

F2021-Q1 Results

August 13, 2020

Alithya 

FORWARD LOOKING STATEMENT

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 June 30, 2020 and MD&A for the year ended March 31, 2020 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 June 30, 2020. 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 June 30, 2020 and MD&A for the year ended March 31, 2020 for further details.

All amounts are in Canadian dollars unless otherwise indicated.

PRESENTERS



Paul Raymond

President and
Chief Executive Officer



Claude Thibault

Chief Financial Officer

F2021-Q1 FINANCIAL HIGHLIGHTS

IMPROVED MARGINS AND RECORD CASH FLOW GENERATION

- > Revenues decreased 2.1%, only slightly to \$70.7 million, compared to the same quarter last year, primarily due to the negative impact of COVID-19, partially offset by acquisitions
- > Gross margin amounted to \$20.4 million, or 28.9%, slightly down from the same quarter last year, primarily due to the negative impact of COVID-19 but was up on a sequential basis
- > Adjusted EBITDA⁽¹⁾ improved 8% to \$3.3 million, or a margin⁽¹⁾ of 4.6%, and was up 62% on a sequential basis
- > Net cash flow from operating activities of \$8.1 million, a record for a single quarter and double the \$4.2 million generated for the same period last year
- > Operating loss of \$4.5 million, compared to \$1.8 million last year
- > Net loss of \$4.5 million, or \$0.08 per share, compared to \$1.5 million, or \$0.03 per share

(1) This is a non-IFRS financial measure. Please refer to the "Non-IFRS Measures" section in Alithya's MD&A for the quarter ended June 30, 2020, for a description of such measure and a reconciliation to the closest IFRS measure.

F2021-Q1 OPERATIONAL HIGHLIGHTS

ACQUISITIONS, NEW CONTRACTS & AWARDS

New bookings⁽¹⁾ totaled **\$80.5 million**

Book-to-bill ratio⁽¹⁾ of **1.14** for the quarter

“This quarter we introduced new metrics including **bookings and a book-to-bill ratio** which will help the market better understand our business. Bookings essentially refers to new contract wins, while the book-to-bill ratio refers to bookings divided by revenues.”

- > Integrated Askida successfully
- > Combined, the three acquisitions completed in FY2020 generated high single-digit organic growth
- > On a sequential basis, reduced spending by a few large Canadian clients has stabilized
- > Added 10 new customers during F2021-Q1
- > Achieved the prestigious 2020/2021 Inner Circle for Microsoft Business Applications for the 15th year in a row
- > Named a finalist for the Modernize Finance and Operations 2020 Microsoft Partner of the Year Award
- > Completed more than a dozen ERP, CRM and EPM systems remote go-lives since April

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F2021-Q1 FINANCIAL HIGHLIGHTS

IMPROVED EBITDA & EBITDA MARGINS

	F2021-Q1	F2020-Q1		
REVENUES	\$70.7M	\$72.2M	(2.1%)	<ul style="list-style-type: none"> ▼ Impact from COVID-19 ▼ U.K. divestiture ▲ Acquisitions
GROSS PROFIT	\$20.4M	\$21.2M	(3.8%)	<ul style="list-style-type: none"> ▼ Impact from COVID-19 ▲ Governmental wage subsidies ▲ Higher value-added services
GROSS MARGIN	28.9%	29.3%	(40bps)	<ul style="list-style-type: none"> ▼ Impact from COVID-19 ▲ Higher value-added services ▲ Governmental wage subsidies
OPERATING LOSS	(\$4.5M)	(\$1.8M)	nm	<ul style="list-style-type: none"> ▼ Lower revenues and gross profit ▼ Higher SG&A and amortization of intangibles
ADJUSTED EBITDA⁽¹⁾⁽²⁾	\$3.3M	\$3.0M	8.0%	<ul style="list-style-type: none"> ▲ Acquisitions ▲ Lower Adjusted SG&A ▲ Higher value-added services ▼ Impact from COVID-19 ▼ Increased costs related to expanding the business

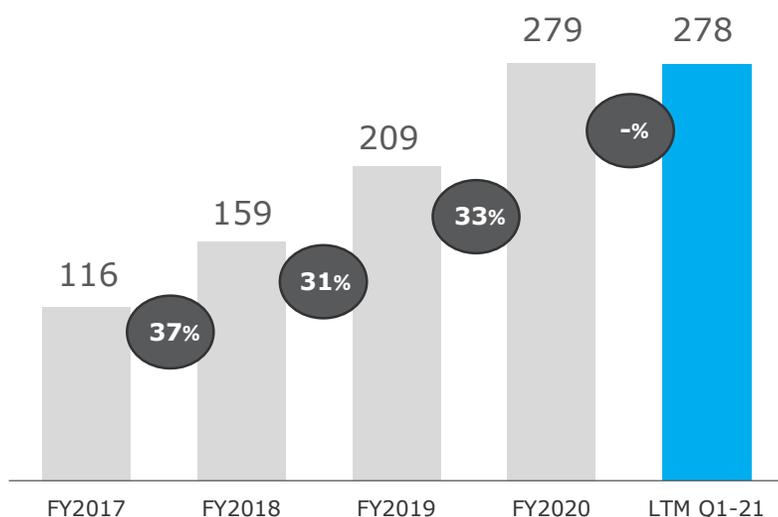
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(2) Alithya recorded a net loss of \$4,5 million for the quarter ended June 30, 2020

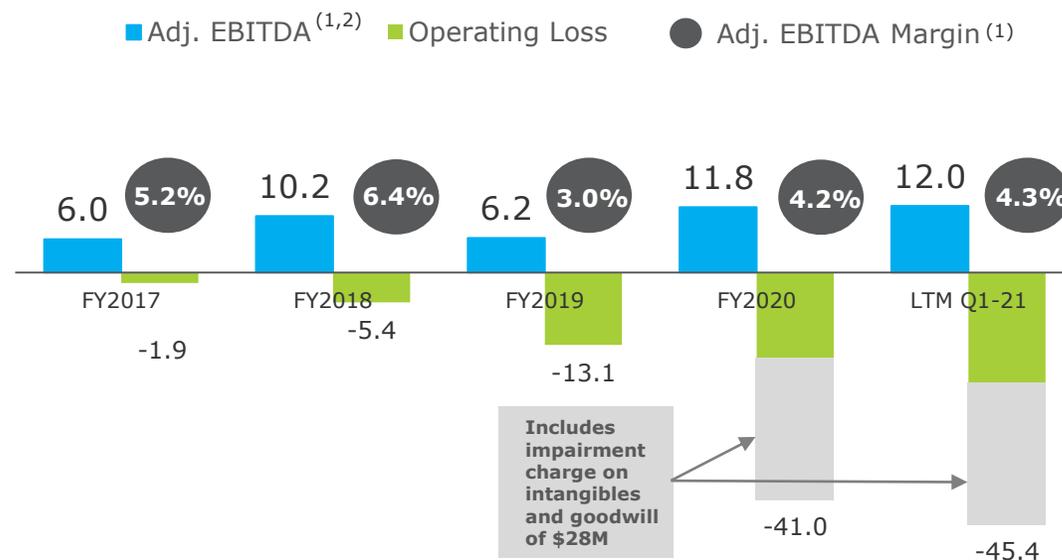
CONTINUING TO GROW IN F2021

Increased scale provides support to the global platform as it pivots to higher margin business opportunities both, organically and through acquisitions

Revenues
(in millions)



Operating Loss, Adj. EBITDA⁽¹⁾⁽²⁾ & Adj. EBITDA Margin⁽¹⁾⁽²⁾
(in millions and in %)

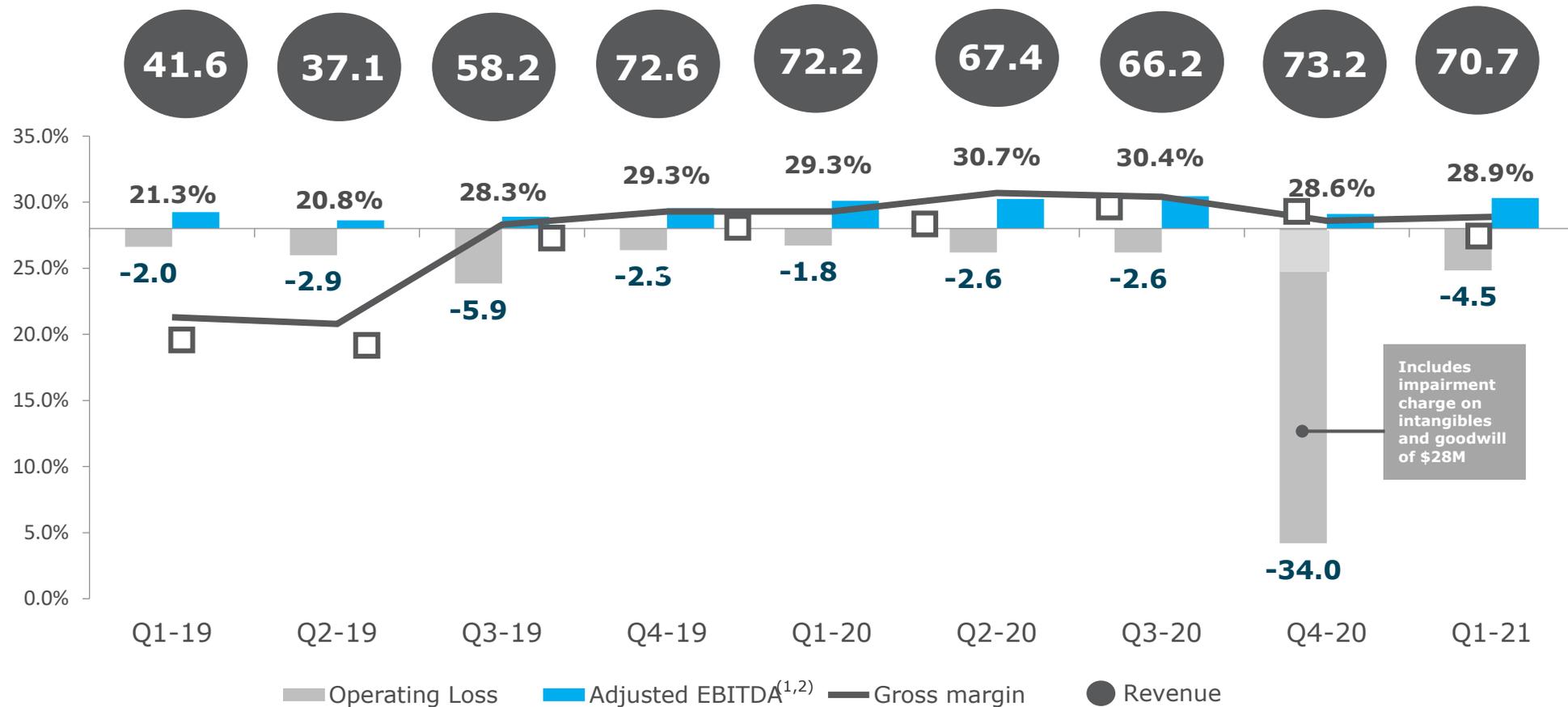


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ACCELERATING GROWTH WITH ACQUISITIONS

(In millions of \$, except margins in %)



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(2) Alithya recorded a net loss of \$4,5 million for the quarter ended June 30, 2020.

F2021-Q1 LIQUIDITY AND FINANCIAL POSITION

- > Net cash generated from operating activities was \$8.1M in the first quarter of fiscal 2021, a record for a single quarter, and almost double the \$4.2M generated for the same quarter last year
- > Net bank borrowing⁽¹⁾ reached \$9.8M as at June 30, 2020, from \$26.9M as at March 31, 2020, a decrease of \$17.1M
 - > With \$17.5M in cash and restricted cash
 - > Total debt of \$51.8M, including long term debt and current portion of long-term debt
- > Certain US subsidiaries obtained loans totaling US\$6.3M under the U.S. government Paycheck Protection Program (PPP)
- > Certain Canadian subsidiaries obtained \$1.5M through the Canada Emergency Wage Subsidy of which \$1.0M was recorded in Q1

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F2021-Q1 KEY TAKEAWAYS

- > Better than expected Q1-21 results demonstrating the resiliency of our business model
- > Continue to implement our business continuity plan in relation to COVID-19, including managing our operating expenses prudently, taking advantage of government subsidies and monitoring developments closely
- > Positive signs in some of our markets
- > Reduced spending by a few large Canadian clients appears to be stabilizing
- > Solid financial position
- > Will continue to focus on the execution of our strategic plan which is to increase our scale through organic growth and acquisitions
- > Q2-21 is seasonally a softer quarter given the vacation period
- > Well positioned to deliver our long-term plan of becoming a North American leader in strategy and digital transformation

OUR 3-5-YEAR STRATEGIC PLAN

1

INCREASING SCALE THROUGH ORGANIC GROWTH AND COMPLEMENTARY ACQUISITIONS

- > Sustaining organic growth through innovation, higher-value offerings and client-relationships based on trust
- > Strategic acquisitions by way of a North America geographic expansion to complement current market presence, while progressively adding major integrated enterprise solutions offerings and selected specialized expertise

2

ACHIEVING BEST-IN-CLASS EMPLOYEE ENGAGEMENT

- > Fostering a culture of collaboration and ownership
- > Cultivating employee well-being and personal growth
- > Investing in the development of our leaders and employees

3

PROVIDING OUR INVESTORS, PARTNERS AND STAKEHOLDERS WITH LONG-TERM GROWING RETURN ON INVESTMENT

- > Strengthening our existing relationships with clients, as a key trusted advisor, by generating long-term profitable growth
- > Investing in innovation and higher value service offerings
- > Acting responsibly, with a sustainable and respectful vision for our stakeholders

A PROVEN GROWTH STRATEGY

A **proven consolidator** with a history of successful integrations and **strong organic growth**





QUESTIONS AND ANSWERS

Alithya 



INFORMATION

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Alithya 