

February 14, 2024

Alithya reports notable performance improvement with record gross margin as a percentage of revenues and adjusted EBITDA margin

**Alithya**

[alithya.com](https://alithya.com)

# 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 include, without limitation, estimates, plans, expectations, forecasts, projections and other information and statements regarding the future growth, results of operations, performance and business prospects of Alithya that do not exclusively relate to historic(al facts or which refer to the characterizations of future events or circumstances, including information or statements regarding our expectations of clients' demands for our services, our ability to generate sufficient earnings to support our operations, our ability to take advantage of business opportunities and meet our goals set in our three-year strategic plan, our ability to maintain and develop our business, including by broadening the scope of our service offerings, entering into new contracts and penetrating new markets, our strategy, future operations, and prospects, including our expectations regarding future revenue resulting from bookings and backlogs, our ability to service our debt, renew our credit facility and raise additional capital, and our estimates regarding our financial performance.

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, 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 year ended March 31, 2023, 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.sedarplus.com](http://www.sedarplus.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 hereof. 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 and other financial 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 and (ii) other financial measures.

In our presentations, the following non-IFRS and other financial measures are used: Adjusted Net (Loss) Earnings, Adjusted Net Earnings per Share; 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; Book-to-Bill Ratio; Backlog; and DSO. Additional details for these non-IFRS and other financial measures can be found in section 5 titled “Non-IFRS and Other Financial Measures” of Alithya's Management Discussion & Analysis for the quarter ended December 31, 2023 (the “MD&A”), filed on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) and EDGAR at [www.edgar.gov](http://www.edgar.gov), which includes explanations of the composition and usefulness of these non-IFRS and other financial measures and which is hereby incorporated by reference. Reconciliations of non-IFRS measures to the most directly comparable IFRS measures are also provided in the MD&A. These measures are provided as additional information to complement IFRS measures by providing further understanding of our results of operations from our perspective. They do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. They should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS. They are used to provide investors with additional insight of our operating performance and thus highlight trends in Alithya's business that may not otherwise be apparent when relying solely on IFRS measures.

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

## 01 /

Record gross margin as a percentage of revenues<sup>(1)</sup> and Adjusted EBITDA margin<sup>(2)</sup>, with improved net loss of only \$2.5M

Reaching 31.3% and 7.8% respectively

- / Higher margin offerings
- / Focus on billable utilization
- / Focus on increasing smart shore
- / First quarter with a positive operating income

## 02 /

Significant progress in addressing our SG&A expenses

While also generating notable positive cash flow and reduction in debt

- / Expenses decreased 5.4% YoY
- / Sequential net debt<sup>(2)</sup> reduction of \$11.5M

## 03 /

Sequential revenue growth

While generating strong bookings

- / Book-to-bill ratio<sup>(1)(3)</sup> of 1.20
- / In Q4, signed major \$12.0M Oracle deal in the US healthcare sector
- / Won two major projects in the Canadian healthcare sector, in Q4

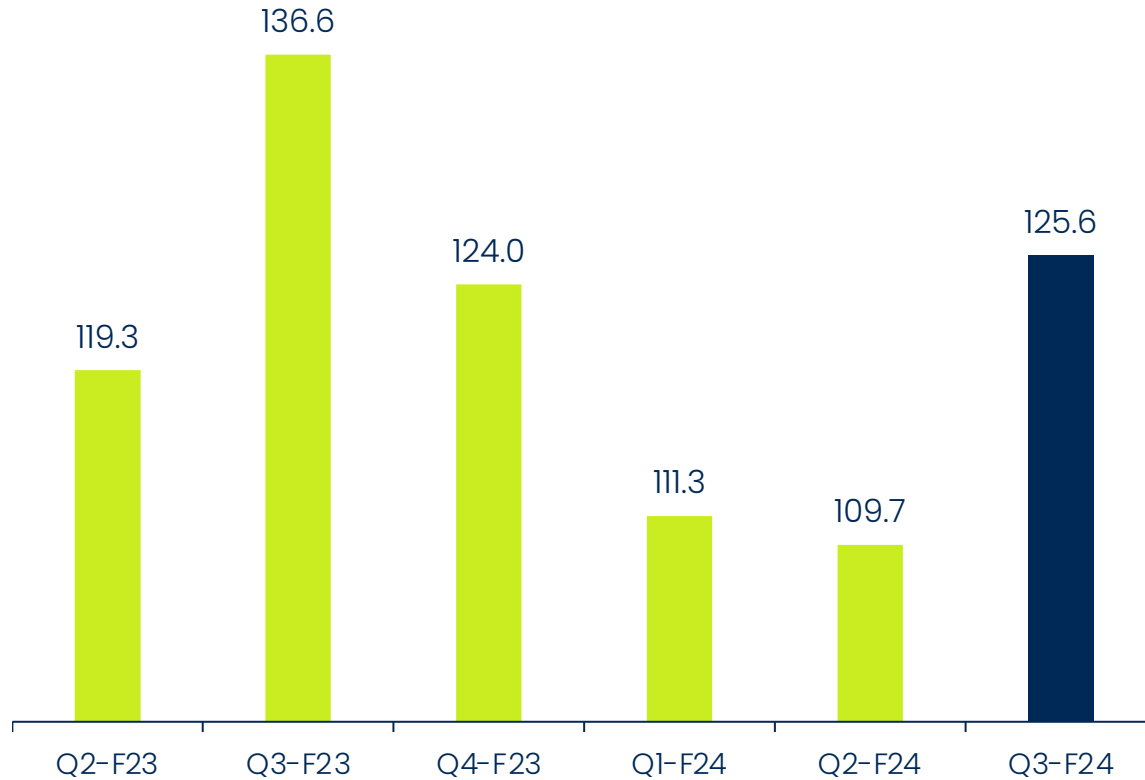
1) These are other financial measures without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. See "Non-IFRS and Other Financial Measures" on slide 2.

2) These are non-IFRS financial measures 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 and Other Financial Measures" section of this presentation, to section 5 of the MD&A for an explanation of the composition and usefulness of Net Debt and Adjusted EBITDA Margin, and to sections 9.6 and 7.8 of the MD&A for a quantitative reconciliation of Net Debt and Adjusted EBITDA Margin to the most directly comparable IFRS measures.

3) Q3 bookings translated into a book-to-bill ratio of 1.04 for the quarter. The book-to-bill ratio is 1.20 when revenues from the two long-term contracts signed as part of an acquisition in the first quarter of fiscal year 2022 are excluded.

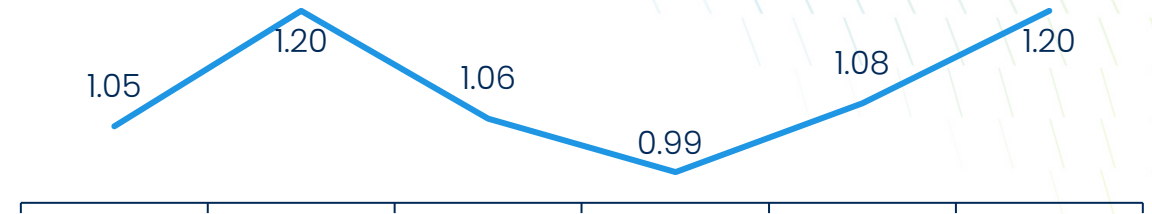
# Bookings evolution

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



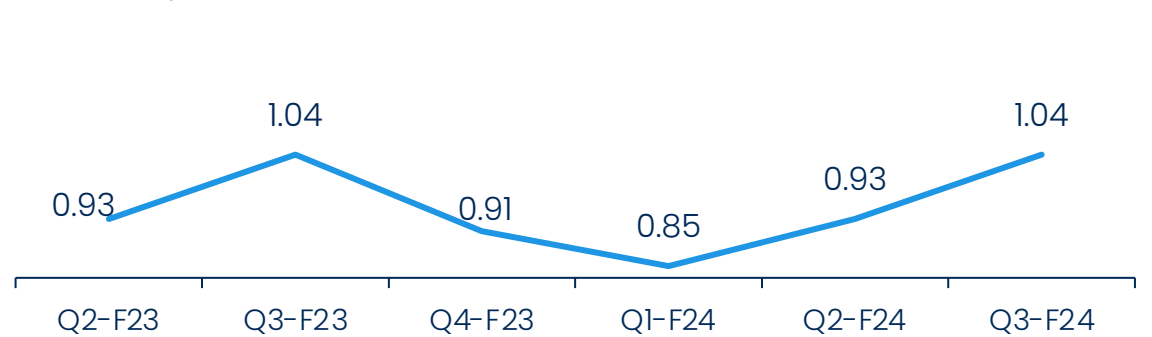
Book-to-bill ratio<sup>(1)</sup>

When revenues from the two long-term contracts signed as part of an acquisition in F2022-Q1 are excluded



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

When revenues from the two long-term contracts signed as part of an acquisition in F2022-Q1 are included



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# Our proprietary solutions driving automation, hyperautomation, and computer vision

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## Ai-Fi

Leverages Alithya's range of proprietary applications using artificial intelligence, machine learning, and deep learning techniques.

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## Cassi

Work management reporting software that drives accountability and tracks progress against corporate and site-based performance goals.

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## Rapid QA

Runs automated tests on demand to verify a company's processes from end to end and ensures that they are working.

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## Adaptive Learning

Provides unlimited access to training services.

**Alithya**


## Rapid Capture

Extracts data from unstructured files and converts it to a structured format in seconds with high levels of automation.

# Revenues by service category

	F2024-Q3	F2024-Q2	F2023-Q3
Consulting services – Time & materials	74.3%	74.4%	76.3%
Consulting services – Fixed-fee	13.5%	12.9%	11.3%
Subscription, software, and other revenues	12.2%	12.7%	12.4%

# A human-centric business



Our client satisfaction score average over the past four fiscal years has been higher than 90%

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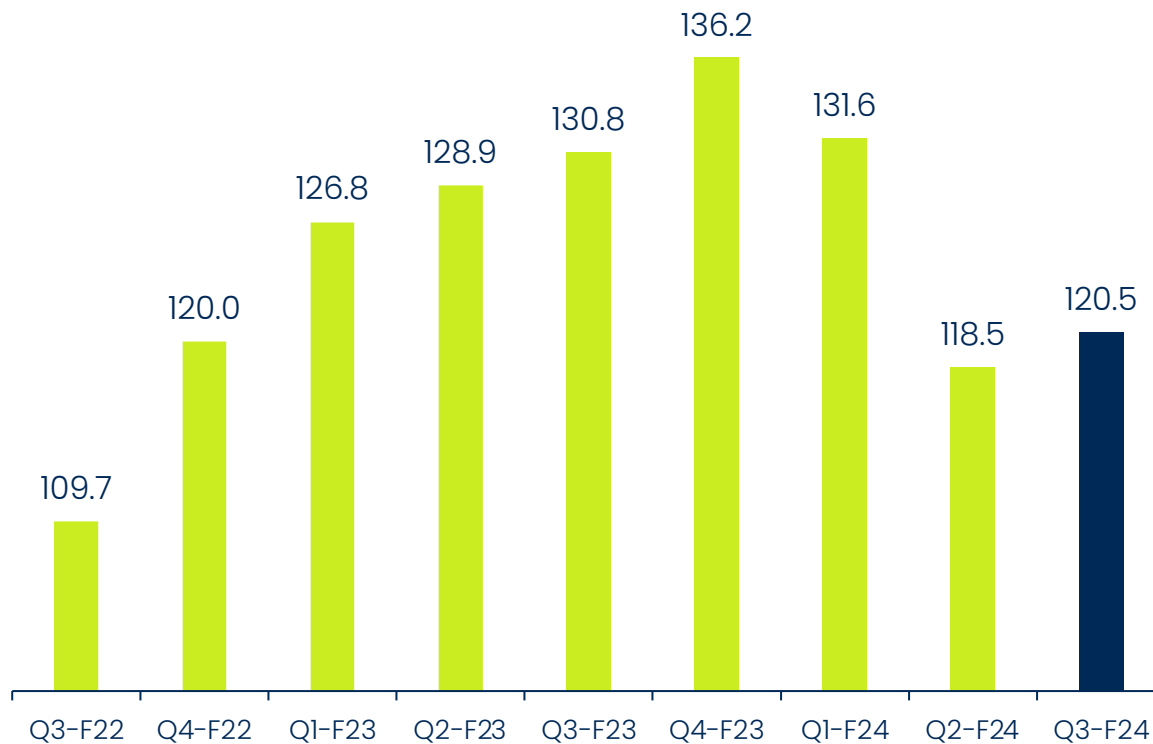
# F2024-Q3 quarterly performance

	F2024-Q3	F2024-Q2	F2023-Q3	YoY
Revenues	\$120.5M	\$118.5	\$130.8M	(7.9%)
Gross margin	\$37.7M 31.3%	\$34.8 29.4%	\$39.2M 30.0%	(3.9%) 130 bps
SG&A expenses	\$29.5M	\$29.9M	\$31.2M	(5.4%)
Adj. EBITDA <sup>(1)</sup>	\$9.5M 7.8%	\$6.5M 5.4%	\$10.0M 7.7%	(5.6%) (10 bps)
Net loss	(\$2.5M)	(\$9.2M)	(\$5.5M)	\$3.0M
Adj. net (loss) earnings <sup>(1)</sup>	\$3.9M	(\$0.2M)	\$3.6M	8.5%

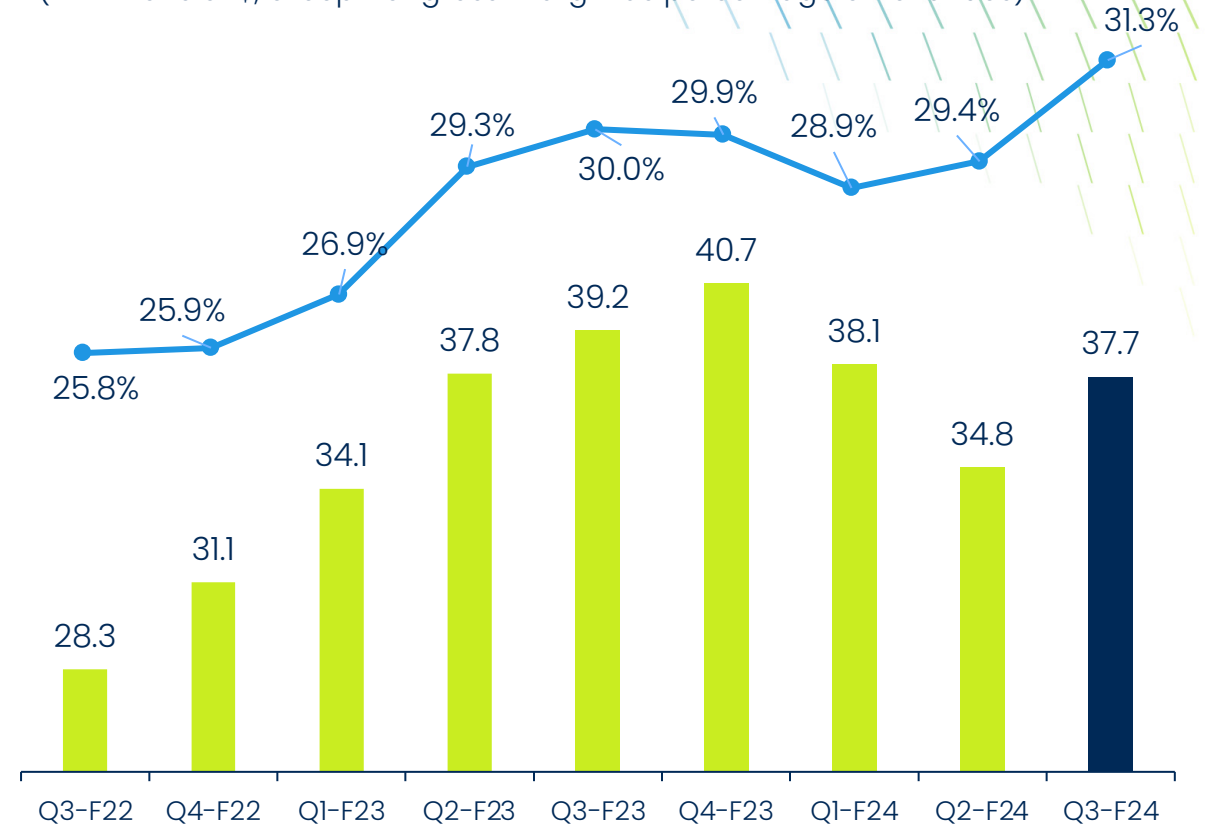
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# Long-term performance trends

Revenues  
(in millions of \$)

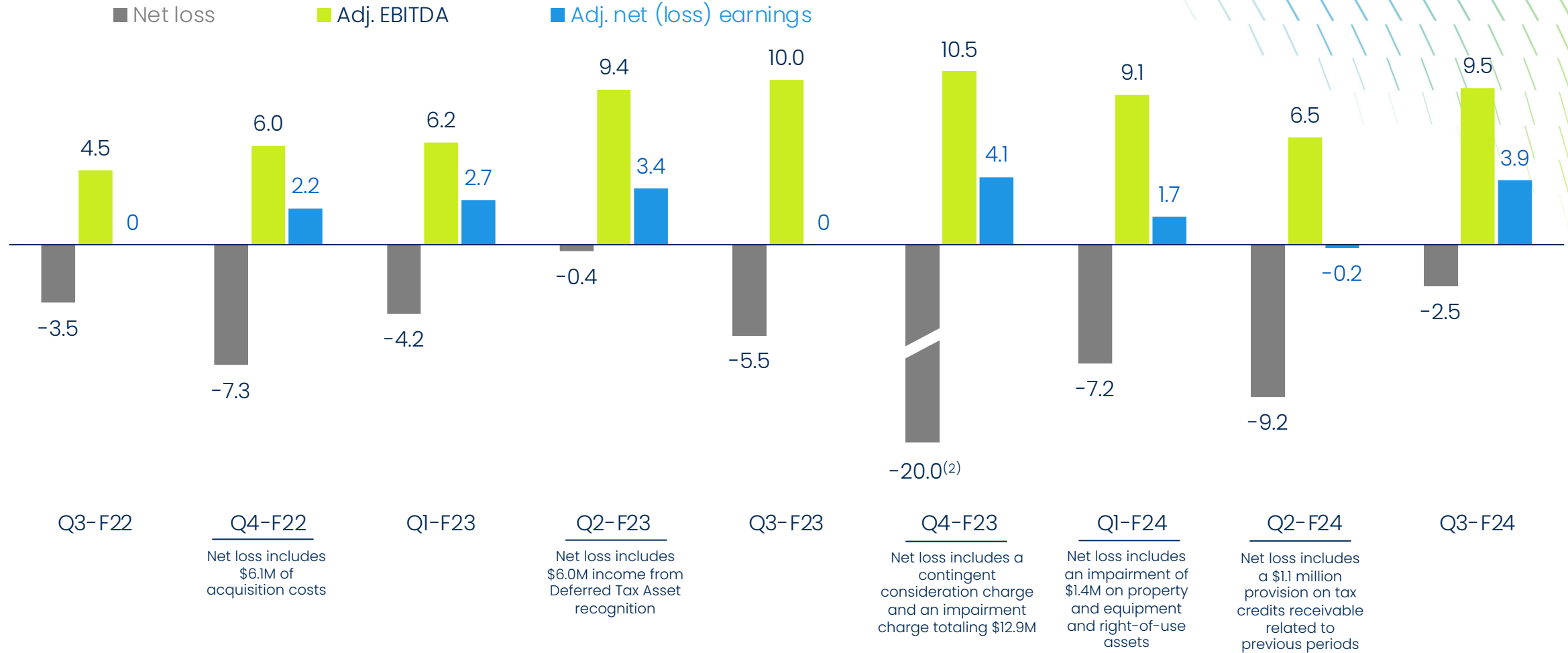


Gross margin  
(in millions of \$, except for gross margin as percentage of revenues)



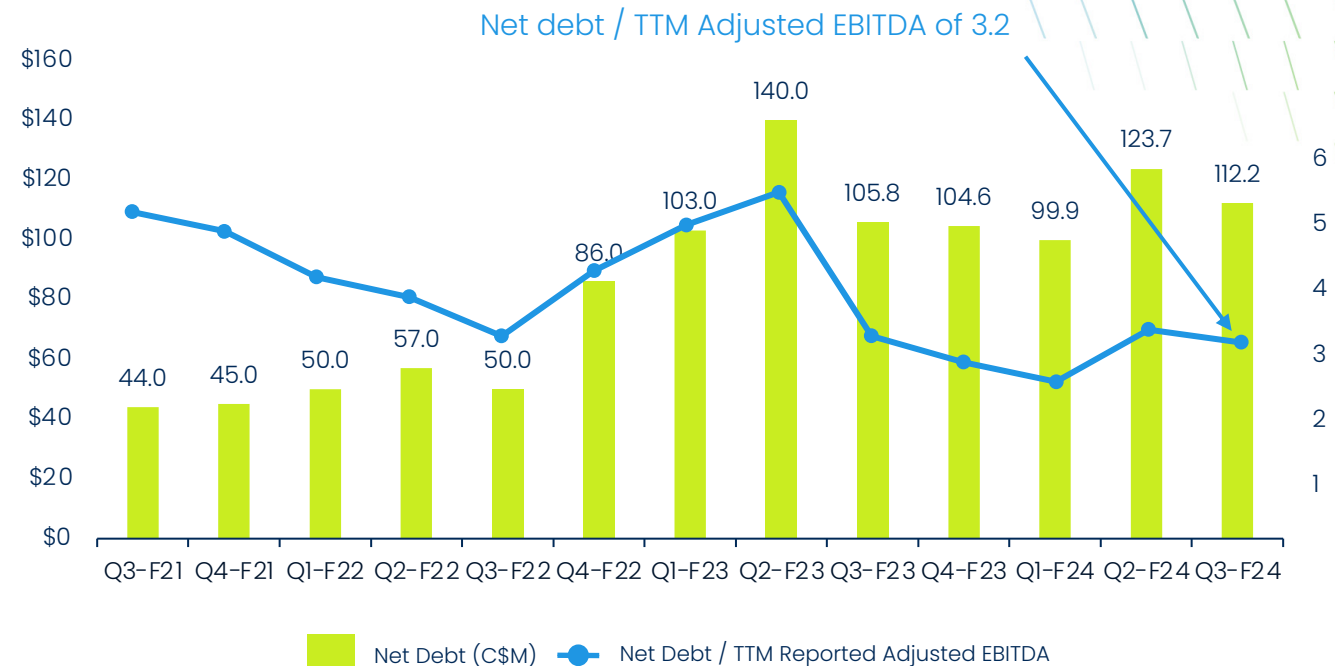
# Long-term performance trends

(in millions of \$)



# Liquidity and financial position

- / Net cash from operating activities was \$15.6M
- / Net Debt of \$112.2M as of Dec. 31, 2023, representing a decrease of \$11.5M from \$123.7M as of September 30, 2023
- / Sequential decrease in Net Debt / TTM Adjusted EBITDA<sup>(1)</sup> ratio



(1) These are non-IFRS and other financial measures without a standardized definition under IFRS, which may not be comparable to similar measures used by other issuers. The 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.

# Questions

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