



# F2021-Q2 Financial Highlights

November 12, 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 September 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](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, 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 September 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 THIBAUT**

Chief Financial Officer



OUR Q2 REVENUE  
GROWTH WAS  
DRIVEN  
BY CANADIAN  
OPERATIONS  
AND  
ACQUISITIONS

CANADIAN  
OPERATION  
REPORTED ITS  
BEST GROSS  
MARGIN ON  
RECORD

Q3 TYPICALLY  
STRONGER  
THAN Q2



IN THE CONTEXT OF  
THE PANDEMIC, WE  
ARE VERY PLEASED  
WITH OUR RESULTS  
AND OUR OVERALL  
GROWTH

- > Revenues increased 1.5% to \$68.4 million, compared to \$67.4 last year, primarily due to the Canadian operations
  - > On a sequential basis, revenues decreased to a lesser extent than typical seasonality
    - > Especially considering unfavorable currency impact
  - > The three acquisitions completed last year generated strong cross-selling and organic growth, both year-over-year and over Q1-21
  - > Some large Canadian clients resumed IT spending



WE MADE THE  
STRATEGIC DECISION  
TO SUPPORT OUR  
EMPLOYEES AND  
PROTECT OUR  
EXPERTISE DURING  
THE PANDEMIC

- > Gross margin amounted to \$18.7 million, or 27.4%, down from \$20.7 million, or 30.7% last year, primarily due to the negative impacts of COVID-19
- > Adjusted EBITDA<sup>(1)</sup> of \$0.8 million, or 1.2% of revenue, compared to \$3.2 million, or 4.8% last year
- > Solid financial position with net bank borrowing<sup>(1)</sup> down to \$15.6 million at the end of the quarter, compared to \$26.9 million as at March 31, 2020
- > Waiting for PPP loan forgiveness confirmation; nothing recorded yet

(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 September 30, 2020, for a description of such measure and a reconciliation to the closest IFRS measure.



LOOKING FORWARD,  
WE ARE OPTIMISTIC  
ABOUT THE SECOND  
HALF OF THE YEAR

- > New bookings<sup>(1)</sup> totaled \$62.3 million, which translated into a book-to-bill ratio<sup>(1)</sup> of 0.91 for the quarter, and 1.03 year-to-date
- > Q2 is seasonally a softer quarter given the vacation period
- > Added 12 new clients and signed several other major agreements to implement enterprise cloud solutions
- > Renewed the framework agreement with Desjardins Group for the provision of services and the delivery of technology projects
- > Exposure to hardest hit industries is very small

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# F2021-Q2 FINANCIAL HIGHLIGHTS

## REVENUE GROWTH BUT MARGINS IMPACTED BY COVID-19

	F2021-Q2	F2020-Q2		
<b>REVENUES</b>	<b>\$68.4M</b>	<b>\$67.4M</b>	<b>1.5%</b> ▲	<ul style="list-style-type: none"> <li>▲ Canadian operations &amp; acquisitions</li> <li>▼ Impact from COVID-19, especially in U.S. &amp; Europe</li> <li>▼ U.K. divestiture</li> </ul>
<b>GROSS PROFIT</b>	<b>\$18.7M</b>	<b>\$20.7M</b>	<b>(9.4%)</b> ▼	<ul style="list-style-type: none"> <li>▼ Impact from COVID-19</li> <li>▲ Governmental wage subsidies in Canada &amp; Europe</li> </ul>
<b>GROSS MARGIN</b>	<b>27.4%</b>	<b>30.7%</b>	<b>(330bps)</b> ▼	<ul style="list-style-type: none"> <li>▼ Impact from COVID-19</li> <li>▲ Governmental wage subsidies in Canada &amp; Europe</li> </ul>
<b>OPERATING LOSS</b>	<b>(\$5.8M)</b>	<b>(\$2.6M)</b>	<b>nm</b> ▼	<ul style="list-style-type: none"> <li>▼ Lower gross profit</li> <li>▼ Higher SG&amp;A from recent acquisitions, and amortization of intangibles</li> </ul>
<b>ADJUSTED EBITDA<sup>(1)(2)</sup></b>	<b>\$0.8M</b>	<b>\$3.2M</b>	<b>(74.5%)</b> ▼	<ul style="list-style-type: none"> <li>▼ Lower revenues and gross margin in the US</li> <li>▲ Lower pre-acquisition SG&amp;A</li> <li>▲ Higher value-added services</li> <li>▲ Acquisitions</li> </ul>

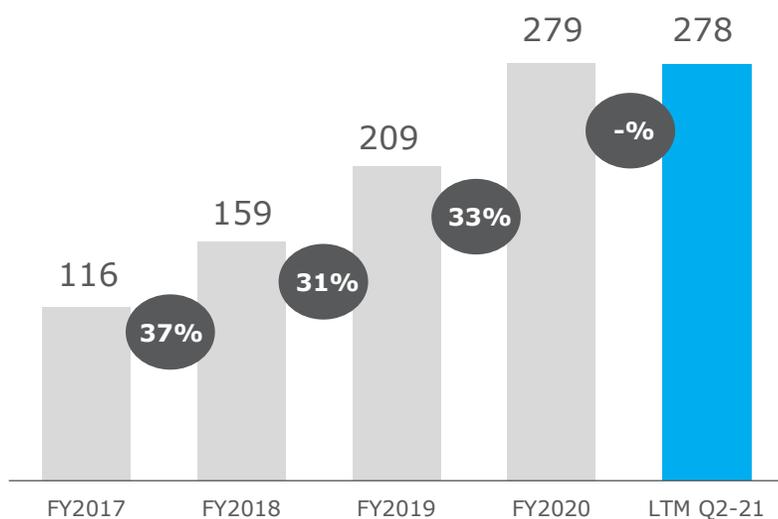
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(2) Alithya recorded a net loss of \$5.5 million for the quarter ended September 30, 2020.

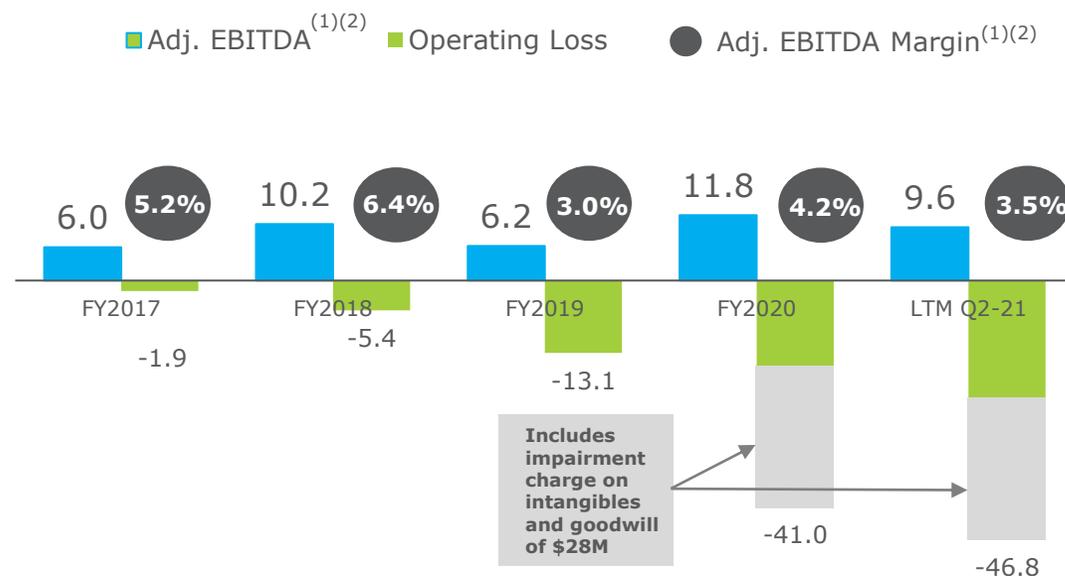
# CONTINUING TO GROW IN F2021

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

**Revenues**  
(in millions)



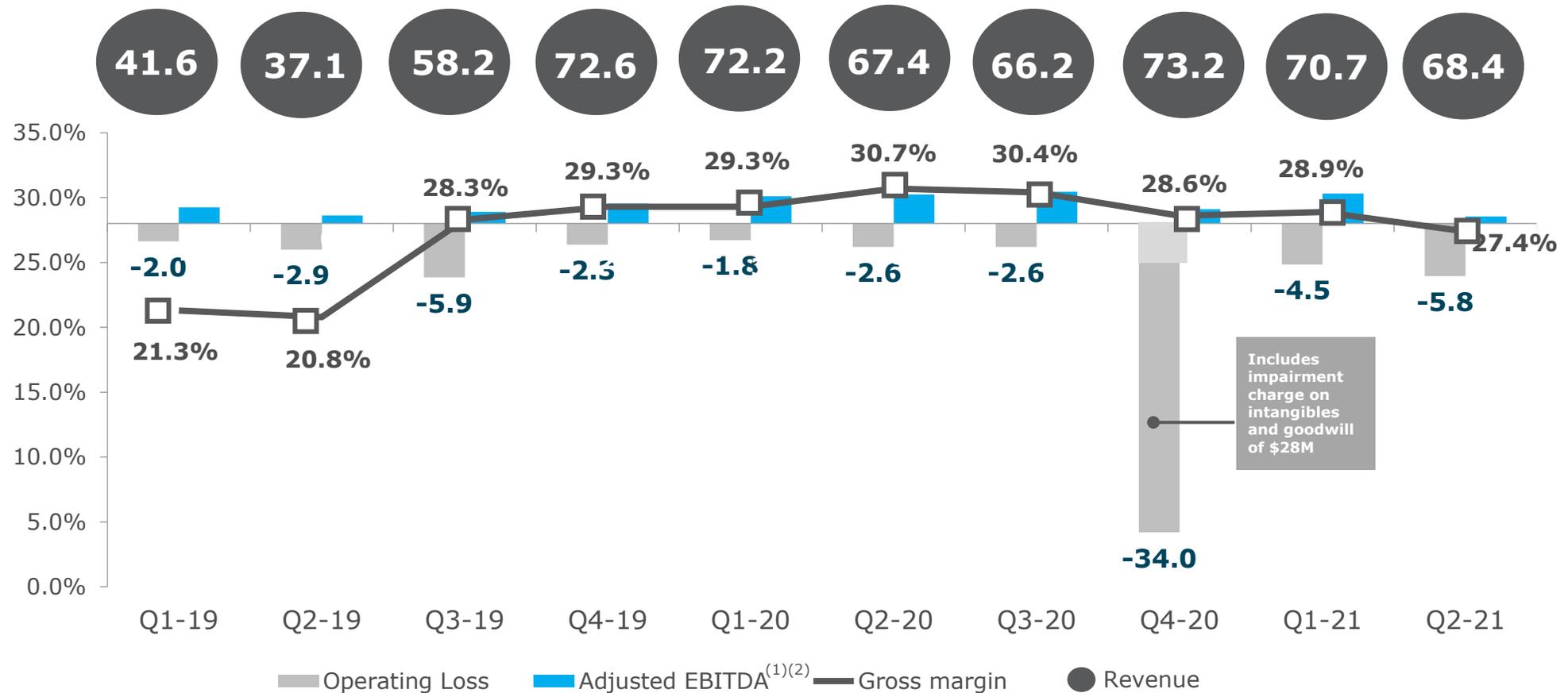
**Operating Loss, Adj. EBITDA<sup>(1)(2)</sup> & Adj. EBITDA Margin<sup>(1)(2)</sup>**  
(in millions and in %)



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# ACCELERATING GROWTH WITH ACQUISITIONS

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



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# F2021-Q2 LIQUIDITY AND FINANCIAL POSITION

- > Net cash used in operating activities was \$6.1M in the second quarter of fiscal 2021, compared to \$0.6M in the same quarter last year
- > Net bank borrowing<sup>(1)</sup> reached \$15.6M as at September 30, 2020, from \$26.9M as at March 31, 2020, a decrease of \$11.3M
  - > With \$11.9M in cash and restricted cash
  - > Total debt of \$52.9M, including long-term debt and current portion of long-term debt
- > Currently in the process of applying for the forgiveness of the Paycheck Protection Program (“PPP”) loan (US\$6.3M)
- > Certain Canadian subsidiaries obtained \$2.5M through the Canada Emergency Wage Subsidy of which \$1.0M was recorded in Q2-21

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# SIX KEY TAKEAWAYS

1

Revenue growth in Q2-21 and strong Canadian margins tempered by short-term support of U.S. operations

2

Continue to implement our business continuity plan in relation to the pandemic, including managing our operating expenses prudently, taking advantage of government subsidies and monitoring developments closely

3

Engaged in a comprehensive hiring campaign to pursue our shift to a more permanent employee base and to support our growth

4

Q3-21 is expected to benefit from new contracts signed in Q1 and Q2 2021, and the improvement anticipated in the U.S.

5

Solid financial position which is expected to further improve following the anticipated confirmation of the Paycheck Protection Program ("PPP") loan forgiveness

6

Continue to focus on the execution of our strategic plan which is to increase our scale through organic growth and acquisitions



# INFORMATION

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**Alithya** 