pre-R3D<sup>(2)</sup> gross margin levels

## 3

**Increased Adjusted EBITDA<sup>(3)</sup>**

**122.0% YoY growth**

- > Smart-shoring: 5% of our billable workforce
- > Increased gross margin and contributions from latest acquisitions

## 4

**Significant debt reduction**

**Sequential Net Debt<sup>(4)</sup> reduction of \$34.5M**

- > \$34.9M of net cash from operating activities
- > Reducing leverage ratio

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

(2) Closing of the R3D Conseil acquisition took place on April 1, 2021.

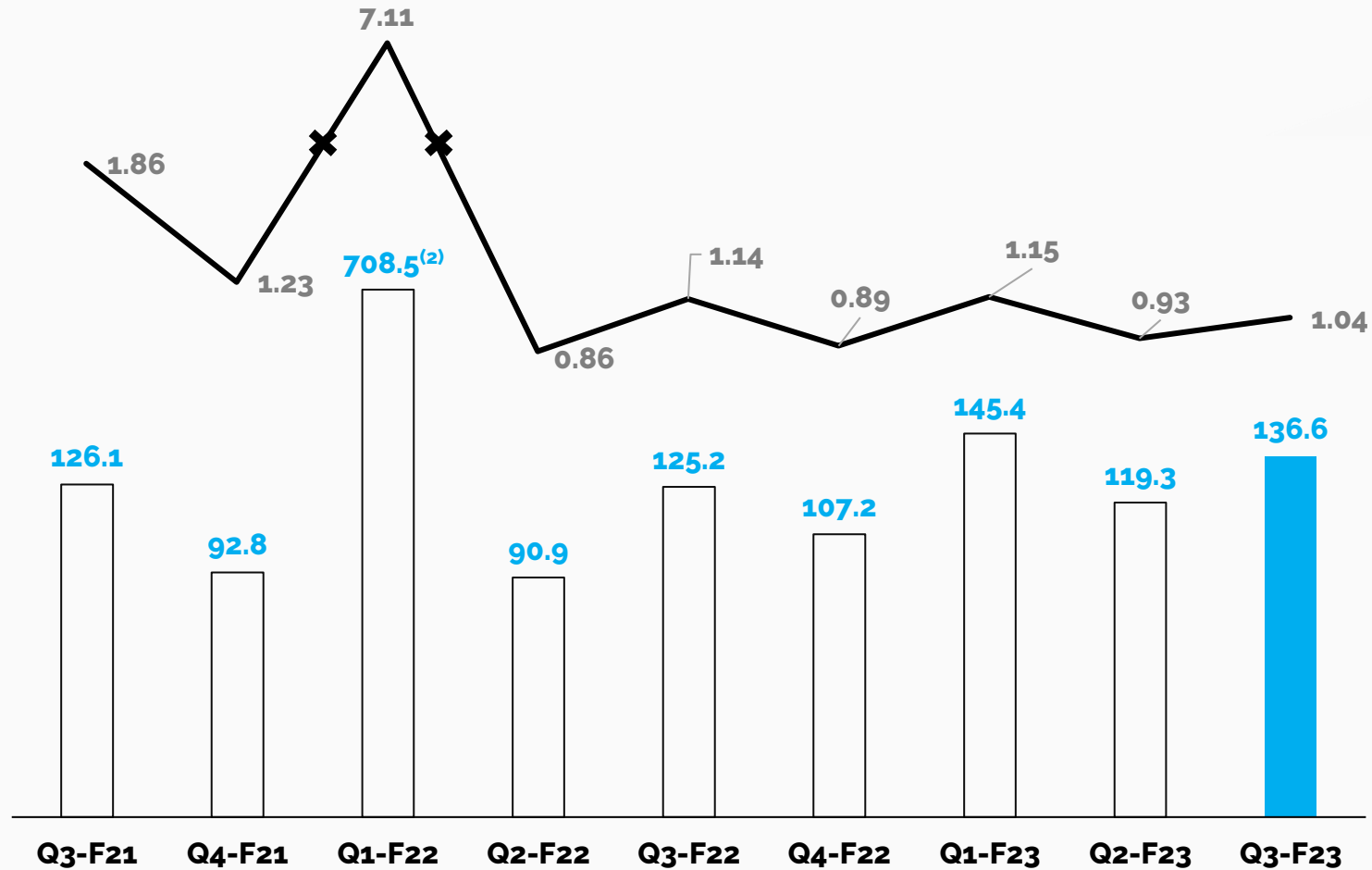
(3) This is a non-IFRS financial measure without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. Please refer to the "Forward-Looking Information and Non-IFRS Measures" section of this presentation, to section 5 titled "Non-IFRS and Other Financial Measures" of the MD&A for an explanation of its composition and usefulness, and to section 8.7 titled "EBITDA and Adjusted EBITDA" of the MD&A for a quantitative reconciliation to the most directly comparable IFRS measure.

(4) This is a non-IFRS financial measure without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. Please refer to the "Forward-Looking Information and Non-IFRS Measures" section of this presentation, to section 5 titled "Non-IFRS and Other Financial Measures" of the MD&A for an explanation of its composition and usefulness, and to section 10.6 titled "Long-Term Debt and Net Debt" of the MD&A for a quantitative reconciliation to the most directly comparable IFRS measure.

# BOOKINGS EVOLUTION

**Book-to-bill ratio<sup>(1)</sup>**

**Bookings<sup>(1)</sup>**  
(in millions of \$)



**On a trailing 12-month basis, bookings were \$508.5M, which translated into a book-to-bill ratio of 1.00**

1. This is a supplemental financial measure. Please refer to the "Forward-Looking Information and Non-IFRS 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. Including the \$600M estimated value of the two 10-year contracts signed with Beneva and Québecor.

# REVENUES BY SERVICE CATEGORY

For the nine months ended Dec. 31

	<b>2022</b>	<b>2021</b>
Consulting services – Time & materials	75.8%	83.6%
Consulting services – Fixed-fee	11.9%	10.7%
Subscription, software, and other revenues	12.3%	5.7%

# BERNARD DOCKRILL, OUR NEW COO



- > More than 25 years of experience
- > Proven track record in managed services, systems integration, and consulting in the IT industry
- > Prior to joining Alithya, served as SVP for a major technology and consulting firm
- > Oversees all Alithya operations


















## **CFO REMARKS**

# **F2023-Q3 FINANCIAL PERFORMANCE**

**Alithya** 



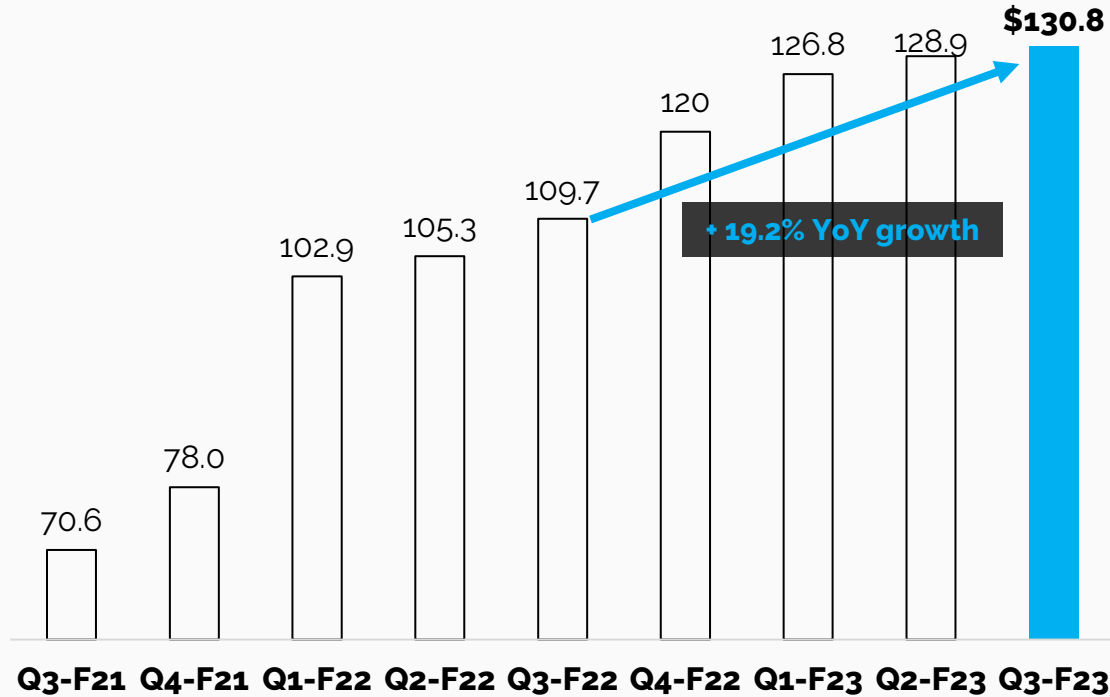
# QUARTERLY PERFORMANCE

	F2023-Q3	F2022-Q3		
<b>REVENUES</b>	\$130.8	\$109.7M	19.2% 	<ul style="list-style-type: none"> <li> Organic growth in most areas</li> <li> Continued growth from two long-term contracts signed on April 1, 2021.</li> <li> Revenues of \$12.6M from two latest acquisitions</li> </ul>
<b>GROSS MARGIN</b>	\$39.2M	\$28.3M	38.8% 	<ul style="list-style-type: none"> <li> Increased permanent employee to sub-contractor ratio</li> <li> Higher average revenue per employee</li> <li> Higher margin offerings</li> </ul>
	30.0%	25.8%	420 bps	
<b>ADJUSTED EBITDA</b>	\$10.0M	\$4.5M	122.0% 	<ul style="list-style-type: none"> <li> Increased gross margin</li> <li> Contributions from latest acquisitions</li> <li> Increased SG&amp;A expenses</li> </ul>
<b>NET LOSS</b>	(\$5.5M)	(\$3.5M)	nm 	<ul style="list-style-type: none"> <li> Increased business acquisition, integration, and reorganization costs</li> <li> Increased depreciation and amortization of intangibles as a result of the Datum Acquisition</li> <li> Increased SG&amp;A, net financial expenses, and income tax expense</li> <li> Increased gross margin</li> </ul>

# LONG-TERM PERFORMANCE TRENDS

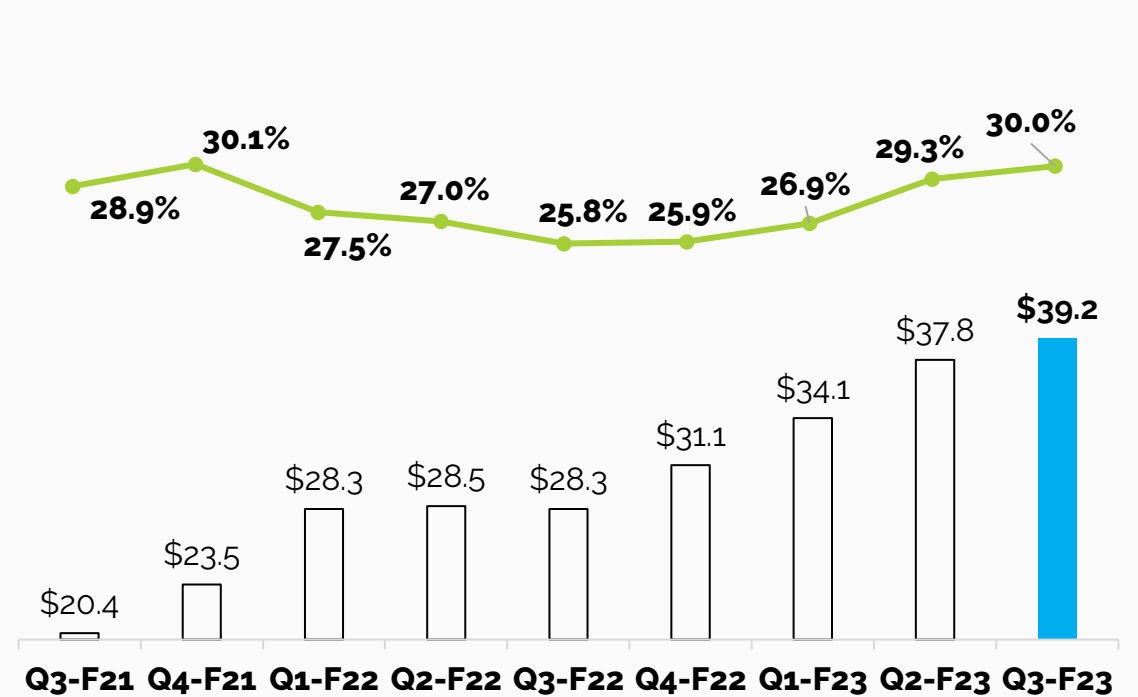
## Revenues

(in millions of \$)



## Gross Margin

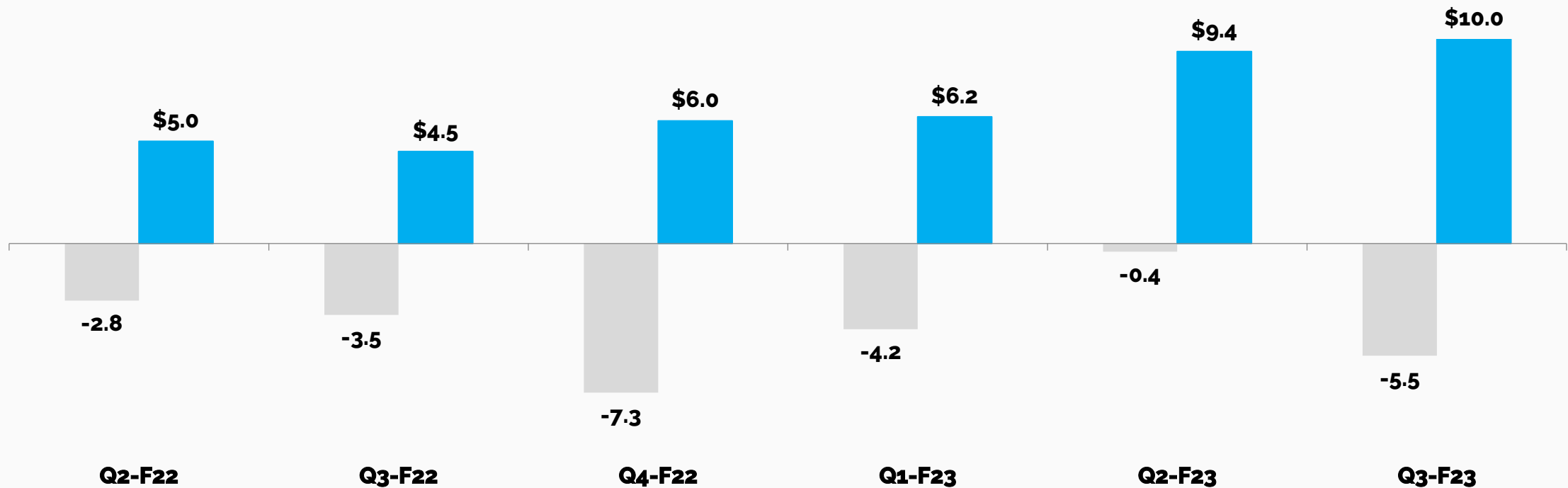
(in millions of \$, except for gross margin as percentage of revenues)



# LONG-TERM PERFORMANCE TRENDS

## Adjusted EBITDA and Net Loss

(in millions of \$)



# LIQUIDITY AND FINANCIAL POSITION

**Net cash generated from operating activities of \$34.9M, a \$23.8M improvement from \$11.1M generated in Q3 F2022, reflecting:**

- > Cash flow from operations of +\$8.8M
- > Changes in non-cash working capital items of +\$26.1M

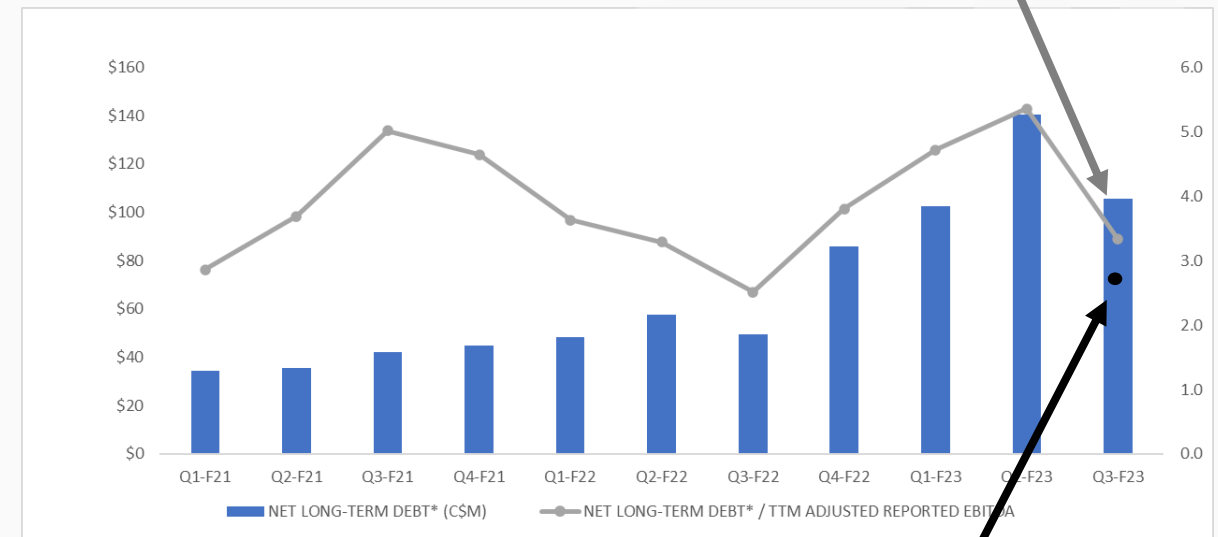
**Net Debt of \$105.8M as of Dec. 31, 2022, representing a decrease of \$34.5M from \$140.3M as of Sept. 30, 2022, mainly explained by:**

- > Cash flow generation noted above
- > Positive impact on US\$ debt from US\$ depreciation in Q3 F2023
- > Positive post-closing adjustment on Datum acquisition

**Decrease in Net Debt / TTM Adjusted EBITDA<sup>(1)</sup> multiple:**

- > Increased TTM Adjusted EBITDA performance, combined with the above debt reduction, reduces the multiple to **3.3X** from 5.4X on Sept. 30, 2022
- > Multiple further decreases to **2.9X** on a Pro Forma basis, i.e. with a full-year impact of the two recent acquisitions' historical profitability
- > Continued positive cash flow from operating activities would contribute to further deleveraging

Net Debt / TTM Adjusted EBITDA of 3.3X



Net Debt / Pro Forma TTM Adjusted EBITDA of 2.9X

(1) This is a non-IFRS ratio 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.

**F2023-Q3**

**QUESTIONS**

**Alithya\***